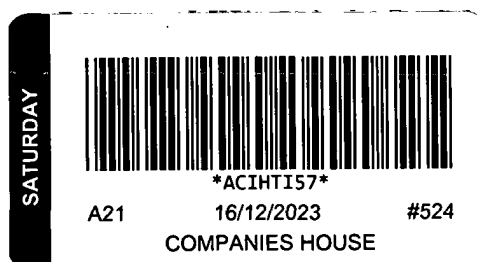


Company Registration No. 00508212

XCHANGING GLOBAL INSURANCE SOLUTIONS LIMITED

**Annual report and financial statements
for the year ended 31 March 2023**



Xchanging Global Insurance Solutions Limited

| Contents | Page |
|--|-------------|
| Officers and Professional advisers | 1 |
| Strategic report | 2 |
| Directors' report | 7 |
| Statement of Directors' responsibilities | 11 |
| Independent Auditor's report | 12 |
| Statement of profit and loss account | 15 |
| Statement of comprehensive income | 16 |
| Statement of financial position | 17 |
| Statement of changes in equity | 18 |
| Notes to the financial statements | 19 |

Xchanging Global Insurance Solutions Limited

Officers and professional advisers

Directors

Michael Charles Woodfine
Christopher Neal Halbard
Hugo Martin Eales

Registered Office

Royal Pavilion,
Wellesley Road,
Aldershot, Hampshire,
United Kingdom,
GU11 1PZ.

Independent Auditor

Deloitte LLP
Statutory Auditor,
1 New Street Square,
London,
United Kingdom,
EC4A 3HQ.

Principal Banker

Lloyds Bank Plc
10 Gresham Street,
London,
United Kingdom,
EC2V 7AE.

Xchanging Global Insurance Solutions Limited

Strategic report for the year ended 31 March 2023

The Directors present their Strategic report on Xchanging Global Insurance Solutions Limited (the "Company") for the year ended 31 March 2023. In preparing the Strategic report, the Directors have complied with s414c of the Companies Act 2006.

The Company is a private company incorporated in United Kingdom under the Companies Act 2006, limited by shares 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 (DXC), a public listed company incorporated in the United States of America and listed on the New York Stock Exchange. The entities controlled directly or indirectly by the ultimate parent company are referred as the Group companies ("Group").

The financial statements for the year ended 31 March 2023 are set out on pages 15 to 38.

Business review

Xchanging Global Insurance Solutions Limited provides consultancy services, system integration, computer outsourcing activities and is involved in product development. The business continues to consolidate its position as a supplier of software and services to the insurance industry with a comprehensive range of software solutions, including industry leading cloud solutions.

During the year ended 31 March 2023, the Company's revenue increased from £73,558,000 (2022) to £81,344,000 but reports net loss of £6,379,000 for the year ended 31 March 2023 (2022: £5,238,000).

Increase in revenue is mainly due to initial license fee of £12.8m from new contract entered with customer, partially offset by decrease in revenue of £4.9m from Data integration business as the business was sold in Oct'2021.

Decrease in cost of sales is mainly due to sale of Data integration business as against £3.3m in prior year offset by increase of £1.4m related to Troika project. Increase in administrative expenses by £15.3m is majorly due to increase in cost of £13m incurred related to multiple projects undertaken and Global fee allocations from Group companies.

The Company is in a net liability position of £93,640,000 (2022: £79,664,000) but reports net current asset position of £44,512,000 (2022: £53,397,000). Increase in net liability is mainly due to increase in retirement benefit obligation due to actuarial loss of £7.6m majorly recognised on the backdrop of unfavorable changes in demographic assumptions and the remaining increase is driven by the loss incurred from normal business operations of £6.3m.

DXC determined that it would develop client and partner relationships to strengthen its position in the marketplace and solidify the long-term growth strategy of the Group's subsidiaries. Future developments relating to development and implementation projects currently being undertaken by the Company have been detailed on page 5 of this report.

Principal risks, uncertainties and financial risk management

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

- **Performance risk:**

This risk 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.

- **Credit risk:**

The scale of some of the Company's project 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 organizations. 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.

Xchanging Global Insurance Solutions Limited

Strategic report for the year ended 31 March 2023 (continued)

Principal risks, uncertainties and financial risk management (continued)

- 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. This is to ensure that the Company has sufficient cash to meet operational needs, while maintaining sufficient headroom on its cash pool facilities at all times to avoid breach of borrowing limits.

- Market risk

As a global business, the Company faces the risk of being outmaneuvered by competitors resulting in declining revenues and narrowing profit margins. The Company has a wide spread of clients across countries and across the public and private sector, large portfolio of services, competitive pricing strategy and engagement with the customers and continued investment in technologies to meet customer demands, thereby maintaining consistent third-party revenues and profits amidst competitive pressures.

- Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. Fair value interest rate risk is the risk that the value of a financial asset or liability will fluctuate because of changes in market interest rates. The Group may manage its fair value interest rate risk by entering into interest rate swaps which have the economic effect of converting borrowings from fixed rate to floating rate, to maintain the Group's fixed rate instruments within the Group's guideline.

- Cyber security risks

As a technology and service provider, there is risk of exposure of sensitive and confidential information of the stakeholders, breach of information network and compliance with legal and contractual obligations concerning these sensitive information which may affect our operations and client satisfaction. In order to mitigate the risk, DXC has a robust securing policy that provides framework and controls for mitigation of risk, protecting DXC and client information, and strategies for the reporting, response, investigation, and recovery from security incidents, which includes but not limited to, ensuring appropriate access to systems, providing executive guidance, proper roles and responsibility in handling sensitive information and provide adequate training to employees from time to time.

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 2023, which are available to the public and may be obtained from <http://www.dxc.technology>.

Section 172 (1) of the Companies Act 2006 (The "Act") 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:*

- the likely consequences of any decision in the long term;*
- the interests of the company's employees;*
- the need to foster the company's business relationships with suppliers, customers and others;*
- the impact of the company's operations on the community and the environment;*
- the desirability of the company maintaining a reputation for high standards of business conduct; and*
- 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.

Xchanging Global Insurance Solutions Limited

Strategic report for the year ended 31 March 2023 (continued)

Section 172 (1) of the Companies Act 2006 (The "Act") statement (continued):

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

Business Values:

As part of DXC's 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 adopted DXC's 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.

Employees:

Over the financial year in question, the Company continued to utilise the results of its all-employee engagement survey comprising twenty-eight questions including questions regarding employee engagement and inclusion and belonging, results of which were shared at a global, regional and company level, with the directors working alongside HR and managers to continue to drive improved engagement.

A follow up survey is proposed for FY24.

The Company has continued to grow its commitment to supporting employees through a comprehensive wellbeing programme which includes numerous webinars and information on topics relevant to the workplace.

Additionally, the Company has upgraded its Employee Assistance programme which now offers 24/7 access to unlimited mental health and wellbeing supports, including a personal Mental Health Coach and open-ended therapy.

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.

A Code of Conduct Training is mandatory for new joiners and re-taken on annual basis by all employees. The FY23 Code of Conduct Training was launched on 17 January 2023 and 100% completion by employees was achieved on 18 July 2023. That excludes any who were exempted on the basis of long-term leave. The latter are required to take the training immediately on their return to work. For the first time, the Code of Conduct Training was mandatory for contractors. We are working with our contractors to ensure they meet their obligations.

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 an internal 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 focusing on common areas for improvement to promote enhanced customer satisfaction and build deeper, long-standing partnerships. The programme follows the DXC Voice of the Customer Policy, which not only defines the process to gather feedback, but includes the process to close the loop and action.

Xchanging Global Insurance Solutions Limited

Strategic report for the year ended 31 March 2023 (continued)

Section 172 (1) of the Companies Act 2006 (The "Act") statement (continued):

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 FY23, 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.

Communities and Environment:

DXC has committed to set near-term company-wide emission reductions in line with the Science Based Targets initiative (SBTi).

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.

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, an award-winning programme supporting neurodiverse people and employers from job seeking through to long-term IT careers. We hired 7 people in FY23, contributing to our total of 15 individuals to date.

Mental Health First Aiders in the UK. We currently have 50 members of our staff trained 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.

Digital Futures Academy. The DXC Digital Futures Academy aims to support, inspire and empower young people, connecting them to opportunities and enhancing their career prospects in the technology sector. 50 students aged 12-13 have been selected in FY23 to join the programme.

DXC Early Careers Programme. DXC offers a structured 2-year Early Career Academic Programme, with development opportunities and training, to enable our people to jumpstart their careers. This includes opportunities for apprenticeships.

Future developments

The Company will continue to trade in its principal activities and invest in the DXC Assure offerings.

The Company continued to invest in developing the DXC Assure for Broking and DXC Assure for Commercial & Specialty, our new generation, cloud native offerings as well as DXC Assure Market Link to support client with Blueprint Two services. DXC Assure for Broking had its first retail customer go into production in May 2022 and DXC Assure for Commercial & Specialty launched in July 2022. The focus on both offerings has shifted to ensure we incorporate the changes required for Lloyd's Blueprint Two to service and support our clients operating in the market. There has been significant market interest and a growing pipeline.

We continue to support all of our existing clients on existing products and we are investing to make sure all clients can be ready for the London Market Digital Transformation program and the associated changes being rolled out in the next two years. The Company will continue to generate revenues from support and associated services across the broking, carrier, reinsurance and health insurance clients.

Xchanging Global Insurance Solutions Limited

Strategic report for the year ended 31 March 2023 (continued)

Future developments (continued)

Velonetic provides insurance processing and settlement services and claims adjusting, processing and recoveries services to the Lloyd's and London Insurance Market. These services are currently supported on aging legacy mainframe systems. On the 5 November 2020 Corporation of Lloyd's (Lloyd's) published Blueprint Two which sets out their strategy to deliver profound change in the Lloyd's market through digitalisation. The Digital Processing Services Programme will implement a transformation of the London Market's central processing and claims services with digital channels aligned to open industry standards and allowing the London Market to move to structured data capture and automated processing. This transformation will be supported by transitional services and components to ease the transfer of the Market from Heritage Services to Core Digital Services.

The Vision is to create a London Market wide digital framework that:

1. Provides customers and distribution partners with solutions specifically designed for them;
2. It is underpinned by a data-first approach;
3. Provides the greatest value for customers assured by better access, relevant products and lower costs of doing business.

XGIS will be supporting our clients through this process to ensure they are able to adopt the changes.

Key performance indicators

The Company is managed by the UKIIMEA (UK, Ireland, Israel, Middle East and Africa) regional management team. The performance and results for all entities are analysed on a worldwide DXC measurement basis, at a business unit and sector level. For this reason, the Directors of the Company believe that analysis using key performance indicators, other than those set out above, is not appropriate for an understanding of the development, performance or position of the business shown in these financial statements.

Approved by the board and signed on its behalf by:



Hugo Martin Eales
Director
14 December 2023

Xchanging Global Insurance Solutions Limited

Directors' report for the year ended 31 March 2023

The Directors present the annual report on the affairs of the Company, together with the audited financial statements for the year ended 31 March 2023.

Principal activity

The principal activity of the Company is to engage in the development, sale and support of computer software packages, system integration activities for the insurance industry and the provision of hosting and computer outsourcing services.

Future developments

Future developments have been detailed on page 5 of the Strategic report and form part of this report by cross reference.

Events since the reporting date

Details of significant events since the reporting date are contained in note 22 to the financial statements.

Research and development

The Company continues to invest in research and development in order to extend its product offerings and improve the efficiency of its existing products. During the financial year, the Company incurred costs totaling £5,704,000 (2022: £5,970,000) of which £nil (2022: £929,000) is capitalised and £5,704,000 (2022: £5,041,000) is expensed.

Branches outside the UK

The Company has no branches outside the UK as defined in section 1046 (3) of the Companies Act 2006.

Financial risk management objectives and policies

Performance and finance risk management is an integral part of the Company's management processes. Details of the Company's risk management objectives and policies are set out on page 2 of the Strategic report and form part of this report by cross reference.

Dividends

No dividend was declared or paid during the financial year and up to date of approval of this report (2022: £nil).

Directors

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

Michael Charles Woodfine
Christopher Neal Halbard
Hugo Martin Eales

Political contribution

The Company made no political donations during the financial year (2022: £nil).

Engagement with suppliers, customers and others

Engagement with suppliers, customers and others have been detailed in the Section 172(1) statement under the Strategic report on pages 3 to 5 and forms part of this report by cross reference.

Streamlined Energy and Carbon Report

This Energy and Carbon report is produced to provide an overview of the energy and carbon emissions for UK 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 Report (SECR) which required all large UK companies to report their carbon emissions and energy usage on an annual basis. This Company falls within scope of the SECR reporting obligations as a 'large' organisation 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

Xchanging Global Insurance Solutions Limited

Directors' report for the year ended 31 March 2023 (continued)

Streamlined Energy and Carbon Report (continued)

Baseline and reporting periods

The energy and carbon data, including energy efficiency action and methodologies used, of the Company is included in the energy and carbon report of CSC Computer Sciences Limited ("CSC") and the key consolidated data are reproduced and summarised below. The data of the Company is included in the report of CSC, an affiliate of the Company. CSC is one of DXC's main trading companies in the UK.

For the full energy and carbon report refer to the financial statements of CSC Computer Sciences Limited, which is available on the website of Companies house.

The financial year runs from April to March. The reporting period for SECR is April 2022 to March 2023, hereafter referred to as FY23. Prior year information has been disclosed for information purpose only.

UK Energy use

| Energy (kWh) | 31 March 2023 | 31 March 2022 | % change |
|-------------------------------|-------------------|-------------------|-------------|
| Natural gas | 987,599 | 4,692,383 | -79% |
| Diesel | 1,662,817 | 457,588 | 263% |
| Electricity | 60,618,311 | 69,163,867 | -12% |
| Transport - Company vehicles | - | - | 0% |
| Transport - Personal vehicles | 960,588 | 413,490 | 132% |
| Total energy use | 64,229,315 | 74,727,329 | -14% |

Associated greenhouse gas emissions:

Location based GHG emissions

| GHG emissions (tCO ₂ (e)) | 31 March 2023 | 31 March 2022 | % change |
|--|------------------|------------------|-------------|
| Scope 1 – Gas | 180 | 859 | -79% |
| Scope 1 – Diesel | 433 | 118 | 268% |
| Scope 1 - Transport | - | - | 0% |
| Total Scope 1 | 613 | 977 | -37% |
| Total Scope 2 - Electricity | 11,722 | 14,686 | -20% |
| Total Scope 3 - Personal vehicles | 238 | 102 | 133% |
| Total scopes 1, 2 & 3 | 12,573 | 15,765 | -20% |

Market based GHG emissions

| GHG emissions (tCO ₂ (e)) | 31 March 2023 | 31 March 2022 | % change |
|--------------------------------------|------------------|------------------|-------------|
| Scope 1 | 613 | 977 | -37% |
| Scope 2 | 200 | 758 | -74% |
| Scope 3 | 238 | 102 | 133% |
| Total scopes 1, 2 & 3 | 1,051 | 1,837 | -43% |

Xchanging Global Insurance Solutions Limited

Directors' report for the year ended 31 March 2023 (continued)

Streamlined Energy and Carbon Report (continued)

Baseline and reporting periods (continued)

Intensity ratio:

Location based GHG emissions per unit floor area

| GHG emissions (kgCO ₂ (e) per m2 floor area) | 31 March 2023 | 31 March 2022 | % change |
|--|------------------|------------------|------------|
| Scope 1 | 13 | 14 | -4% |
| Scope 2 | 254 | 208 | 22% |
| Scope 3 | 5 | 1 | 256% |
| Total scopes 1, 2 & 3 | 272 | 223 | 22% |

Energy used 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 space. From FY22 to FY23, floor area reduced by 37% and a site is still in scope but vacant, reflecting the Company's move to a "Virtual First" approach.

Going concern

The Company is loss making and reports net current assets of £44,512,000 (2022: £53,397,000) as a result of advance amount received from its customer towards project implementation and reports net liabilities position of £93,640,000 (2022: £79,664,000) due to amounts due to Group, contract liability relating to Troika project and pension liability. Confirmation has been obtained from the parent company that it will continue to provide financial support to enable the Company to meet its financial obligations for the foreseeable future. Further, the Company generates positive cash flows from operations and expects to do so in the future. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

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 and the customer base of the Company. As a result of the above and together with the Letter of Support from the Parent Company, the directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future for a period of at least twelve months from the date that the financial statements are authorised for issue.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 2.

Employees

Details of the number of employees and related costs can be found in note 6 to the financial statements.

At DXC Technology, 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 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 will protect 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.

Xchanging Global Insurance Solutions Limited

Directors' report for the year ended 31 March 2023 (continued)

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.

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. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. All employees receive an annual bonus related to the overall profitability of the Group.

Auditor

Deloitte LLP has been appointed as auditor for the year ended 31 March 2023 and has indicated its willingness to continue in the office.

Directors' liabilities

The Company has granted indemnity to its Directors against liability in respect of proceedings brought by third parties, subject to conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision was in force during the year and is in force as at the date of approving the Director's report.

Disclosure of information to Auditor

Each of the person who is a Director at the date of approval of this report confirms that:

1. so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
2. the Directors have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418(2) of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



Hugo Martin Eales
Director
14 December 2023

Xchanging Global Insurance Solutions Limited

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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.

Independent Auditor's report to the members of Xchanging Global Insurance Solutions Limited for the year ended 31 March 2023 (continued)

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Xchanging Global Insurance Solutions Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st March 2023 and of its loss for the 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 profit and loss account;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes to the financial statements 1 to 22.

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.

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.

Independent Auditor's report to the members of Xchanging Global Insurance Solutions Limited for the year ended 31 March 2023 (continued)

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. This description forms part of our auditor's report.

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, internal audit and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks 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.

We discussed among the audit engagement team and relevant internal specialists such as tax, pensions and IT, 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 area, and our procedures performed to address are described below:

Revenue Recognition – related to significant, material new contractual arrangements

- Obtained the contract and critically assessed the contract with respect to the requirements of IFRS 15.
- obtained Management's assessment of the accounting for contract and critically assessed the accounting judgments adopted to determine if these were in line with IFRS 15.
- performed inquiries of individuals external to Finance to understand the nature of the performance obligations under the contract.
- inspected the underlying accounting records to determine that the treatment was consistent with that adopted in Management's assessment of the accounting for the contract.

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.

Independent Auditor's report to the members of Xchanging Global Insurance Solutions Limited for the year ended 31 March 2023 (continued)

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;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit, in-house and external 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, reviewing internal audit reports and reviewing correspondence with HMRC.

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 has 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:

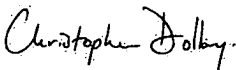
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

DocuSigned by:



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Christopher Dolby (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

14 December 2023

Xchanging Global Insurance Solutions Limited**Statement of profit and loss for the year ended 31 March 2023**

| | Note | 2023 £'000 | 2022 £'000 |
|--|------|----------------|----------------|
| Revenue | 4 | 81,344 | 73,558 |
| Cost of providing services | | (14,458) | (17,810) |
| Gross profit | | 66,886 | 55,748 |
| Administrative expenses | | (74,312) | (58,925) |
| Operating loss | 5 | (7,426) | (3,177) |
| Other income | 5 | 335 | 476 |
| Operating loss before exceptional items | | (7,091) | (2,701) |
| Impairment of goodwill and intangibles | 9 | - | (747) |
| Operating loss before interest and tax | | (7,091) | (3,448) |
| Finance income | 7 | 2,158 | 200 |
| Finance costs | 7 | (1,916) | (1,878) |
| Loss before taxation | | (6,849) | (5,126) |
| Tax credit | 8 | 470 | - |
| Loss for the year | | (6,379) | (5,126) |
| Loss on sale of discontinued operations | | - | (112) |
| Loss for the year | | (6,379) | (5,238) |

The notes on pages 19 to 38 form part of these financial statements.

Xchanging Global Insurance Solutions Limited**Statement of comprehensive income for the year ended 31 March 2023**

| | 2023 £'000 | 2022 £'000 |
|--|-----------------------------|-----------------------------|
| Loss for the financial year | (6,379) | (5,238) |
| Other comprehensive (expense)/income not classified to profit and loss: | | |
| Re-measurement (loss)/gain of retirement benefit obligations (note 17) | (7,597) | 18,369 |
| Other comprehensive (expense)/income for the year | <u>(7,597)</u> | <u>18,369</u> |
| Total comprehensive (expense)/income for the year | <u>(13,976)</u> | <u>13,131</u> |

The notes on pages 19 to 38 form part of these financial statements.

Xchanging Global Insurance Solutions Limited**Statement of financial position as at 31 March 2023**

| | | At 31 March 2023 | At 31 March 2022 |
|--|-------------|-----------------------------|-----------------------------|
| | Note | £'000 | £'000 |
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | 9 | 24,145 | 17,874 |
| Tangible assets | 10 | 467 | 395 |
| Right of use assets | 11 | 2,627 | 4,156 |
| Trade and other receivables | 13 | 25,044 | 8,789 |
| Total non-current assets | | 52,283 | 31,214 |
| Current assets | | | |
| Trade and other receivables | 14 | 17,367 | 39,432 |
| Cash and cash equivalents | 12 | 78,443 | 77,842 |
| Total current assets | | 95,810 | 117,274 |
| Total assets | | 148,093 | 148,488 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 15 | (47,553) | (41,844) |
| Bank overdrafts | 12 | (3,335) | (20,546) |
| Lease liabilities | 18 | (410) | (1,487) |
| Total current liabilities | | (51,298) | (63,877) |
| Net current assets | | 44,512 | 53,397 |
| Total assets less current liabilities | | 96,795 | 84,611 |
| Non-current liabilities | | | |
| Trade and other payables | 16 | (172,494) | (151,019) |
| Retirement benefit obligations | 17 | (15,557) | (10,460) |
| Lease liabilities | 18 | (2,384) | (2,796) |
| Total non-current liabilities | | (190,435) | (164,275) |
| Total liabilities | | (241,733) | (228,152) |
| Net liabilities | | (93,640) | (79,664) |
| Equity | | | |
| Share capital | 19 | 1 | 1 |
| Retained loss | | (93,641) | (79,665) |
| Total equity | | (93,640) | (79,664) |

These financial statements of Xchanging Global Insurance Solutions Limited (registered number 00508212) on pages 15 to 38 were approved and authorised for issue by the board of Directors on 14 December 2023 and signed on its behalf by:



Hugo Martin Eales
Director

14 December 2023

Xchanging Global Insurance Solutions Limited**Statement of changes in equity for the year ended 31 March 2023**

| | Share capital | Retained loss | Total |
|---|----------------------|----------------------|-----------------|
| | £'000 | £'000 | £'000 |
| Balance as at 1 April 2021 | 1 | (92,795) | (92,794) |
| Loss for the year | - | (5,238) | (5,238) |
| Other comprehensive income for the year | - | 18,369 | 18,369 |
| Total comprehensive income for the year | - | 13,131 | 13,131 |
| Balance as at 31 March 2022 | 1 | (79,665) | (79,664) |
| Loss for the year | - | (6,379) | (6,379) |
| Other comprehensive expense for the year | - | (7,597) | (7,597) |
| Total comprehensive expense for the year | - | (13,976) | (13,976) |
| Balance as at 31 March 2023 | 1 | (93,641) | (93,640) |

The notes on pages 19 to 38 form part of these financial statements.

Xchanging Global Insurance Solutions Limited

Notes to the financial statements for the year ended 31 March 2023

1) Basis of accounting and general information

Xchanging Global Insurance Solutions Limited (the "Company") provides computer consultancy services, systems integration and computer outsourcing activities. The Company provides its services mainly in the United Kingdom with a smaller proportion of its revenue generated by other European markets and the United States of America.

The Company is a private Company limited by shares and is incorporated in 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.

2) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial periods presented, unless otherwise stated.

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101. Where relevant, equivalent disclosures have been given in the consolidated financial statements of the ultimate Parent Company, DXC Technology ("DXC") (refer note 21), in relation to:

- the disclosure exemptions from IFRS 7 "Financial Instruments: Disclosures";
- the disclosure exemptions from IFRS 13 "Fair Value Measurement" to the extent that they apply to financial instruments;
- the disclosure exemptions from paragraphs 10(f) and 134 to 136 of IAS 1 "Presentation of Financial Statements";
- the disclosure exemptions from paragraphs 30 and 31 of IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors";
- The requirements of paragraph 52 of IFRS 16 Leases
- the disclosure exemptions from paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 "Revenue from Contracts with Customers".
- the requirements of IAS 7 "Statement of Cash Flows";
- the requirements of IAS 24 "Related Parties" to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary which is party to the transactions is wholly owned by such a member; and
- the requirements of IAS 36 "Impairment of Assets".

Going concern

The Company's business activities, together with the factors likely to affect its future development, principal risks and uncertainties, performance and position are set out within the Strategic report and Directors report.

The Company made a loss during the current year and reports net current assets of £44,512,000 (2022: £53,397,000) as a result of advance amount received from its customer towards project implementation and reports net liabilities position of £93,640,000 (2022: £79,664,000) due to amounts due to group, contract liability relating to Troika project and pension liability. The Company meets its day-to-day working capital requirements through a combination of intercompany loans from Group and the positive cashflows the Company generates from its operating activities. The Company has obtained letter of support from the ultimate Parent Company stating that it will continue to support the operations of the Company for a minimum of twelve months from the date of signing the financial statements. Further, the Company generates positive cash flows from operations and expects to do so in the future. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Xchanging Global Insurance Solutions Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

2) Summary of significant accounting policies (continued)

Going concern (continued)

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 and the customer base of the Company. As a result, management has a reasonable expectation of the Company's ability to continue as a going concern over the period of assessment and has concluded that there are currently no impediments of identifying the Company other than as a going concern.

New or amended Accounting Standards and Interpretations adopted

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IAS 16 - Property, Plant and Equipment — Proceeds before Intended Use
- Annual Improvements to IFRS Standards 2018–2020 - Annual Improvements to IFRS Standards
- Amendments to IFRS 3 – Reference to the Conceptual Framework
- Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract

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 2023 that have had a material impact on the Company.

New standards and interpretations not yet applied

At the date of authorisation of these financial statements, the following new and revised IFRSs, amendments and interpretations that are potentially relevant to the Company, and which have not been applied in these Financial Statements, were in issue but not yet effective.

- Amendments to IAS 1 - Classification of liabilities as current or non-current – 1 Jan 2023
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current – 1 Jan 2023
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies – 1 Jan 2023
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction – 1 Jan 2023
- Amendments to IAS 8 - Definition of accounting estimates – 1 Jan 2023
- Amendment to IAS 12 - International Tax Reform — Pillar Two Model Rules – 1 Jan 2023
- Amendment to IFRS 16 - Lease Liability in a Sale and Leaseback – 1 Jan 2024
- Amendments to IAS 1 - Non-current Liabilities with Covenants – 1 Jan 2024

The Directors do not expect that the adoption of the Standards listed above will have impact on the financial statements of the Company in future years except as noted.

Foreign currency translation

Foreign currency transactions are translated into the functional currency of GBP using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit and loss. Foreign exchange gains and losses are presented in the statement of profit and loss within 'Administrative expenses'.

Revenue recognition

Revenue, including intercompany revenue, is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Xchanging Global Insurance Solutions Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

2) Summary of significant accounting policies (continued)

Revenue recognition (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, at a point in time, 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.

Intercompany

Revenue for work performed for fellow Group companies, where services provided are recognised at cost plus an arm's length mark-up.

Software (sold as part of contract package)

Revenue from licensed software is recognised at the inception of the license term when control passes to the customer. Revenue from maintenance, unspecified upgrades and technical support is recognised over the period such items are delivered.

Transaction price is allocated based on the relative stand-alone selling prices (SSP) of the distinct services included in the package. Discounts given to a customer for purchasing a bundle of services is allocated proportionately to all performance obligations in the contract.

Services

The Company's primary services offerings include information technology (IT) data center, 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) and Software as a Service (SaaS). 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 center contracts are recognised in the year in which 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 as stated in the contract.

Revenue from application management services, Software as a Service, 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 and when 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 the stage of completion (SOC) method. Under the SOC 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.

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 deferred income 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

Xchanging Global Insurance Solutions Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

2) Summary of significant accounting policies (continued)

Revenue (continued)

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.

Interest income

Interest income is recognised in the statement of profit and loss using the effective interest method.

Other income

Amounts which are received other than rendering of services are disclosed as other income in statement of profit and loss.

Finance costs

Finance costs of debt, including interest, premiums payable on settlement and direct issue costs are charged to the statement of profit and loss in the financial period in which they fall due.

Current and deferred taxation

Tax is recognised in the Statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholder's funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the date of the Statement of financial position in the countries where the Company operates and generates taxable income. Provisions are made where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the Statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

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

Intangible assets

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, represents the excess of fair value of the consideration paid over the aggregate fair value of the identifiable assets and liabilities acquired. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate impairment may be required. It is carried at cost less accumulated impairment losses. Impairment losses on goodwill are recognised in the Statement of profit and loss.

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.

Xchanging Global Insurance Solutions Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

2) Summary of significant accounting policies (continued)

Intangible assets (continued)

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

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

Impairment of intangible assets

The carrying value of the intangible asset is reviewed for impairment at the end of the first full year following acquisition and in other periods if event or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible assets

Tangible assets are stated at historical cost less depreciation and any provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost amount to their residual values over their estimated useful lives, as follows:

| | |
|--------------------------------|-------------------------------------|
| Furniture and fittings | Five to ten years |
| Leasehold improvements | Shorter of lease term and ten years |
| Computer and related equipment | Three to seven years or useful life |

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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. Right-of-use assets include only land and buildings and thus the depreciation is calculated over the unexpired period of the lease which is between 1-7 years. 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.

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.

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 expected credit loss which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Xchanging Global Insurance Solutions Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

2) Summary of significant accounting policies (continued)

Financial assets (continued)

Trade and other receivables (continued)

They are included in current assets, except for payment terms greater than twelve months after the end of the reporting period. These are classified as non-current assets.

Contract assets

Contract assets are recognised when the Company has transferred goods or services to the customer but where the Company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Deferred contract costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained, or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Impairment of financial assets

The Company assesses at the end of each reporting period 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 loss allowance for all financial 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.

Cash and cash equivalents

Cash and cash equivalents include cash in bank and bank overdrafts. In the Statement of financial position, bank overdrafts are shown under liabilities.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. All financial liabilities are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

Derecognition of financial liabilities

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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.

Xchanging Global Insurance Solutions Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

2) Summary of significant accounting policies (continued)

Lease liabilities

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. 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.

Contract liabilities

Contract liabilities represent the Company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Company has transferred the goods or services to the customer.

Retirement benefits

Retirement benefits to employees of the Company are funded by contributions from the Company and employees. The Company operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

The Rebus Insurance Services Limited Final Salary Pension Scheme (2003) ("the Rebus Scheme") was closed to new entrants from 1 April 2003 and subsequently closed to future accrual from 31 December 2013. At the same time, the Company offered a defined contribution scheme to provide benefits to these employees.

The defined benefit plan defined an amount of pension benefit an employee will receive on retirement, dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rate on government bonds is used.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders funds in other comprehensive income in the financial year in which they arise. The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined pension liability or asset. Past service costs are recognised immediately in the Statement of profit and loss.

For defined contribution plans, the Company pays contributions to privately administered pension plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3) Critical accounting judgments and key sources of estimation uncertainty

Certain accounting policies are considered to be critical. An accounting policy is considered to be critical if in the Directors' judgement, its selection or application materially affects the financial position or results. The application of the accounting policies also requires the use of estimates and assumptions that affect the financial position or results. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following are the critical judgements, apart from those involving estimates (which are dealt with 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.

Xchanging Global Insurance Solutions Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

3) Critical accounting judgments and key sources of estimation uncertainty (continued)

Critical judgements in applying the Company's accounting policies

i. Revenue recognition

As discussed in note 2, the majority of our revenue is recognised based on objective criteria and does not require significant estimates that may change over time. However, some arrangements are subject to specific accounting guidance that may require significant judgements, including contracts subject to percentage-of-completion accounting, and contracts subject to software accounting guidance. These estimates are made on a contract by contract basis and a different assessment would result in a change to the amount of revenue recognised.

Contract modification

A contract modification is a legally binding change to the scope, price, or both of an existing contract. Contract modifications are reviewed to determine whether they should be accounted for as part of the original contract, the termination of an existing contract and the creation of a new contract, or as a separate contract, and whether they modify an embedded lease. This determination requires significant judgment, which could impact the timing of revenue recognition.

ii. Capitalisation of internally developed software

The capitalisation of internal-use software depends upon the stage of completion of the project. Judgement is exercised to determine the costs incurred to develop commercial software products to be capitalised after technological feasibility has been established and the costs incurred to establish technological feasibility are expensed as incurred. The capitalisation of costs is ended when all substantial testing has been completed. Any enhancements to software products are capitalised where such enhancements extend the life or significantly expand the marketability of such products.

Key sources of estimation uncertainty

Areas for which major sources of estimation uncertainty at the reporting period end that have a significant risk of causing a material adjustment to be made to the carrying value amounts of assets and liabilities are discussed below.

i. Retirement benefit obligations

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate used to calculate the present value of the liabilities. The Company uses impartial actuarial advice to form these estimates and judgements..

Details of the Company's defined benefit pension schemes are set out in note 17, including tables showing the sensitivity of the pension scheme obligations and assets to different actuarial assumptions. The effects of changes in the actuarial assumptions underlying the benefit obligation and discount rates and the differences between expected and actual returns on the schemes' assets are classified as actuarial gains and losses.

ii. Revenue recognition

Stage-of-completion method

Certain software development projects require the use of estimates at completion in the application of the stage-of-completion accounting method, whereby the determination of revenues and costs on a contract through its completion can require significant judgment and estimation. Under this method, and subject to the effects of changes in estimates, revenue is recognised using an estimated margin at completion as contract milestones or other input or output-based measures are achieved.

The stage-of-completion method requires estimates of revenues, costs and profits over the entire term of the contract, including estimates of resources and costs necessary to complete performance. Any change to these estimates would result in a change to the revenues, costs and profits recognised in the Statement of profit and loss.

iii. Valuation of intangible assets and Goodwill

The Company reviews the carrying value of intangible assets and goodwill annually for indicators of impairment. The application of impairment accounting requires the use of significant estimates and assumptions. Where applicable and when there are indicators of impairment, the Company will estimate future cash flows which are discounted to their present value. The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets.

Xchanging Global Insurance Solutions Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

3) Critical accounting judgments and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments and economic utilisation. The change in the estimates and assumptions relating to useful economic lives would have impact on the carrying value and the Income statement.

4) Revenue

An analysis of revenue by geographical market is given below:

| | 2023 £'000 | 2022 £'000 |
|-------------------|---------------|---------------|
| United Kingdom | 77,088 | 69,418 |
| USA | 3,756 | 3,671 |
| Other Europe | 5 | 11 |
| Rest of the World | 495 | 458 |
| | 81,344 | 73,558 |

An analysis of revenue by category is given below:

| | 2023 £'000 | 2022 £'000 |
|----------------------------|---------------|---------------|
| Revenue from services | 81,344 | 72,236 |
| Revenue from sale of goods | - | 1,322 |
| | 81,344 | 73,558 |

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 at the end of the reporting period. Remaining performance obligation estimates are subject to change, which 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.

Contract Balances

The table below provides information about the balances of the Company's trade receivables and contract assets and contract liabilities:

| | 2023 £'000 | 2022 £'000 |
|-----------------------------------|---------------|---------------|
| Trade receivables, net | 2,237 | 3,616 |
| Contract liabilities – short term | 10,642 | 9,557 |
| Contract liabilities – long term | 119,685 | 98,210 |

Revenue recognised in relation to contract liabilities

The table below shows how much of the revenue recognised in the current reporting period relates to carried forward contract liabilities:

| | 2023 £'000 | 2022 £'000 |
|---|---------------|---------------|
| Revenue recognised that was included in the contract liabilities balance at the beginning of the year | 9,316 | 10,501 |

Please refer to note 14 for the balance relating to contract assets and refer to note 15 and 16 for contract liabilities as at the year end.

Xchanging Global Insurance Solutions Limited**Notes to the financial statements for the year ended 31 March 2023 (continued)****5) Operating profit**

| | 2023 | 2022 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Operating (loss)/profit is stated after charging/(crediting) | | |
| Other pension costs (note 6) | 2,245 | 2,271 |
| Staff cost capitalized | - | (929) |
| Depreciation of tangible fixed assets (note 10) | 106 | 113 |
| Amortisation of intangible assets (note 9) | 3,145 | 4,426 |
| Depreciation of right-of-use assets (note 11) | 523 | 1,634 |
| Impairment on goodwill & other intangible assets (note 9) | - | 747 |
| Interest on lease liabilities (note 7) | 106 | 127 |
| Foreign exchange losses | 927 | 1,321 |
| Research and development | 5,704 | 5,041 |
| Impairment reversal of trade receivable | (207) | (342) |
| Audit fee | 136 | - |
| Other income | (335) | (476) |

During the financial year, the Company incurred research and development costs totaling £5,704,000 (2022: £5,970,000) of which £nil (2022: £929,000) is capitalised and £5,704,000 (2022: £5,041,000) is expensed.

The auditor's remuneration is borne by a fellow Group undertaking within DXC Technology for 2022. The allocated fee payable to the Company's auditor for the audit of the Company's financial statements for 2022 is £130,000. From 2023, audit fee is booked directly in Xchanging Global Insurance Solutions Limited.

Other income mainly relates to intercompany cross charge billing for usage of a rental property for an amount of £159,340 (2022: £212,453) from Entserv UK Limited and sublease income of Basildon property for £98,175 (2022: £101,356).

6) Directors and employees**Directors:**

The total amounts paid to the Directors amounts to £2,653,995 which is borne by DXC UK International Limited, EntServ UK Limited, and CSC Computer Science Limited (2022: £2,666,007 which is borne by DXC UK International Limited, EntServ UK Limited, and CSC Computer Science Limited). These entities are fellow group undertakings within the DXC Group.

The highest paid Director emolument of £881,827 is paid by CSC Computer Science Limited (2022: £1,406,695 paid by DXC UK International Limited).

Employees:

Employee costs during the year:

| | 2023 | 2022 |
|------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Staff costs during the year | | |
| Wages and salaries | 3,856 | 4,816 |
| Social security costs | 1,497 | 1,620 |
| Redundancy costs | 101 | 13 |
| Other pension costs* | 2,245 | 2,271 |
| Total staff costs | 7,699 | 8,720 |

*Other pension cost includes £365,000 (2022: £284,000) for defined benefit scheme and the remaining £1,880,000 (2022: £1,987,000) relates to defined contribution scheme.

Xchanging Global Insurance Solutions Limited**Notes to the financial statements for the year ended 31 March 2023 (continued)****6) Directors and employees (continued)**

The average monthly number of persons employed by the Company during the financial year was:

| | Number | Number |
|---|------------|------------|
| Average number of persons employed | | |
| Technical staff | 171 | 185 |
| Administration | 45 | 46 |
| | 216 | 231 |

7) Finance income and costs

| | 2023 £'000 | 2022 £'000 |
|--|---------------|---------------|
| Finance income | | |
| Interest income | 2,144 | 193 |
| Interest income from fellow Group undertakings | 14 | 7 |
| | 2,158 | 200 |
| Finance costs | | |
| Interest expense on loans from fellow Group undertakings | 1,326 | 919 |
| Interest charged on pension scheme liabilities (note 17) | 291 | 629 |
| Interest on bank overdrafts | 183 | 170 |
| Other finance costs | 10 | 33 |
| Interest on lease liabilities | 106 | 127 |
| | 1,916 | 1,878 |

8) Taxation

| | 2023 £'000 | 2022 £'000 |
|--|---------------|---------------|
| <i>Current tax</i> | | |
| UK corporation tax on profit for the year 19% (2022 – 19%) | 297 | - |
| Adjustment in respect of prior years | (767) | - |
| Total current tax credit | (470) | - |
| <i>Deferred tax</i> | | |
| Origination and reversal of timing differences | - | - |
| Double tax relief | - | - |
| Total deferred tax (credit)/expense | - | - |
| Tax credit | (470) | - |

Xchanging Global Insurance Solutions Limited**Notes to the financial statements for the year ended 31 March 2023 (continued)****8) Taxation (continued)**

The tax credit for the period is higher (2022: higher) than the standard rate of corporation tax in the UK for the financial year ended 31 March 2023 of 19% (2022: 19%). The differences are explained below:

| | 2023 | 2022 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Loss before tax | (6,849) | (5,238) |
| Loss multiplied by the standard rate of tax in the UK of 19% (2022: 19%) | (1,301) | (995) |
| - Income not subject to tax | | |
| - Expenses not deductible for tax purposes | 253 | 175 |
| - Other permanent adjustments | 11 | - |
| - Transfer pricing adjustments | (122) | (39) |
| - Amounts (charged)/credited directly to other comprehensive income | - | 3,490 |
| - Adjustments to tax charge in respect of prior periods | (767) | - |
| - Group relief for nil consideration | 2,154 | 2,237 |
| - Foreign taxes | (75) | (53) |
| - Deferred tax not recognised | (623) | (4,815) |
| Total | (470) | - |

The tax rate for the current year is the same as the prior year.

The Finance Act 2021 included legislation to increase to the UK's main corporation tax rate from 19% to 25%, effective from 1st April 2023. This change was enacted at the balance sheet date, and as a result deferred tax balances have been measured at that rate. The rate of 25% (2022: 25%) has been used to calculate the deferred tax asset/(liability).

Deferred tax assets have not been recognised in respect of the following, as it is not certain that future taxable profits will be available.

| Particulars | At 31 March | At 31 March |
|---------------------------------------|--------------------|--------------------|
| | 2023 | 2022 |
| | £'000 | £'000 |
| Temporary differences | | |
| -Tangible assets | 2,960 | 2,672 |
| -Intangible assets | (558) | 87 |
| -Short term provisions | 32 | 55 |
| -Pension and post retirement benefits | 4,136 | 3,205 |
| Tax losses and credits | 2,474 | 2,399 |
| Total | 9,044 | 8,418 |

Xchanging Global Insurance Solutions Limited**Notes to the financial statements for the year ended 31 March 2023 (continued)****9) Intangible assets**

| | Goodwill £'000 | Capitalised software £'000 | Software under development £'000 | Total £'000 |
|---------------------------------------|---------------------------|---|---|------------------------|
| Cost | | | | |
| At 1 April 2021 | 6,000 | 61,967 | 6,917 | 74,884 |
| Additions | - | 929 | 3,578 | 4,507 |
| Transfers | - | 492 | (492) | - |
| At 31 March 2022 | 6,000 | 63,388 | 10,003 | 79,391 |
| Additions | - | - | 9,416 | 9,416 |
| Transfers | - | 29 | (29) | - |
| At 31 March 2023 | 6,000 | 63,417 | 19,390 | 88,807 |
| Accumulated amortisation | | | | |
| At 1 April 2021 | (6,000) | (49,738) | (606) | (56,344) |
| Impairment provision during the year* | - | - | (747) | (747) |
| Charge for the year | - | (4,426) | - | (4,426) |
| At 31 March 2022 | (6,000) | (54,164) | (1,353) | (61,517) |
| Charge for the year | - | (3,145) | - | (3,145) |
| At 31 March 2023 | (6,000) | (57,309) | (1,353) | (64,662) |
| Net book value | | | | |
| At 31 March 2023 | - | 6,108 | 18,037 | 24,145 |
| At 31 March 2022 | - | 9,224 | 8,650 | 17,874 |

*An impairment of £747,278 relating to product Intelligent Data Extraction (IDE) is recognised during the prior year.

Xchanging Global Insurance Solutions Limited**Notes to the financial statements for the year ended 31 March 2023 (continued)****10) Tangible assets**

| | Furniture and fittings £'000 | Leasehold improvements £'000 | Computer and related equipment £'000 | Total £'000 |
|---------------------------------|---|---|---|------------------------|
| Cost | | | | |
| At 1 April 2021 | 3,068 | 2,205 | 9,216 | 14,489 |
| Additions | 4 | 20 | 21 | 45 |
| Disposals | - | (7) | (4) | (11) |
| At 31 March 2022 | 3,072 | 2,218 | 9,233 | 14,523 |
| Additions | - | - | 178 | 178 |
| At 31 March 2023 | 3,072 | 2,218 | 9,411 | 14,701 |
| Accumulated depreciation | | | | |
| At 1 April 2021 | (3,060) | (1,837) | (9,127) | (14,024) |
| Charge for the year | (9) | (61) | (43) | (113) |
| Disposal | - | 6 | 3 | 9 |
| At 31 March 2022 | (3,069) | (1,892) | (9,167) | (14,128) |
| Charge for the year | (1) | (60) | (45) | (106) |
| At 31 March 2023 | (3,070) | (1,952) | (9,212) | (14,234) |
| Net book value | | | | |
| At 31 March 2023 | 2 | 266 | 199 | 467 |
| At 31 March 2022 | 3 | 326 | 65 | 395 |

11) Right of use assets

| | Land and buildings £'000 | Data center £'000 | Total £'000 |
|---------------------------------|---|------------------------------|------------------------|
| Cost | | | |
| At 1 April 2021 | 4,784 | 2,981 | 7,765 |
| Additions | 74 | 1,046 | 1,120 |
| Disposals | (227) | - | (227) |
| At 31 March 2022 | 4,631 | 4,027 | 8,658 |
| Disposals | (435) | (4,027) | (4,462) |
| At 31 March 2023 | 4,196 | - | 4,196 |
| Accumulated depreciation | | | |
| At 1 April 2021 | (1,057) | (2,025) | (3,082) |
| Adjustments | 214 | - | 214 |
| Charge for the year | (591) | (1,043) | (1,634) |
| At 31 March 2022 | (1,434) | (3,068) | (4,502) |
| Disposals | 388 | 3,068 | 3,456 |
| Charge for the year | (523) | - | (523) |
| At 31 March 2023 | (1,569) | - | (1,569) |
| At 31 March 2023 | 2,627 | - | 2,627 |
| At 31 March 2022 | 3,197 | 959 | 4,156 |

Xchanging Global Insurance Solutions Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

12) Cash and cash equivalents and Bank overdrafts

Cash and cash equivalents fully consist of balances available in bank accounts.

There is no major change in bank balance and is mainly due to increase in collections from customers, net IC receipts offset by transfer of increased balance to overdraft.

Decrease in Bank overdrafts is mainly due to inter bank transfers partially offset by net IC payments.

13) Trade and other receivables: disclosed as non-current assets

| | At 31 March 2023 £'000 | At 31 March 2022 £'000 |
|----------------------------------|---------------------------|---------------------------|
| Prepayment >1 year | 14,398 | 8,449 |
| Security deposit | 243 | 240 |
| Group tax relief receivable | 100 | 100 |
| Amounts recoverable on contracts | 10,303 | - |
| | <u>25,044</u> | <u>8,789</u> |

Group tax relief receivable balance are unsecured, interest free and are intended to be settled after 12 months and accordingly grouped under non-current assets.

Security deposit relates to property taken on lease situated at Basildon.

14) Trade and other receivables: disclosed as current assets

| | At 31 March 2023 £'000 | At 31 March 2022 £'000 |
|---|---------------------------|---------------------------|
| Trade receivables, net of provision | 2,237 | 3,616 |
| Amounts owed by fellow Group undertakings | 3,341 | 33,270 |
| Prepayments | 3,810 | 1,400 |
| Other debtors | 966 | 317 |
| Amounts recoverable on contracts | 3,587 | 776 |
| Other taxes receivable | 2,568 | 53 |
| Group relief receivable | 858 | - |
| | <u>17,367</u> | <u>39,432</u> |

Amounts owed by fellow Group undertakings are unsecured and interest free, subject to normal DXC intercompany trading terms of payment and intended to be settled within 12 months.

15) Trade and other payables: disclosed as current liabilities

| | At 31 March 2023 £'000 | At 31 March 2022 £'000 |
|---|---------------------------|---------------------------|
| Trade payables | 1,063 | 1,061 |
| Amounts owed to fellow Group undertakings | 24,370 | 18,404 |
| Loan payable to Group undertakings* | - | 8,143 |
| Contract liability < 1 year | 10,642 | 9,557 |
| Accruals | 10,946 | 3,087 |
| VAT and social security | 371 | 1,592 |
| Other creditors | 161 | - |
| | <u>47,553</u> | <u>41,844</u> |

Xchanging Global Insurance Solutions Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

15) Trade and other payables: disclosed as current liabilities (continued)

Amounts owed to fellow Group undertakings are unsecured and interest free, subject to normal DXC intercompany trading terms of payment and are repayable on demand.

During the year, a loan balance of £8,143,000 owed to Xchanging Holdings Limited bearing an interest of 1.31% was settled.

*Loans payable to Group undertakings

| | At 31 March 2023 £'000 | At 31 March 2022 £'000 |
|----------------------------|---------------------------|---------------------------|
| Xchanging Holdings Limited | - | 8,143 |

16) Trade and other payables: disclosed as non-current liabilities

| | At 31 March 2023 £'000 | At 31 March 2022 £'000 |
|------------------------------------|---------------------------|---------------------------|
| Loan payable to Group undertakings | 40,000 | 40,000 |
| Amounts owed to Parent Company | 12,809 | 12,809 |
| Contract liability > 1 year* | 119,685 | 98,210 |
| | 172,494 | 151,019 |

Loan payable to Group undertakings pertains to loan received from CSC Computer Sciences Limited, which is unsecured, bearing interest rate of 1.5% plus SONIA and repayable on 30 March 2027.

Amounts owed to Parent Company are unsecured, interest free and are intended to be settled after 12 months and accordingly grouped under non-current liabilities in the current year.

*During previous year, an amount of £74m was billed to its client and £23m was billed to an entity withing DXC Group towards implementation of Project work and in 2023 an additional amount of £21.5m was billed towards the same project to an entity within the DXC Group.

17) Retirement benefits obligations

Defined benefit scheme

For certain employees, the Company operates a defined benefit pension scheme with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary.

The pension charge in the statement of profit and loss account in respect of the defined contribution section of the scheme includes an amount of £1,880,000 (2022: £1,987,000).

The Rebus scheme was closed to new entrants from 1 April 2003 and subsequently closed to future accrual from 31 December 2013. At the same time, the Company established a defined contribution scheme to provide benefits to new employees.

The assets and liabilities of the Rebus Insurance Services Limited Final Salary Pension Scheme (2003) ("the Rebus Scheme") were merged into the CSC Computer Sciences Ltd 2005 Pension Scheme (now known as the DXC Pension Plan) to form the Segregated Rebus Section of this plan with effect from 30 October 2020. The Rebus Scheme was formally wound up by a termination deed effective 3 June 2021.

The scheme pensions are updated in line with the retail price index.

Plan assets held in the fund are governed by local regulations and practice in the United Kingdom. Responsibility for the governance of the plan – including investment decisions and contribution schedules – lies jointly with the Company and the Board of Directors of the fund.

Xchanging Global Insurance Solutions Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

17) Retirement benefits obligations (continued)

Defined benefit scheme (continued)

Plans to fund liability:

Deficit recovery payments of £3.156m in April 2023 and £800k per month from 1 April 2023 to 30 June 2027.

The risks of the scheme are as follows:

(a) Asset volatility:

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plan holds a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

(b) Changes in bond yields:

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

(c) Life expectancy:

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

(d) Inflation risk:

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

The Trustees of the DXC Pension Plan completed the actuarial valuation effective 30 June 2021, on 30 September 2022. The report on this valuation from the Scheme Actuary includes the results for the Segregated Rebus Section and for which the Company is responsible for funding. The assumptions used in the valuation are disclosed in the statement of funding principles and are summarised below:

| | 2023 | 2022 |
|-------------------|-------|-------|
| Discount rate | 4.67% | 2.69% |
| Rate of inflation | 3.01% | 3.17% |

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in the UK. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

| | 2023 Years | 2022 Years |
|--|---------------|---------------|
| Longevity of age 65 for current pensioners: | | |
| -Men | 22.4 | 22.0 |
| -Women | 24.1 | 24.0 |
| Longevity at age 45 for future pensioners: | | |
| -Men | 23.2 | 23.3 |
| -Women | 25.2 | 25.5 |

Xchanging Global Insurance Solutions Limited**Notes to the financial statements for the year ended 31 March 2023 (continued)****17) Retirement benefits obligations (continued)****Reconciliation of scheme assets and liabilities:**

| | Assets £'000 | Liabilities £'000 | Total £'000 |
|----------------------------------|-------------------------|------------------------------|------------------------|
| At 1 April 2022 | 152,994 | (163,454) | (10,460) |
| Employer contributions | 3,156 | - | 3,156 |
| Interest income/(expense) | 4,104 | (4,395) | (291) |
| Actuarial (loss)/gains | (57,721) | 50,124 | (7,597) |
| Net benefits paid | (4,288) | 4,288 | - |
| Current service cost | - | (365) | (365) |
| Administrative (expenses)/income | (309) | 309 | - |
| At 31 March 2023 | 97,936 | (113,493) | (15,557) |

| | Assets £'000 | Liabilities £'000 | Total £'000 |
|----------------------------------|-------------------------|------------------------------|------------------------|
| At 1 April 2021 | 151,066 | (185,820) | (34,754) |
| Employer contributions | 6,838 | - | 6,838 |
| Interest income/(expense) | 2,962 | (3,591) | (629) |
| Actuarial (loss)/gains | (2,694) | 21,063 | 18,369 |
| Net benefits paid | (4,823) | 4,823 | - |
| Current service cost | - | (284) | (284) |
| Administrative (expenses)/income | (355) | 355 | - |
| At 31 March 2022 | 152,994 | (163,454) | (10,460) |

Actuarial (loss)/gains recognised in other comprehensive income:

| Particulars | 2023 £'000 | 2022 £'000 |
|---|-----------------------|-----------------------|
| (Loss)/gain on scheme liabilities arising from changes in demographic assumptions | (5,440) | 33 |
| Gain on scheme liabilities arising from changes in financial assumptions | 55,389 | 21,988 |
| Gain/(loss) on scheme liabilities arising from experience | 175 | (958) |
| Remeasurement loss on scheme assets | (57,721) | (2,694) |
| Total | (7,597) | 18,369 |

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

Impact on defined benefit obligation

| | Change in assumption | Increase in assumption £'000 | Decrease in assumption £'000 |
|-----------------|-----------------------------|---|---|
| Discount rate | +/- 0.5% | 5,868 | (4,733) |
| Inflation | +/- 0.5% | (3,416) | 2,281 |
| Life expectancy | 1 year | 2,728 | - |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied as when calculating the pension liability recognised within the Statement of financial position.

Xchanging Global Insurance Solutions Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

17) Retirement benefits obligations (continued)

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Total cost recognised:

| | 2023 | 2022 |
|----------------------|--------------|--------------|
| | £'000 | £'000 |
| Interest cost | (291) | (629) |
| Current service cost | (365) | (284) |
| Past service cost | - | - |
| | <u>(656)</u> | <u>(913)</u> |

The fair value of the plan assets was:

| | | |
|--------------------|---------------|----------------|
| Equities | 20,532 | 42,063 |
| Multi Asset Credit | 35,325 | 76,683 |
| Corporate bonds | 41,417 | 31,889 |
| Other Assets | 662 | 2,359 |
| | <u>97,936</u> | <u>152,994</u> |

The amounts recognised in the statement of financial position are as follows:

| | At 31 March 2023 £'000 | At 31 March 2022 £'000 |
|---|------------------------------|------------------------------|
| Present value of funded obligations | (113,493) | (163,454) |
| Fair value of scheme assets | <u>97,936</u> | <u>152,994</u> |
| Present value of funded obligations | | |
| Deficit | (15,557) | (10,460) |
| Related deferred tax asset at 19% (2022: 19%) | <u>-</u> | <u>-</u> |
| Net liability | <u>(15,557)</u> | <u>(10,460)</u> |
| Amounts in the statement of financial position | | |
| Assets | - | - |
| Liabilities | <u>(15,557)</u> | <u>(10,460)</u> |
| Net liability | <u>(15,557)</u> | <u>(10,460)</u> |

18) Lease liabilities

| | At 31 March 2023 £'000 | At 31 March 2022 £'000 |
|-------------|------------------------------|------------------------------|
| Current | 410 | 1,487 |
| Non-current | 2,384 | 2,796 |
| | <u>2,794</u> | <u>4,283</u> |

The total cash outflow for leases during 2023 is £599,000 (2022: £1, 751,000).

Xchanging Global Insurance Solutions Limited**Notes to the financial statements for the year ended 31 March 2023 (continued)****18) Lease liabilities (continued)****Maturity analysis – Undiscounted lease payments**

| | At 31 March 2023 £'000 | At 31 March 2022 £'000 |
|------------------------------|------------------------------|------------------------------|
| 1 Year | 1,343 | 1,813 |
| 2 Year | 480 | 536 |
| 3 Year | 480 | 514 |
| 4 Year | 480 | 480 |
| 5 Year | 480 | 480 |
| > 5 years | 720 | 1,200 |
| Total lease liability | 3,983 | 5,023 |

Amount recognised in the statement of profit and loss

| Particulars | 2023 £'000 | 2022 £'000 |
|---|---------------|---------------|
| Interest on lease liabilities (note 7) | (106) | (127) |
| Income from sub leasing right of use assets | 335 | 476 |

The Company has leased the facilities for operational purpose.

19) Share capital

| | At 31 March 2023 £'000 | At 31 March 2022 £'000 |
|--|------------------------------|------------------------------|
| Authorised, allotted, issued and fully paid: 1,000 (2022: 1,000) ordinary shares of £1 each | 1 | 1 |

20) Capital and other commitments

The Company has entered into build agreement with JVs and Lloyds signed on 30th December 2021 towards the Digital Processing Services Programme. A CCN for sequence 5 was signed on 5th August 2022. The commitment in respect of the above project is expected to be £13m in FY2024.

21) Controlling entity

The ultimate Parent Company and controlling entity is DXC Technology, a Company incorporated in the United States of America. This is the Parent undertaking of both the smallest and the largest Group which includes the Company and for which Group financial statements are prepared. Copies of the Group financial statements of DXC Technology are available from 20408 Bashan Drive, Suite 231, Ashburn, VA 20147, USA which is the registered office address.

The immediate Parent Company of Xchanging Global Insurance Solutions Limited is Xchanging Global Insurance Systems Limited, a company incorporated in United Kingdom, and registered at same address as the Company.

22) Events after the end of the reporting period

There were no material or significant events that occurred in the period from 31 March 2023 to the date of approval that would require adjustment to or disclosure in the financial statements.