

Company Registration No. 00963578

CSC Computer Sciences Limited

Annual report and financial statements

For the financial year from 1 April 2022 to 31 March 2023



CSC Computer Sciences Limited

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CSC Computer Sciences Limited

Officers and professional advisers

Directors

H M Eales
M C Woodfine

Company secretary

M C Woodfine

Registered office

Royal Pavilion
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GU11 1PZ
United Kingdom

Principal bankers

Royal Bank of Scotland
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Principal legal adviser

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Deloitte LLP
Statutory Auditor
1 Station Square
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CB1 2GA
United Kingdom

CSC Computer Sciences Limited

Strategic report

The directors present their Strategic report on the Company for the financial year ended 31 March 2023. In preparing the Strategic report, the directors have complied with section 414c of the Companies Act 2006.

CSC Computer Sciences Limited ("the Company") is a private company incorporated in the 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, GU11 1PZ, United Kingdom.

The Company is an indirect subsidiary of DXC Technology Company (DXC) ("the Ultimate parent company"), 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 Company has taken advantage of the exemption under section 401 to the Companies Act 2006 from the requirement to produce consolidated financial statements.

The financial statements for the year 1 April 2022 to 31 March 2023 are set out on pages 18 to 50.

Review of business

The Company is a next-generation global provider of information technology (IT) services and solutions. We help lead clients through their digital transformations to meet new business demands and customer expectations in a market of escalating complexity, interconnectivity, mobility and opportunity.

Many of our clients are responsible for the country's infrastructure, defence and security while others are global leaders in banking, communications, manufacturing, retail, energy and utilities. These clients trust DXC's technology-based solutions and services to run and transform their businesses.

The Company's mission is to enable superior returns on our client's technology investments through best-in-class vertical industry solutions, domain expertise, strategic partnerships with key technology leaders and global scale. We generally do not operate through exclusive agreements with hardware or software providers and believe this independence enables us to better identify and manage solutions specifically tailored to each client's needs.

Results and key performance indicators

The Company is managed by the UK&I (UK, Ireland and Israel) 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 is not appropriate for an understanding of the development, performance or position of the business shown in these financial statements. A loss for the financial year of £47,751,000 (2022: £17,393,000) has been transferred from reserves.

Details of the financial business results for the period are:

	<i>1 April 2022 to 31 March 2023</i>	<i>1 April 2021 to 31 March 2022</i>	<i>Change</i>
	<i>£'m</i>	<i>£'m</i>	<i>%</i>
Revenue	649.9	567.4	14.5
Gross profit	57.2	68.3	(16.3)
Gross profit margin	8.8%	12.0%	(3.2)
Operating loss	(53.1)	(22.4)	(30.7)
Loss before tax from continuing operations	(27.9)	(44.2)	16.3

Revenue from continuing operations increased by 14.5% from £567.4 million in the previous year to £649.9 million in the current year. Despite a challenging economic environment and trading activity, the results for the year were broadly in line with management's expectations with intercompany revenues contributing significantly to the growth in revenues.

Gross profit margin for the year has decreased comparison to prior year and is reported at 8.8% (2022: 12.0%) due to an increase in cost for contracts in current year and due to fringe reversals and gain from pension increase exchange offer in prior year. The Company has suffered an increase in loss from operation after charging overhead costs before exceptional items. During the financial year ended 31 March 2023 restructuring actions were initiated in certain areas to realign our cost structure and resources to take advantage of operational efficiencies. The restructuring costs were largely as a result of implementing workforce reductions. The costs of such reductions for the financial year were £6.4 million (2022: £8.6 million). The company continues to strive to optimise costs to expand margins and improve profitability. The Company has maintained the operating loss margin (excluding exceptional

Strategic report (continued)

Results and key performance indicators (continued)

items) despite reduction in gross profit margins. The Company has provided for impairment of its investments in the current year £34.03 million (2022: £Nil). The Company reports an operating loss of £53.09 million (2022: loss £22.4 million).

The Company's administrative expenses for the current financial year increased marginally due to higher intercompany overhead costs, significant impairment of investment in subsidiary and a reduction in rental expense as a result of continued optimisation of the DXC property strategy, exit of properties as the Group moved to a Virtual First environment following Covid. The Company received dividend of £11.7 million (2022: £Nil) from its subsidiaries. The Company has net finance income of £13.47 million (2022: net finance cost of £21.7 million) significantly due to increase in expected return on pension assets during the year.

The loss before tax from operations for the year is £27.91 million (2022: loss £44.2 million).

Principal risks, uncertainties and financial risk

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

- **Performance risk**

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

- **Foreign currency risk**

As a global business, the Company faces exposure to adverse movements in foreign currency exchange rates. In the normal course of business, the Company enters into certain sales and supply/service contracts denominated in foreign currency. Potential foreign currency exposures arising from these contracts are analysed during the bidding process. The Company generally manages these contracts by incurring costs in the same currency in which the revenue is received, and any related short-term contract financing requirements are met by borrowing in the same currency. At 31 March 2023, the Company had £nil forward foreign exchange contracts in place. The director's policy on hedging is to hedge all financial risks where it is feasible and cost effective to do so.

- **Credit risk**

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

- **Liquidity risk**

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

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

- **Market risk**

As a global business, the Company faces the risk of being outmanoeuvred by competitors resulting in declining revenues and narrowing profit margins. Even though the Company has a wide spread of clients across countries and across the public and private sectors, third party revenue and profits are declining due to competitive pressures.

- **Inflation risk**

Prolonged periods of inflation where we do not have adequate inflation protections in our customer contracts could increase costs, have an adverse effect on general economic conditions and impact consumer budgeting, which could impact our profitability and have a material adverse effect on our business and results of operations.

- **Impairment and valuation risk**

Impairment and valuation risk of investments is dependent on the performance of the underlying group. The directors therefore perform annual impairment assessments on investment balances. Based on the impairment assessment, £34 million (2022: £Nil) impairment is charged to statement of profit and loss for the current financial year.

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Strategic report (continued)

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 www.dxc.technology

Future developments

The Company is part of the DXC wide corporate cost optimisation initiative and will continue to identify areas of opportunity to drive efficiencies in order to stabilise/retain and expand margins moving forward. The Company will continue to focus on retaining key skills within the Organisation to deliver service excellence, retain and increase customer satisfaction as well as taking opportunities to expand the DXC Partner Network to support clients in their digital transformation journeys. Details of the significant events after the reporting date are contained in note 28 to the financial statements.

Section 172(1) statement

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

- 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.

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

Business Values:

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

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;

CSC Computer Sciences Limited

Strategic report (continued)

Section 172(1) statement (continued)

Employees: (continued)

- 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. During the FY22 training cycle, 100% of required employees completed the Code of Conduct training. The FY23 Code of Conduct Training was launched on 17 January 2023 and 100% completion by employees was achieved on July 18. 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 customers 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; and
- The Company has an established "Voice of the Customer" programme, the purpose of which is to interview and survey samples of the Company's key customer base in order to capture their views on what the Company could do better. By collecting and analysing feedback throughout the customer journey, the Company can deliver superior business impact by focussing on common areas for improvement to promote enhanced customer satisfaction and build deeper, long-standing partnerships. 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.

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.

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Strategic report (continued)

Section 172(1) statement (continued)

Communities and Environment: (continued)

- 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.

Approved by the board and signed on its behalf by:



H M Eales
Director
20 December 2023

Registered Office:

Royal Pavilion
Wellesley Road
Aldershot
Hampshire
GU11 1PZ

CSC Computer Sciences Limited

Directors' report

The directors present the Annual report on the affairs of the Company, together with the audited financial statements for the year 1 April 2022 to 31 March 2023.

Principal activity

The Company continues to provide computer consultancy, systems integration and computer outsourcing services.

Future developments

Future developments have been detailed in the Strategic report on page 4 and form part of this report by cross reference.

Events since the reporting date

Details of the significant events after the reporting date are contained in note 28 to the financial statements.

Research and development

The Company continues to invest in research and development to extend its product offerings and improve the efficiency of its existing products. During the financial year, the Company incurred costs totalling £369,000 (2022: £1,365,000).

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 are set out in the Strategic report on page 2 and form part of this report by cross reference.

Dividends

During the financial year the Company paid a dividend of £nil (2022: £169,750,000). No dividend was proposed and paid after the year ended 31 March 2023 up to the date of approval of this report (2022: £nil).

Directors

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

H M Eales

C N Halbard Resigned on 1 April 2023

S J Turpie Resigned on 15 July 2022

M C Woodfine

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

Political contributions

No political donations were made during the financial year (2022: £nil).

Going concern

The Company has operating loss however reports net assets and has positive working capital. The ultimate Parent Company has provided a letter of support confirming that it will continue to support the Company moving forward. 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 Group.

As a result of the above and together with the Letter of Support from the Parent Company, The directors has 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.

The impact of the war in Ukraine and related events are considered to be not material, they do not affect amounts recognised as of 31 March 2023. The directors consider that the war will not have any material impact for a period of at least twelve months from when the financial statements are authorised for issue, since the Company does not have any customers / suppliers / direct investments in Ukraine or Russia.

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 8 to the financial statements.

At DXC all aspects of diversity are valued among its employees. The Company understands that a variety of employee perspectives enables it to thrive, to innovate and to be creative bringing better solutions and services to their clients. Therefore, the Company ensures the recognition and contribution 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.

CSC Computer Sciences Limited

Directors' report (continued)

Employees (continued)

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.

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, the Company magazine and a special edition for employees of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

The employee share scheme has been running successfully since its inception. Eligible employees may receive awards under the plan, which primarily include time-based restricted share units (RSUs) and performance-based restricted share units (PSUs). In addition, eligible employees participate in an annual cash bonus plan, with pay-out based on achievement of financial and customer satisfaction metrics.

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 4 to 5 and forms part of this report by cross reference.

Energy and Carbon Report

As per The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018; information on the company's energy consumption and carbon emissions are included at the end of this report on pages 11 to 14.

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

Corporate governance

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

The directors have applied an appropriate system of governance by:

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

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Directors' report (continued)

Stakeholder Engagement

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

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

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

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

Employee Engagement

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

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

Auditor

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

Disclosure of information to auditor

Each director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he/she has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Approved by the board and signed on its behalf by:



H M Eales

Director

20 December 2023

Registered Office:

Royal Pavilion
Wellesley Road
Aldershot
Hampshire
GU11 1PZ

CSC Computer Sciences Limited

Directors' responsibilities statement

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

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

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

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

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

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

CSC Computer Sciences Limited

Energy and Carbon report

For the financial year 1 April 2022 to 31 March 2023

This Energy and Carbon report produced by CSC Computer Sciences Limited (CSC) provides an overview of the energy and carbon emissions under CSC's operational control of 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. The regulations take effect from 1 April 2019 and cover financial reporting years starting after this date. CSC falls within scope of the SECR reporting obligations as a 'large' organisation (more than 250 people) and is required to report the following:

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

Reporting boundaries

Operational control

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

Reporting Units

The following 11 sites are in scope for CSC Computer Sciences Limited. Sites which have been non-operational for the full reporting year (i.e. vacant throughout, or vacant and then closed mid-year) have been marked as vacant.

Table 1: CSC sites in scope FY23

Site Name	Location
Maidstone Data Center	Pegasus place, Maidstone
Aylesford Data Center	Bellingham Way, Aylesford
Sevenoaks Data Center	North Downs Business Park, Sevenoaks
Tunbridge Wells Data Center	Spectrum House and Millennium House, Tunbridge Wells
Chesterfield Manor Offices	Old Road, Chesterfield
Aldershot Royal Pavilion	Wellesley Road, Aldershot
Maidstone	Bircholt Road, Maidstone
Chatham Data Center	Walter Burke Way, Chatham
Basildon Data Center	Endeavour Drive, Basildon
Chesterfield Manor Offices (Vacant)	Old Road, Chesterfield
Welwyn Garden City, Suite 6	Wentworth Lodge, Great North Rd
The Monument	Eastcheap street, London

CSC formerly operated a fleet of leased road vehicles which make up the Scope 1 transport energy and emissions included in this report. Note that DXC are reducing their vehicle fleet and there were no vehicles registered to CSC in the FY23 reporting year. Business travel conducted in personal vehicles (where the mileage is expensed to CSC) is included as Scope 3 transport.

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Energy and Carbon report (continued)

For the financial year 1 April 2022 to 31 March 2023

Baseline and reporting periods

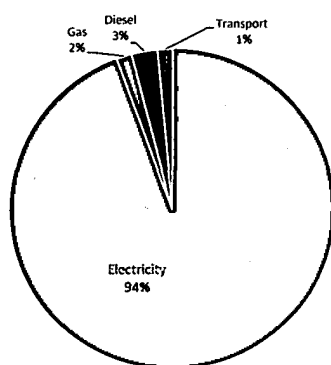
CSC's financial year runs from April to March. The current reporting period for SECR is April 2022 to March 2023, hereafter referred to as FY23. The previous year reported is April 2021 – March 2022 (FY22)

UK Energy use

Table 2: Energy use

Energy, kWh	FY23	FY22	% 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	74,735,352	-14%

Figure 1: Breakdown of CSC energy use (kWh) in FY23



94% of CSC's energy use is electricity and this is the primary focus of energy saving initiatives. Principal uses of electricity include IT load and cooling in data centres as well as lighting and power across all sites. Natural gas is used for heating in offices and has seen an increase this year as employees return to the office following relaxation of COVID restrictions. Diesel generators act as the emergency power supply for data centers, and the primary use of diesel is for regular maintenance checks of these systems.

DXC are reducing their vehicle fleet and there were no vehicles registered to CSC in the FY23 reporting year, however business travel conducted in personal vehicles has increased significantly following relaxation of COVID restrictions.

Associated greenhouse gas emissions

Table 3: Location based GHG emissions

GHG emissions, tCO ₂ (e)	FY22	FY22	% change
Scope 1 – Gas	180	860	-79%
Scope 1 – Diesel	432	118	268%
Scope 1 – Transport	-	-	0%
Total Scope 1	613	977	-37%
Total Scope 2 Electricity	11,722	14,687	-20%
Total Scope 3 Personal vehicles	238	102	133%
Total location-based emissions	12,573	15,766	-20%

Table 4: Market based GHG emissions

GHG emissions, tCO ₂ (e)	FY23	FY22	% change
Scope 1	613	977	-37%
Scope 2	200	758	-74%
Scope 3	238	102	133%
Total market-based emissions	1,051	1,837	-43%

CSC Computer Sciences Limited

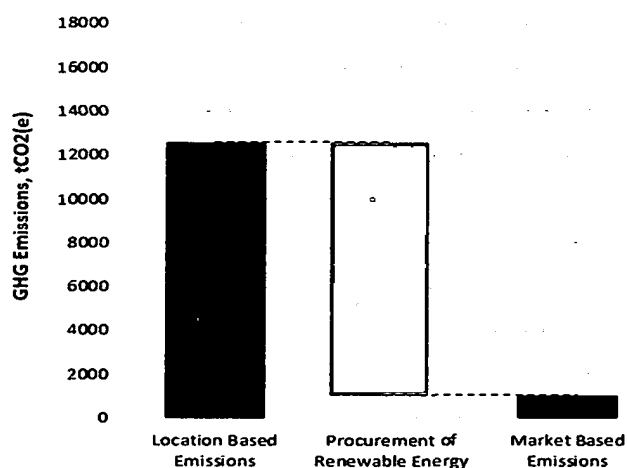
Energy and Carbon report (continued)

For the financial year 1 April 2022 to 31 March 2023

Associated greenhouse gas emissions (continued)

CSC procures renewable electricity backed by Guarantees of Origin. This reduces the total location based emissions by 92% to a small market based emissions footprint.

Figure 2: Comparison of location based and market based emissions FY23



Intensity ratio

Table 5: Location based GHG emissions per unit floor area

GHG emissions, kgCO ₂ (e) per m ² floor area	FY23	FY22	% change
Scope 1	13	14	-4%
Scope 2	254	208	22%
Scope 3	5	1.45	256%
Total scopes 1 & 2	272	223	-22%

CSC's energy use is predominantly in buildings and the site portfolio is variable year on year. Floor area is therefore used as the intensity metric to evaluate efficiency of CSC's 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.

Energy efficiency action

The CSC portfolio includes four Strategic Data Centres which make up 81% of CSC's electricity use. These sites are certified to ISO 50001 Energy Management System (EnMS) which is fully embedded within site operations. Energy efficiency activities take place as part of "business as usual" operation, with a focus on reducing energy use for cooling (one of the significant energy uses on site).

Airflow management continues to be a focus area during FY23, including the management of setpoint temperatures across the data centres, the management of grilles and vents distributing cold air. At the end of FY23, the data centre locations were consolidated into three facilities.

The major programme at Maidstone DC has continued with the completion of the cooling replacement programme during FY23 and the commencement of the UPS upgrade programme in FY24. At Sevenoaks DC there is the continued UPS replacement programme which will continue over the course of the year. Both of these projects will improve the efficiency of the location and reduce the energy consumption at the sites.

There have been significant fluctuations in transport use over the past few years, with combined energy use from company and personal vehicles shown in figure 3. This is due to both a reduction in provision of fleet vehicles and changing travel routines across the board due to COVID-19. Although transport has increased significantly from FY22 to FY23, it is still over 60% below FY19 levels.

Energy and Carbon report (continued)
For the financial year 1 April 2022 to 31 March 2023

Energy efficiency action (continued)

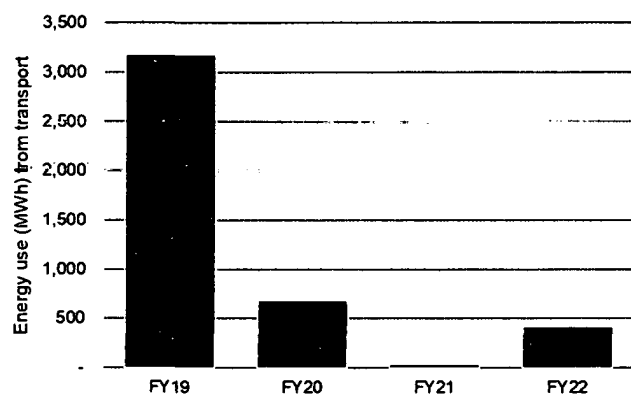


Figure 3: Transport in fleet and personal vehicles

Methodologies used

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

DXC Technology's global scope 1, 2 and 3 emissions have been calculated for FY23 and verified by an external party. UK locations and travel emissions have been taken from the global dataset to develop this report.

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

Reporting years align with the Company's financial year:

Table 6: Base and reporting years

Previous year FY22	1 st April 2021 to 31 st March 2022.
Current reporting period FY23	1 st April 2022 to 31 st March 2023

Actual data is obtained as far as possible, with priority given to sites with the greatest impact on GHG emissions. This limits the need for estimation to smaller, lower impact sites. Where actual data is not available, consumption is estimated based on best available information.

Data collection

Energy data is collected at monthly (or higher) resolution from the following sources:

Table 7: Data sources

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

Emissions factors

Location based emissions factors used are the UK Government conversion factors for company reporting. A single set of factors are applied to the reporting year, i.e. the 2022 conversion factors are applied to the full FY23 reporting year, in accordance with guidance.

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

Independent auditor's report to the members of CSC Computer Sciences Limited (continued)

For the financial year 1 April 2022 to 31 March 2023

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of CSC Computer Sciences Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 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;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 28.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

Conclusions relating to going concern

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

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

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

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.

Independent auditor's report to the members of CSC Computer Sciences Limited (continued)

For the financial year 1 April 2022 to 31 March 2023

Other information (continued)

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. 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 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 framework that the company operates in, and identified the key laws and regulations that:

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

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

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

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

Independent auditor's report to the members of CSC Computer Sciences Limited (continued)

For the financial year 1 April 2022 to 31 March 2023

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

In response to the risk;

- We have identified new and complex contracts and obtained technical accounting considerations for these contracts.
- We have obtained corroborative evidence in the form of signed contract agreements.
- We have assessed whether management have applied their judgment correctly on principal versus agent revenue related complex accounting considerations and concluded if it is in compliance with IFRS15.

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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



Lee Welham, FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

Cambridge, United Kingdom

20 December 2023

CSC Computer Sciences Limited

Statement of profit and loss

For the financial year 1 April 2022 to 31 March 2023

		Financial year 1 April 2022 to 31 March 2023 £'000	Financial year 1 April 2021 to 31 March 2022 £'000
	Notes		
Revenue	5	649,853	567,380
Cost of sales		(592,684)	(499,078)
Gross profit		57,169	68,302
Administrative expenses		(77,759)	(78,438)
Other operating income/(expenses)		7,902	(3,665)
Exceptional items	7	(40,400)	(8,625)
Operating loss	6	(53,088)	(22,426)
<i>Analysed between:</i>			
Operating loss before exceptional item		(12,687)	(13,801)
Exceptional item – restructuring expenses		(6,374)	(8,625)
Exceptional item – investment impairment		(34,027)	-
Income from subsidiary		11,711	-
Finance income	9	62,503	37,687
Finance costs	9	(49,035)	(59,434)
Loss before taxation from continuing operations		(27,909)	(44,173)
Tax (charge)/credit for the year	10	(19,842)	26,780
Loss for the year		(47,751)	(17,393)

Revenue and operating loss are all derived from continuing operations.

The notes on pages 23 to 50 form part of these financial statements.

CSC Computer Sciences Limited

Statement of comprehensive income For the financial year 1 April 2022 to 31 March 2023

		Financial year 1 April 2022 to 31 March 2023 £'000	Financial year 1 April 2021 to 31 March 2022 £'000
	Notes		
Loss for the financial year		(47,751)	(17,393)
Other comprehensive (expense)/income: items that will not be reclassified to statement of profit and loss			
Difference between actual and expected return on pension scheme assets	22	(433,686)	6,149
Effects of changes in assumptions underlying the present value of pension scheme liabilities	22	349,374	101,511
(Loss)/gain relating to retirement benefits obligations		(84,312)	107,660
Movement on deferred tax relating to pension asset	10	21,078	(26,915)
Unrealised (loss)/gain on interest rate swap hedging		(2,651)	3,477
Total comprehensive (expense)/income for the financial year		(113,636)	66,829

The notes on pages 23 to 50 form part of these financial statements.

CSC Computer Sciences Limited

Balance sheet As at 31 March 2023

	Notes	31 March 2023 £'000	31 March 2022 £'000
Assets			
Non-current assets			
Intangible assets	11	1,769	5,471
Tangible assets	12	110,983	115,294
Right-of-use assets	13	26,507	16,262
Investments	14	41,855	75,991
Trade and other receivables	17	51,591	52,809
Pension assets	22	294,972	363,013
Total non-current assets		527,677	628,840
Current assets			
Inventories	15	132,990	131,315
Trade and other receivables	16	208,875	231,861
Cash and cash equivalents		155,203	200,153
		497,068	563,329
Assets classified as held for sale	27	318	4,650
Total current assets		497,386	567,979
Total assets		1,025,063	1,196,819
Liabilities			
Current liabilities			
Trade and other payables	18	(318,317)	(441,738)
Lease liabilities	23	(15,674)	(14,736)
Provisions for liabilities	20	(1,073)	(983)
Total current liabilities		(335,064)	(457,457)
Net current assets		162,322	110,522
Non-current liabilities			
Trade and other payables	19	(129,403)	(68,763)
Lease liabilities	23	(70,107)	(68,275)
Total non-current liabilities		(199,510)	(137,038)
Total liabilities		(534,574)	(594,495)
Net assets		490,489	602,324

CSC Computer Sciences Limited

Balance sheet As at 31 March 2023

	Notes	31 March 2023 £'000	31 March 2022 £'000
Equity			
Share capital	24	19,560	19,560
Share premium		56,708	56,708
Other reserves		33,182	33,182
Share-based payment reserve		6,350	4,549
Profit and loss account		374,689	488,325
Total equity		490,489	602,324

The notes on pages 23 to 50 form part of these financial statements.

These financial statements of CSC Computer Sciences Limited (registered number 00963578) were approved and authorised for issue by the board of directors on 20 December 2023 and signed on its behalf by:



H M Eales

Director

CSC Computer Sciences Limited

Statement of changes in equity

For the financial year 1 April 2022 to 31 March 2023

		Share capital	Share premium account	Share based payments reserve	Other reserves	Profit and loss	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2021		19,560	243,366	1,534	33,182	191,246	488,888
Loss for the financial year		-	-	-	-	(17,393)	(17,393)
Other comprehensive income / (expense) for the financial year							
Movements relating to retirement benefits obligations	22	-	-	-	-	107,660	107,660
Movement relating to unrealised gain on interest rate swap hedging		-	-	-	-	3,477	3,477
Movement on deferred tax relating to pension asset	10	-	-	-	-	(26,915)	(26,915)
Total comprehensive income for the financial year		-	-	-	-	66,829	66,829
Share-based payment capital contributions	21	-	-	3,015	-	-	3,015
Dividend		-	-	-	-	(169,750)	(169,750)
Share premium cancelled		-	(400,000)	-	-	400,000	-
Issue of share capital		-	213,342	-	-	-	213,342
Balance as at 31 March 2022		19,560	56,708	4,549	33,182	488,325	602,324
Loss for the financial year		-	-	-	-	(47,751)	(47,751)
Other comprehensive income/(expense) for the financial year							
Movements relating to retirement benefits obligations	22	-	-	-	-	(84,312)	(84,312)
Movement relating to unrealised gain on interest rate swap hedging		-	-	-	-	(2,651)	(2,651)
Movement on deferred tax relating to pension asset		-	-	-	-	21,078	21,078
Total comprehensive expense for the financial year		-	-	-	-	(113,636)	(113,636)
Share-based payment capital contributions	21	-	-	1,801	-	-	1,801
Balance as at 31 March 2023		19,560	56,708	6,350	33,182	374,689	490,489

The notes on pages 23 to 50 form part of these financial statements.

- Share premium account represents the excess of the issue price over the par value on shares issued less transaction costs arising on issue.
- Share-based payment reserve represents the equity-settled share-based payments to employees granted by ultimate parent company which is measured at the fair value of the equity instrument at the grant date.
- Profit and loss account reserve represents accumulated retained earnings net of dividends distributed to shareholders.

CSC Computer Sciences Limited

Notes to the financial statements

For the financial year 1 April 2022 to 31 March 2023

1) Basis of accounting and general information

CSC Computer Sciences Limited ("the Company") provides computer consultancy, 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, the United States of America and rest of the world.

The Company is a private company incorporated in the 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, 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 years 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 as modified by financial instruments recognised at fair value and in accordance with the Companies Act 2006.

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 judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where judgements 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 Company ("DXC"), 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 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 paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total
- the disclosure exemptions from Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment';
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of the following paragraphs of IAS 1 Presentation of Financial Statements:
 - (i) 10(d) and 111 – a statement of cash flows for the period;
 - (ii) 10(f) – a Balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements;
 - (iii) 16 – a statement of compliance with IFRS, which is not applicable since we are adopting FRS101 rather than following IFRS in full;
 - (iv) 38A-D and 40A-D – a third Balance sheet, profit and loss and other comprehensive income, statement of changes in equity and other additional comparative information;
 - (v) 134 to 136 – disclosure of management of capital;
- the requirements of IAS 7 "Statement of Cash Flows";

CSC Computer Sciences Limited

Notes to the financial statements (continued)

For the financial year 1 April 2022 to 31 March 2023

2) Summary of significant accounting policies (continued)

Basis of preparation (continued)

- the disclosure exemptions from paragraphs 30 and 31 of IAS 8 “Accounting policies, changes in accounting estimates and errors”;
- the requirements of paragraph 74A(b) of IAS 16 Property, Plant and Equipment
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- 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;
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) 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 Directors' report.

The Company is loss making however reports net assets and has positive working capital. The directors have a 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. The Parent Company has provided a letter of support confirming that it will continue to support the Company moving forward. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Financial Reporting Council ('FRC') which are effective for annual years beginning 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 37 Provisions, Contingent Liabilities and Contingent Assets relating to Onerous contracts costs of fulfilling a contract
- Amendments to IFRS 3 Business combinations references to the conceptual framework
- Amendments to IAS 16 Property, Plant and Equipment relating to proceeds before intended use
- Annual Improvements to IFRS Standards 2018–2020

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2023 have had a material impact on the Company.

Consolidation

The Company has taken advantage of the exemption under s401 to the Companies Act 2006 from the requirement to produce consolidated financial statements since the Company itself is a wholly owned subsidiary undertaking of DXC Technology Company, a company registered in the United States of America, which itself prepares consolidated financial statements. The financial statements therefore present information as an individual undertaking and not as a group. Copies of the Group financial statements of DXC Technology Company are available from the registered address: 20412 Bashan Drive, Suite 250, Ashburn, VA 20147, USA.

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, except when deferred in other comprehensive income as qualifying cash flow hedges.

Revenue recognition

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

Notes to the financial statements (continued)
For the financial year 1 April 2022 to 31 March 2023

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 the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds 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 are provided, are recognised at cost plus an arm's length mark-up.

Hardware (sold as part of contract package)

Revenue from hardware sales is recognised when the product is shipped to the client and when significant risk and rewards of ownership have been transferred to the buyer.

Services

The Company's primary services offerings include information technology (IT) data centre and business process transformation outsourcing, application management services, technology infrastructure and system maintenance, web hosting, and the design and development of complex IT systems to a client's specifications (design and build). These services are provided on a time and material basis, as a fixed price contract or as a fixed price per measure of output contract, and the contract terms generally range from less than one year to ten years. Revenue from IT data centre and business process transformation outsourcing contracts is recognised in the year the services are provided using either an objective measure of output or a straight-line basis over the term of the contract. Under the output method, the amount of revenue recognised is based on the services delivered in the year as stated in the contract.

Revenue from application management services, technology infrastructure and system maintenance, and web hosting contracts is recognised on a straight-line basis over the term of the contract. Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred. Revenue related to extended warranty and product maintenance contracts is deferred and recognised on a straight-line basis over the delivery period.

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

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

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

Notes to the financial statements (continued)
For the financial year 1 April 2022 to 31 March 2023

2) Summary of significant accounting policies (continued)

Revenue recognition (continued)

Multiple-element arrangements

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

Software related revenue arrangements

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

Non-software related Revenue arrangements

- The delivered items have value to the client on a standalone basis.
- There is objective and reliable evidence of the fair value of the undelivered items.

Finance income

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

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 year in which they fall due.

Income from shares

Dividend income is recognised when the right to receive payment is established.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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 charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the balance sheet 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 future taxable profit 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 income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the balance sheet 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 balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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.

CSC Computer Sciences Limited

Notes to the financial statements (continued) For the financial year 1 April 2022 to 31 March 2023

2) Summary of Significant accounting policies (continued)

Intangible assets

Goodwill

Goodwill arising on the acquisition of trade and assets of former subsidiaries and other 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 development software

Direct labour and overhead costs incurred in the development of software may be capitalised. Costs incurred to develop commercial software products are capitalised after technological feasibility has been established. Costs incurred to establish technological feasibility are expensed as incurred. Enhancements to software products are capitalised where such enhancements extend the life or significantly expand the marketability of such products.

These costs are amortised on a straight-line basis over their expected useful lives from the date the product enters commercial exploitation (currently three to seven years).

Patents and licences

Patents and licences are included at acquisition cost and amortised on a straight-line basis over their estimated useful lives up to a maximum of 20 years. Provision is made for any impairment.

Intellectual property

Intellectual property is included at acquisition cost and amortised on a straight-line basis over their estimated useful lives up to a maximum of 20 years. Provision is made for any impairment.

Purchased software

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

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, after which it is assessed for impairment if and when there are any events or changes in circumstance that could indicate potential impairment.

Intangible assets acquired separately

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

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 year in which they are incurred.

Land is not depreciated and assets under construction are not depreciated until ready for use. 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:

Asset Class	Estimated useful life
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
Freehold buildings	Forty years

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.

CSC Computer Sciences Limited

Notes to the financial statements (continued) For the financial year 1 April 2022 to 31 March 2023

2) Summary of significant accounting policies (continued)

Right-of-use assets

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

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

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

Asset Class	Estimated useful life
Buildings	Seven years
Computers	Three years
Automobiles	Two years
Office equipment	Seven years

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 the statement of profit and loss as incurred.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost, less, where appropriate, allowances for impairment.

Investments in associated undertakings

Investments in associated undertakings are accounted for at cost, less, where appropriate, allowances for impairment.

Investments

Impairment of investments

At each reporting date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of profit and loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Long term contracts

Costs on outsourcing contracts are generally expensed as incurred. However, certain costs incurred upon the initiation of an outsourcing contract are deferred and expensed as and when performance obligation is satisfied over the life of the contract. These costs consist of contract acquisition and transition costs, including the costs of due diligence after competitive selection and costs associated with installation of systems and processes. These costs are recorded as contract work in progress on the balance sheet. Costs incurred for bid and proposal activity are expensed as incurred.

Costs on major fixed price contract projects are deferred as contract work in progress and released to the Statement of profit and loss as and when performance obligation is satisfied over time. Contract provisions for work in progress risks and contingencies are included in provisions for liabilities and charges.

Financial instruments

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

Notes to the financial statements (continued)
For the financial year 1 April 2022 to 31 March 2023

2) Summary of significant accounting policies (continued)

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.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

They are included in current assets, except for payment terms greater than twelve months after the end of the reporting 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.

Customer acquisition 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 hand, deposits held at call with banks and bank overdrafts. In the Balance sheet, bank overdrafts are shown within trade and other payables under current liabilities.

Financial liabilities and equity

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

Trade and other payables

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

Derivative financial instruments

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

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

CSC Computer Sciences Limited

Notes to the financial statements (continued)

For the financial year 1 April 2022 to 31 March 2023

2) Summary of significant accounting policies (continued)

Financial liabilities and equity (continued)

Finance costs and debt

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

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

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:

Defined benefit scheme

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 Balance sheet 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.

Notes to the financial statements (continued)
For the financial year 1 April 2022 to 31 March 2023

2) Summary of significant accounting policies (continued)

Retirement benefits (continued)

Defined contribution schemes

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligation to make further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior financial years.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance 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 an 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 future payments is available.

Share-based payment

The Company's ultimate parent company, DXC Technology Company, has granted rights to its equity instruments to certain employees of the Company. These arrangements are accounted for as equity-settled share-based payment arrangements, and a capital contribution is recognised to the extent that the Company is not charged by its parent for the cost of share-based payments to employees. Equity-settled share-based payments to employees are measured at the fair value of the equity instrument at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the DXC Technology Company's estimate of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the Statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Assets classified as held for sale

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

3) Judgements and key sources of estimation uncertainty

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

Critical judgements in applying the Company's accounting policies

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

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, the rest of the arrangements are subject to specific accounting guidance that may require significant judgements, including contracts subject to input method of accounting, contracts that include multiple-element deliverables, and contracts subject to software accounting guidance. These judgements are made on a contract by contract basis and a different assessment would result in a change to the amount of revenue recognised. In making their judgement, the directors considered the detailed criteria for the recognition of revenue as set out in IFRS 15.

Complex accounting contracts

Certain contracts provide a range of services or elements to our customers, which may include a combination of services, products or both. As a result, significant judgement may be required to determine the appropriate accounting, including principal vs agent considerations and whether the elements specified in a multiple-element arrangement should be treated as separate performance obligation for revenue recognition purposes, and, when considered appropriate, how the total estimated revenue should be allocated

Notes to the financial statements (continued)
For the financial year 1 April 2022 to 31 March 2023

3) Judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying the Company's accounting policies (continued)

among the elements and the timing of revenue recognition for each element. Allocation of total contract consideration to each element requires estimating the fair value or selling price of each element on a reasonable basis. Once the total estimated revenue has been allocated to the various contract elements, revenue for each element is recognised based on the relevant revenue recognition method for the services performed or elements delivered if the revenue recognition criteria have been met. Estimates of total revenue at contract inception often differ materially from actual revenue due to volume differences, changes in technology or other factors which may not be foreseen at inception. These estimates and judgements are made on a contract-by-contract basis and a different assessment would result in a change to the amount of revenue recognised.

Key sources of estimation uncertainty

Areas for which there are 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.

Revenue recognition

Performance obligation satisfied over time

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

Estimates of total revenue at contract inception may differ materially from actual revenue due to volume differences, changes in technology or other factors which may not be foreseen at inception. These estimates are made on a contract-by-contract basis and a different assessment would result in a change to the amount of revenue reported in note 5.

Software sales

If significant customisation is required in the delivery of a proprietary software product, and the fair value can be reasonably determined to support accounting for the software as a separate unit of account, the software is determined to be delivered as the customisation services are performed and revenue is recognised in accordance with the input method described above. In such cases, cost and profit estimates are required over the life of the project, and changes in such estimates can have a material effect on results.

Taxation

The Company is subject to tax in a number of jurisdictions and estimation is required in determining the provision for income taxes. The Company provides for future liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based on management's assessment of exposures.

Deferred tax liabilities are generally provided for in full and deferred tax assets are recognised to the extent that it is judged probable that future taxable profit will arise against which the temporary differences will be utilised. The value of deferred tax asset as on the balance sheet date is £nil (2022: £nil).

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 22, 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.

CSC Computer Sciences Limited

Notes to the financial statements (continued)

For the financial year 1 April 2022 to 31 March 2023

3) Judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Impairment of investments in subsidiaries

Determining whether Company's investment in subsidiaries have been impaired requires estimation of investments value in use. The value in use calculations require entity to estimate the future cash flows expected to arise from investments and suitable discount rate which is used to calculate present value. The estimates used to calculate the future cash flows is based on operating results, market conditions, and other factors. Changes in these estimates and assumptions include a significant change in the established business plans which could materially affect the determination of future cash flows. The discount rate used is based on our weighted-average cost of capital and may be adjusted for the relevant risks associated with business-specific characteristics. It is reasonably possible, based on any future knowledge, that outcomes within the next financial year that are different from assumptions could require an adjustment to the carrying amount of the investment in subsidiaries. The carrying amount of investment in subsidiaries in the balance sheet was £41,855,000 (2022: £75,991,000) with an impairment provision of £34,027,000 (2022: £nil) recognised during the year.

4) Financial instruments

The Company has no financial assets measured at fair value through profit and loss.

5) Revenue

An analysis of revenue by geographical market is given below:

	Financial year 1 April 2022 to 31 March 2023 £'000	Financial year 1 April 2021 to 31 March 2022 £'000
United Kingdom	597,761	532,111
United States of America	15,154	5,012
Other Europe	32,341	24,483
Other Rest of World	4,597	5,774
	649,853	567,380

An analysis of revenue by business segment is given below:

	Financial year 1 April 2022 to 31 March 2023 £'000	Financial year 1 April 2021 to 31 March 2022 £'000
Sale of service	547,674	481,740
Hardware sales	102,179	85,640
	649,853	567,380

Remaining performance obligations

Remaining performance obligations represent the aggregate amount of the transaction prices in contracts allocated to performance obligations not delivered, or partially undelivered, as of the end of the reporting period. Remaining performance obligation estimates are subject to change 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 following table provides information about the balances of the Company's trade receivables and contract assets and contract liabilities:

	As at 31 March 2023 £'000	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Trade receivables, net	71,169	95,871	80,729
Contract assets	6,297	2,310	5,006
Contract liabilities – short-term	121,413	84,606	69,107
Contract liabilities – long-term	16,693	43,747	29,484

CSC Computer Sciences Limited

Notes to the financial statements (continued) For the financial year 1 April 2022 to 31 March 2023

5) Revenue (continued)

Contract Balances (continued)

Contract assets are determined based on the following drivers – milestone billing and invoicing delay which affects the performance of the contract. During the year the contract assets have increased by £3,987,000 as the company have provided more services ahead of the agreed payment schedules for customer contracts.

Contract liabilities of deferred contract revenues increased £9,753,000 over the year as new deferrals exceeded net revenue recognition in current year.

Revenue recognised in relation to contract liabilities

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

	Financial year 1 April 2022 to 31 March 2023 £'000	Financial year 1 April 2021 to 31 March 2022 £'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	84,606	69,107

Revenue recognised in relation to prior periods

No revenue has been recognised in the current financial year relating to prior periods.

6) Operating loss

	Financial year 1 April 2022 to 31 March 2023 £'000	Financial year 1 April 2021 to 31 March 2022 £'000
Operating loss is stated after charging/(crediting):		
Loss on disposal of tangible assets	584	970
(Gain)/loss on disposal of investment in subsidiaries	(42)	1,847
Impairment of investment	34,027	-
Restructuring expenses (note 7)	6,374	8,625
Research and development costs	369	1,365
Foreign exchange (gain)/loss	(4,356)	157
Depreciation:		
Owned assets (note 12)	12,866	18,908
Right-of-use assets (note 13)	6,775	4,144
Amortisation of intangible assets (note 11)	2,738	1,720
Auditor's remuneration [#]		
For audit of financial statements:		
Company – for group audit	1,015	950
Company – for statutory audit	234	314
Other group companies	81	15
For other services:		
Other taxation advisory services	-	62
Government grants received*	(48)	(552)
Lease payments:		
Minimum lease payments	-	1501
Short term lease payments	105	-
Income from subletting right of use assets	(1,994)	(985)

Auditor's remuneration in respect of other services relates to duties performed in the UK and Ireland.

* The Government grants received are in the nature of Research and Development (R&D) reliefs towards innovative projects in science and technology.

The auditor remuneration for the financial year 2022 is updated to reflect a better comparative position which is based on the accruals posted for the relevant financial year.

CSC Computer Sciences Limited

Notes to the financial statements (continued)

For the financial year 1 April 2022 to 31 March 2023

7) Exceptional items

	Financial year 1 April 2022 to 31 March 2023 £'000	Financial year 1 April 2021 to 31 March 2022 £'000
Restructuring costs - severance	6,374	8,625
Impairment of investments	34,027	-
	<u>40,401</u>	<u>8,625</u>

During the year, the Company continued its restructuring programme resulting in cost of £6,374,000 (2022: £8,625,000). The restructuring programme was undertaken during the year to right size the workforce and is not considered by the director to be a fundamental reorganisation of the business. The Company has provided for impairment of its investments in the current year amounting to £34,027,000 (2022: £Nil).

8) Employees and directors

Employees

Employee costs during the financial year (including directors):

	Financial year 1 April 2022 to 31 March 2023 £'000	Financial year 1 April 2021 to 31 March 2022 £'000
Staff costs during the year		
Wages and salaries	129,066	116,155
Social security costs	19,580	14,407
Other pension costs/(income) (Note 22)*	12,051	(2,688)
Total staff costs	<u>160,697</u>	<u>127,874</u>

*Other pension costs/(income) include the Company's costs/(income) relating to defined benefit schemes and defined contributions schemes.

The average monthly number of persons (including executive directors) employed by the Company during the financial year was:

Average number of persons employed (including directors)	No.	No.
Managerial and professional	264	275
Sales and operations staff	1,812	1,889
	<u>2,076</u>	<u>2,164</u>

Directors

The directors' emoluments were as follows:

	Financial year 1 April 2022 to 31 March 2023 £'000	Financial year 1 April 2021 to 31 March 2022 £'000
Emoluments	1,065	1,523
Gains made on the exercise of share options	665	632
	<u>1,730</u>	<u>2,155</u>
The number of directors who:	No.	No.
Are members of a money purchase scheme	-	-
Exercised share options	-	2

During the year the aggregate amount of any compensation to directors or past directors in respect of loss of office is £1,730,000 (2022: £nil).

CSC Computer Sciences Limited

Notes to the financial statements (continued) For the financial year 1 April 2022 to 31 March 2023

8) Employees and directors (continued)

Highest paid director

The highest paid director's emoluments were as follows:

	Financial year 1 April 2022 to 31 March 2023 £'000	Financial year 1 April 2021 to 31 March 2022 £'000
Emoluments	393	905
Gains made on the exercise of share options	488	502
	<u>881</u>	<u>1,407</u>

Remuneration borne by other entities

During the year amounts paid to the directors amounting to £923,975 is borne by DXC UK International Limited and Entserv UK Limited. During the previous year amounts paid to the director amounting to £511,252 was borne by DXC UK International Limited and Entserv UK Limited.

9) Finance income and costs

Finance income

	Financial year 1 April 2022 to 31 March 2023 £'000	Financial year 1 April 2021 to 31 March 2022 £'000
Interest receivable on loans to fellow group undertakings	1,479	1,441
Bank interest income	6,233	928
Other finance income	81	79
Expected return on pension scheme assets (Note 22)	54,710	35,239
	<u>62,503</u>	<u>37,687</u>

Finance costs

	Financial year 1 April 2022 to 31 March 2023 £'000	Financial year 1 April 2021 to 31 March 2022 £'000
Interest on loans from fellow group undertakings*	2,311	23,803
Bank loans and overdrafts	1,067	430
Interest on lease liabilities	2,253	4,687
Interest charged on pension scheme liabilities (Note 22)	43,404	30,514
	<u>49,035</u>	<u>59,434</u>

*During the financial year 2022, the company repaid a loan amounting £250 million to DXC Technology Company which was due to be repaid on 15 January 2025. An early repayment of loan attracted prepayment costs amounting to £17,162,500 included in total finance expense of FY22 above.

CSC Computer Sciences Limited

Notes to the financial statements (continued) For the financial year 1 April 2022 to 31 March 2023

10) Taxation

Current taxation	Financial year 1 April 2022 to 31 March 2023 £'000	Financial year 1 April 2021 to 31 March 2022 £'000
<i>Current tax</i>		
UK corporation tax on loss for the year 19% (2022: 19%)	-	-
Adjustment in respect of prior periods	(2,068)	-
Overseas tax	823	104
Research & development	9	31
Total current tax (credit)/charge	(1,236)	135
<i>Deferred tax</i>		
Origination and reversal of timing differences	21,078	(26,915)
Total deferred tax charge/(credit)	21,078	(26,915)
Tax charge/(credit)	19,842	(26,780)
Tax expense included in other comprehensive income:		
	Financial year 1 April 2022 to 31 March 2023 £'000	Financial year 1 April 2021 to 31 March 2022 £'000
Deferred tax		
- origination and reversal of timing differences	21,078	(26,915)
Total tax charge/(credit) included in other comprehensive income	21,078	(26,915)

The tax rate for the current period remains unchanged from the prior period of 19%.

The Finance Act 2021 included legislation to increase the UK's main rate of corporation tax from 19% to 25%, effective from 1 April 2023. This change was enacted at the balance sheet date, and any material impact has been reflected in the measurement of deferred tax balances. The rate of 25% (2022: 25%) has been used to calculate the deferred tax asset/(liability).

CSC Computer Sciences Limited

Notes to the financial statements (continued) For the financial year 1 April 2022 to 31 March 2023

10) Taxation (continued)

	Financial year 1 April 2022 to 31 March 2023 £'000	Financial year 1 April 2021 to 31 March 2022 £'000
Loss before taxation	(27,909)	(44,173)
Loss before tax multiplied by the standard rate of tax in the UK of 19% (2022: 19%)	(5,303)	(8,393)
Effects of		
- Research and development provision	9	31
- Adjustments to tax charge in respect of prior periods	(2,068)	-
- Expenses not deductible for tax purposes	720	838
- Income not taxable	(4,373)	-
- Impairment of investment / interco	6,465	-
- Group relief surrendered	3,079	11,063
- Withholding taxes	823	104
- Movement in unrecognised deferred tax asset	21,078	(26,915)
- Other timing differences	(588)	(3,508)
Tax charge/(credit) for the year	19,842	(26,780)

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Deferred taxation

The deferred tax asset / provision consists of the following deferred tax assets:

	At 31 March 2023 £'000	At 31 March 2022 £'000
Deferred tax assets due within 12 months	-	-
Deferred tax liabilities due within 12 months	-	-
Total asset / provision due within 12 months	-	-
Deferred tax assets due after 12 months	-	-
Deferred tax liabilities due after 12 months	-	-
Total asset / provision due after more than 12 months	-	-
Total deferred tax asset / provision	-	-

CSC Computer Sciences Limited

Notes to the financial statements (continued) For the financial year 1 April 2022 to 31 March 2023

10) Taxation (continued)

Movement in the financial year

	Accelerated capital allowances	Pension deficit	Short-term timing differences	Trading losses	Total
	£'000	£'000	£'000	£'000	£'000
1 April 2021	-	(45,592)	-	45,592	-
Credited./ (charged) to the statement of profit and loss	-	(18,246)	-	45,161	26,915
Credited to other comprehensive income	-	(26,915)	-	-	(26,915)
31 March 2022	-	(90,753)	-	90,753	-
Charged to the statement of profit and loss	-	(4,068)	-	(17,010)	(21,078)
Charged to other comprehensive income	-	21,078	-	-	21,078
31 March 2023	-	(73,743)	-	73,743	-

11) Intangible assets

	Goodwill	Intellectual property	Patents and licenses	Internally developed software	Purchased software	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2022	13,214	14,521	1,425	6,291	97,019	132,470
Disposals	-	-	-	(767)	(2,060)	(2,827)
At 31 March 2023	13,214	14,521	1,425	5,524	94,959	129,643
Accumulated amortisation						
At 1 April 2022	13,214	14,521	1,425	6,291	91,548	126,999
Charge for the year	-	-	-	-	2,738	2,738
Disposals	-	-	-	(767)	(1,096)	(1,863)
At 31 March 2023	13,214	14,521	1,425	5,524	93,190	127,874
Net book value						
At 31 March 2023	-	-	-	-	1,769	1,769
At 31 March 2022	-	-	-	-	5,471	5,471

CSC Computer Sciences Limited

Notes to the financial statements (continued) For the financial year 1 April 2022 to 31 March 2023

12) Tangible assets

	Freehold land and buildings £'000	Furniture and fittings £'000	Leasehold improvements £'000	Computer and related equipment £'000	Total £'000
Cost					
At 1 April 2022	122,005	6,189	53,214	132,326	313,734
Additions	1,260	199	142	13,168	14,769
Disposals	(191)	(63)	(1,719)	(3,207)	(5,180)
Transfer out*	(1,582)	(914)	(48)	(2,677)	(5,221)
At 31 March 2023	121,492	5,411	51,589	139,610	318,102
Accumulated depreciation					
At 1 April 2022	49,256	5,149	49,202	94,833	198,440
Charge for the year	3,321	475	621	8,449	12,866
Disposals	(165)	(13)	(1,069)	(1,248)	(2,495)
Transfer out*	(648)	(910)	(39)	(95)	(1,692)
At 31 March 2023	51,764	4,701	48,715	101,939	207,119
Net book value					
At 31 March 2023	69,728	710	2,874	37,671	110,983
At 31 March 2022	72,749	1,040	4,012	37,493	115,294

* These amounts represent the transfer of asset to Asset held for sale and other transfers.

13) Right-of-use assets

	Land and buildings £'000	Computers £'000	Total £'000
Cost			
At 1 April 2022	5,623	28,564	34,187
Additions / Lease modifications	690	16,330	17,020
At 31 March 2023	6,313	44,894	51,207
Accumulated depreciation			
At 1 April 2022	2,213	15,712	17,925
Charge for the year	1,420	5,355	6,775
At 31 March 2023	3,633	21,067	24,700
Net book value			
At 31 March 2023	2,680	23,827	26,507
At 31 March 2022	3,410	12,852	16,262

CSC Computer Sciences Limited

Notes to the financial statements (continued) For the financial year 1 April 2022 to 31 March 2023

14) Investments

	Investments in subsidiaries
	£'000
Cost	
At 1 April 2022	86,876
Disposals during the financial year	(109)
At 31 March 2023	86,767
Provision for impairment in value	
At 1 April 2022	10,885
Increase in provision	34,027
Release of provision due to disposal of investments	-
At 31 March 2023	44,912
Net book value	
At 31 March 2023	41,855
At 31 March 2022	75,991

The Company disposed the investment in Tribridge Italy during the year. The company recognised significant impairment for its investment in Royal Pavilion Unit Trust based on the value-in-use of investment.

Investments are all stated at cost less allowance for impairment. The registered addresses of the subsidiaries and others are listed in Annexure on page 50.

15) Inventory

	At 31 March 2023 £'000	At 31 March 2022 £'000
Finished goods	95,724	86,223
Deferred contract costs	37,266	45,092
	132,990	131,315

Certain costs incurred upon the initiation of an outsourcing contract are deferred as contract work in progress and expensed on a straight-line basis over the life of the contract. These costs consist of contract acquisition and transition costs, including the costs of due diligence after competitive selection and costs associated with installation of processes and systems.

In addition, other project costs related to a major outsource contract have been deferred as contract work in progress in line with future milestone revenue recognition. These costs are expected to be expensed over the future life of the contract which is greater than one year.

CSC Computer Sciences Limited

Notes to the financial statements (continued) For the financial year 1 April 2022 to 31 March 2023

16) Trade and other receivables: disclosed as current assets

	At 31 March 2023	At 31 March 2022
	£'000	£'000
Trade receivables	71,169	95,871
Contract assets	6,297	2,310
Amounts recoverable on contracts	24,173	29,890
Amounts owed by parent undertakings	87	87
Amounts owed by fellow group undertakings	40,658	34,444
Corporation tax recoverable	172	265
Other debtors	9,241	15,333
Prepayments	57,078	53,661
	<u>208,875</u>	<u>231,861</u>

The amounts owed by fellow group undertakings are not interest bearing and repayable on demand.

Trade receivables, contract assets and amounts recoverable on contracts are stated after provision for impairment of £3,246,000 (2022: credit of £3,253,000).

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

	At 31 March 2023	At 31 March 2022
	£'000	£'000
Loan owed by fellow group undertakings	40,000	40,000
Prepayments and accrued income	11,591	12,809
	<u>51,591</u>	<u>52,809</u>

The loan owed by fellow group undertakings for £40,000,000 (2022: £40,000,000) is provided to Xchanging Global Insurance Solutions Limited at an interest rate equal to 12 months GBP SONIA plus 1.5% per annum and the loan is repayable on 30 March 2027.

18) Trade and other payables: disclosed as current liabilities

	At 31 March 2023	At 31 March 2022
	£'000	£'000
Bank loans and overdrafts	37,208	110,093
Trade payables	46,173	45,270
Amounts owed to fellow group undertakings	55,309	50,275
Loan owed to fellow group undertakings	701	109,156
Other taxes and social security	10,426	10,866
Other creditors	7,174	7,447
Accrued expenses	39,913	24,025
Contract liabilities	121,413	84,606
	<u>318,317</u>	<u>441,738</u>

During FY23, loan owed to fellow group undertakings comprises of cash pool loans carrying interest rate benchmarked to European Central Bank Short-Term Overnight Rate are repayable on demand. The above balance comprises of a loan owed to fellow group undertakings includes unsecured loan, reclassified to loan owed to fellow group undertakings under non-current liabilities (note 19):

- Loan taken for an amount of £4,256,000 (2022: £4,256,000) from DXC UK Holdings Limited carrying fixed interest rate of 4.664% (2022: 2.91%), with a maturity date of 31 March 2027, and
- Loan taken for an amount of £104,900,000 (2022: £104,900,000) from DXC UK Holdings Limited carrying fixed interest rate of 4.664% (2022: SONIA+1.5%), with a maturity date of 31 March 2027

CSC Computer Sciences Limited

Notes to the financial statements (continued)

For the financial year 1 April 2022 to 31 March 2023

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

	At 31 March 2023 £'000	At 31 March 2022 £'000
Contract liabilities	16,693	43,747
Other creditors	3,554	25,016
Loan owed to fellow group undertakings	109,156	-
	129,403	68,763

The above balance comprises of a loan owed to fellow group undertakings includes unsecured loan, reclassified from loan owed to fellow group undertakings under current liabilities (note 18):

- Loan taken for an amount of £4,256,000 (2022: £4,256,000) from DXC UK Holdings Limited carrying fixed interest rate of 4.664% (2022: 2.91%), with a maturity date of 31 March 2027, and
- Loan taken for an amount of £104,900,000 (2022: £104,900,000) from DXC UK Holdings Limited carrying fixed interest rate of 4.664% (2022: SONIA+1.5%), with a maturity date of 31 March 2027

20) Provisions

	Restructuring £'000	Other provisions £'000	Total £'000
At 1 April 2021	2,387	-	2,387
Amounts utilised	(4,528)	-	(4,528)
Unused amounts reversed to statement of profit and loss during the financial year	(185)	-	(185)
Additions to the statement of profit and loss during the financial year	3,129	180	3,309
At 31 March 2022	803	180	983
Amounts utilised	(4,968)	(160)	(4,968)
Unused amounts reversed to statement of profit and loss during the financial year	(1,245)	(20)	(1,425)
Additions to the statement of profit and loss during the financial year	6,483	-	6,483
At 31 March 2023	1,073	-	1,073

The restructuring provision relates to a programme to right size the workforce and is not considered to be a fundamental reorganisation of the business. The restructuring programme is still ongoing due to the fact that the severance process for certain employees is still in place; while there is a probable cash outflow in this regard in the future, there is no reliable estimate on the tenure. The charge in the statement of profit and loss for the current year under exceptional items for restructuring is £6,483,000 (2022: £8,625,000) which significantly includes severance cost of £5,598,000 (2022: £6,813,000) and pension cost of £776,000 (2022: £1,812,000).

21) Share-based payment

The Company has a share-option scheme for purchasing shares in DXC Technology Company (DXC), the ultimate parent company. DXC operates two stock incentive plans which authorise the issue of share options, restricted stock and other share-based incentives to employees upon terms approved by the Compensation Committee of the Board of directors.

The options vest one-third annually on each of the first three anniversaries of the grant date. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the Company before the options vest.

The Company recognises a share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity as a capital contribution. During the current year the amount recognised in statement of profit and loss is £1,801,000 (FY22: £3,015,000).

There are 19,579 outstanding options at 31 March 2023 with the exercise price ranging from \$17.33 and £53.41 and the weighted average contractual life is 602 days (2022: 22,546 options with an exercise price ranging from \$17.33 and £53.41 and the weighted average contractual life is 715 days). No options were granted during the year ended 31 March 2023 (2022: 0), at a weighted average price of \$nil (2022: \$nil) per share. 1,172 options were exercised in the financial year ended 31 March 2023 (2022: 5,399) being

CSC Computer Sciences Limited

Notes to the financial statements (continued)

For the financial year 1 April 2022 to 31 March 2023

21) Share-based payment (continued)

issued at a weighted average price of \$29.49 (2022: \$37.64) each. No grants were modified in the financial year ended 31 March 2023 at a weighted average price of \$nil (2022: No grants at a weighted average price of \$nil) each. 1,795 grants were cancelled in the financial year ended 31 March 2023 at a weighted average price of \$26.32 (2022: 19 grants at a weighted average price of \$26.58). RSUs consist of equity awards with the right to receive one share of common stock granted at a price of \$0. RSUs generally vest over a period of three to five years. Upon settlement date, RSUs are settled in shares of CSC common stock and dividend equivalents. If the employee's status as a full-time employee is terminated prior to the vesting of the RSU grant in full, then the RSU is automatically cancelled on the employment termination date and any unvested shares and dividend equivalents are forfeited.

The weighted average share prices for RSUs outstanding at 31 March 2023 was \$36.48 (2022: \$35.25). During the financial period, the number of RSUs granted was 162,969 (2022: 149,326) and the number of RSUs modified was Nil (2022: nil). The number of RSUs outstanding as at 31 March 2023 was 206,342 (2022: 326,246). The aggregated estimated fair value of these outstanding RSUs was \$7,526,470 (2022: \$11,499,009).

22) Retirement benefit obligations

The Company provides retirement benefits to certain employees through DXC Pension Plan providing benefits based on final pensionable pay. The pension charge in the statement of profit and loss in respect of both this defined benefit section and the defined contribution section of the scheme includes £nil (2022: £nil) relating to directors and net expense of £12,051,000 (2022: net income of £2,688,000) relating to other employees. In the current financial year, there were termination benefits of £390,000 (2022: £1,812,000) due to the restructuring plans implemented in the year. There is a pension liability within accruals of £1,380,400 (2022: liability of £17,940) relating to pension contributions not paid over by the financial year end.

The DXC Pension Plan (which was named CSC 2005 scheme until 31 August 2021) includes a small population of active members (from the original CSC 2005 scheme), but the prime funding responsibility, in line with the funding agreement reached with the trustees, is in respect of the deferred members and pensioners who are no longer accruing benefits under the post-merger consolidated CSC section. Legislation requires that pension schemes are funded prudently. The employer continues to pay the ongoing and deficit contributions in accordance with its obligations as agreed through the triennial valuation of the plan.

Defined benefit schemes

The Company participates in defined benefit schemes for qualifying employees as mentioned below, the scheme is subject to regulation under the funding regime set out in part III of the Pensions Act 2004.

- DXC Pension Plan

The scheme commenced in January 2005. The latest actuarial valuation was carried out at 30 June 2021 and updated to 31 March 2023 by a qualified independent actuary.

At the date of the latest actuarial valuation the market value of the assets of the scheme were £1,566.2 million (2022: £2,004.9 million) and the actuarial value of the assets was sufficient to cover 123.2% (2022: 122.1%) of the benefits that had accrued to members after allowing for expected future increases in earnings.

The Company paid contributions of at least 41% of pensionable salaries for the period to 30 June 2021 and pays 52.7% as of 1 July 2021 in respect of current accrual for 2005 scheme members, with active members paying a further 5.8% (on average) of pensionable salaries. Deficit recovery payments of £80k per month from 1 July 2021 to 30 June 2022.

The weighted average duration for this scheme is 15 years. The proportion of pensioners liability to those members who are yet to reach retirement is 38%.

Balance held in the balance sheet as at 31 March 2023

	At 31 March 2023 £'000	At 31 March 2022 £'000
DXC Pension Plan Asset	294,972	363,013
	<u>294,972</u>	<u>363,013</u>

As at 31 March 2023 a potential deferred tax liability of £73,743,000 (2022: £90,753,000) arises in relation to the net defined benefit pension scheme net surplus of £294,972,000 (2022: £363,013,000). This deferred tax liability has been included within the net deferred tax assets recognised in note 9 to the financial statements.

CSC Computer Sciences Limited

Notes to the financial statements (continued)

For the financial year 1 April 2022 to 31 March 2023

22) Retirement benefit obligations (continued)

Defined benefit schemes (continued)

An actuarial valuation of the CSC Computer Sciences Limited 2005 pension scheme was updated to 31 March 2023. The principal assumptions underlying the actuarial assessments of the present value of plan liabilities as at 31 March 2023 are shown below:

	At 31 March 2023 %	At 31 March 2022 %
Expected rate of increase in salaries	2.57	2.89
Discount rate	4.74	2.76
Inflation assumptions	2.57	2.89

The average employer contribution for the year has been £685,000 per month.

Mortality assumptions for the plan are as follows:

Investigations have been carried out within the past three years into the mortality experience of the Company's defined benefit schemes. These concluded that the current mortality assumptions include sufficient allowance for future changes in mortality rates.

The assumed life expectations on retirement at age 65 are:

	31 March 2023 Years	31 March 2022 Years
Member age 65:		
Males	22.4	22.6
Females	24.1	24.3
Member age 45:		
Males	23.2	23.6
Females	25.2	25.6

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

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase / decrease by 0.50%	Decrease 4.0% / increase by 5.0%
Rate of inflation (CPI)	Increase / decrease by 0.50%	Increase 3.0% / decrease by 2.0%
Rate of mortality	Increase by 1 year	Increase by 2.4%

The assets and liabilities of the pension scheme, along with the expected rates of return on scheme assets are shown below:

	Expected rate of return at 31 March 2023 %	Value at 31 March 2023 £'000	Expected rate of return at 31 March 2022 %	Value at 31 March 2022 £'000
Equities & Bonds	6.85	1,012,355	5.40	1,803,847
Liability driven instrument	2.71	521,260		192,881
Cash and other assets	3.74	32,536		8,138
Total market value of assets		1,566,151		2,004,866
Actuarial value of liabilities		(1,271,179)		(1,641,853)
Surplus in the scheme		294,972		363,013

CSC Computer Sciences Limited

Notes to the financial statements (continued) For the financial year 1 April 2022 to 31 March 2023

22) Retirement benefit obligations (continued)

Defined benefit schemes (continued)

Movements in the actuarial value of DXC Pension Plan (CSC Computer Sciences Limited 2005 Pension Scheme) scheme assets are:

	31 March 2023	31 March 2022
	£'000	£'000
Opening value	2,004,866	2,027,323
Expected return on scheme assets	54,710	35,239
Actuarial (losses)/gains	(433,686)	6,149
Contributions from sponsoring companies	8,239	5,184
Contributions from scheme members	17	24
Administration cost incurred	(1,655)	(2,368)
Benefits paid	(66,340)	(66,685)
	<u>1,566,151</u>	<u>2,004,866</u>

Movements in the actuarial value of DXC Pension Plan (CSC Computer Sciences Limited 2005 Pension Scheme) scheme liabilities are:

	31 March 2023	31 March 2022
	£'000	£'000
Opening liability	(1,641,853)	(1,787,363)
Current service cost	(2,884)	(704)
Interest cost	(43,404)	(30,514)
Contributions from scheme members	(17)	(24)
Actuarial gains	349,374	101,511
Benefits paid	66,340	66,685
Administration cost	1,655	2,368
Amendments*	-	8,000
Termination benefits	(390)	(1,812)
	<u>(1,271,179)</u>	<u>(1,641,853)</u>

*During FY22, a pension increase exchange (PIE) offer was made to eligible pensioner members of the DXC Pension Plan, in conjunction with a GMP conversion exercise. The PIE offer was made based on market conditions as at 31 May 2021 with a deadline for eligible members to accept the PIE offer by 30 November 2021. This resulted in a gain on liabilities of £8M as at 31 March 2022 for the CSC 2005 scheme.

In the previous financial year, PIE was accounted for as a plan amendment establishing a new past service credit, with the gain in liabilities coming through the balance sheet and a subsequent past service credit through the P&L.

Amounts included within operating loss are:

	Year ended 31 March 2023	Year ended 31 March 2022
	£'000	£'000
Current service cost	(2,884)	(704)
Total costs included within operating loss	<u>(2,884)</u>	<u>(704)</u>

CSC Computer Sciences Limited

Notes to the financial statements (continued) For the financial year 1 April 2022 to 31 March 2023

22) Retirement benefit obligations (continued)

Defined benefit schemes (continued)

Amounts credited/(charged) to other finance income are:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Expected return on pension scheme assets	54,710	35,239
Interest charged on pension scheme liabilities	(43,404)	(30,514)
Net return	11,306	4,725

The amounts recognised in the statement of comprehensive income are:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Actuarial (loss)/gain on plan assets	(433,686)	6,149
Changes-in-assumptions underlying the present value of the scheme liabilities	349,374	101,511
Total actuarial (loss)/gain recognised in the statement of comprehensive income	(84,312)	107,660

The movement in the pension surplus during the year was:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Opening surplus	363,013	239,960
Current service cost	(2,884)	(704)
Contributions	8,239	5,184
Other finance income	11,306	4,725
Actuarial gains	(84,312)	107,660
Recognition of past service income	-	8,000
Termination Benefits	(390)	(1,812)
Closing surplus	294,972	363,013

History of experience gains and losses:

	Period ended 31 March 2023	Period ended 31 March 2022	Period ended 31 March 2021	Period ended 31 March 2020	Period ended 1 April 2019
Difference between the expected and actual return on scheme assets (£'000)	433,686	12,689	(118,879)	(4,838)	(3,610)
As a % of the scheme assets	28%	1%	-6%	-4%	-3%
Experience gains / (losses) on scheme liabilities (£'000)	119,967	22,794	(34,331)	(1,117)	(639)
As a % of the scheme liabilities	9%	1%	-2%	-1%	-1%
Total actuarial gains/(losses) recognised in the statement of total comprehensive income (£'000)	84,312	88,822	(43,949)	9,321	1,413
As a % of the scheme liabilities	7%	5%	-2%	9%	1%

CSC Computer Sciences Limited

Notes to the financial statements (continued) For the financial year 1 April 2022 to 31 March 2023

23) Lease liabilities

	At 31 March 2023 £'000	At 31 March 2022 £'000
Current	15,674	14,736
Non-current	70,107	68,275
	<u>85,781</u>	<u>83,011</u>

Maturity analysis – Undiscounted lease payments

	2023 £'000	2022 £'000
1 year	13,894	12,549
2 year	12,196	10,111
3 year	9,700	8,411
4 year	7,512	6,753
5 year	5,787	5,563
>5 years	59,868	64,145
Total lease liability	<u>108,957</u>	<u>107,532</u>

Amount recognised in the statement of profit and loss

	2023 £'000	2022 £'000
Interest cost on lease liabilities	2,253	2,135
Income from sub-leasing right-of-use assets	1,994	985

The Company is using the leased assets for operational purpose.

There are no restrictions or covenants imposed by leases.

24) Share capital

	At 31 March 2023 £'000	At 31 March 2022 £'000
Allotted, issued and fully paid:		
195,602 (2022: 195,602) ordinary shares of par value of £100 each	<u>19,560</u>	<u>19,560</u>

The Company has one class of ordinary shares which carries no right to fixed income.

No shares reserved for issue under options and contracts for the sale of shares.

25) Capital and other commitments

At 31 March 2023, the Company had the following capital commitments:

	At 31 March 2023 £'000	At 31 March 2022 £'000
Contracted for but not provided		
- Tangibles	5,851	305
- Intangibles	<u>1,219</u>	<u>583</u>

The capital commitments relate to both computer hardware and software commitments and are due within the next 3 years.

CSC Computer Sciences Limited

Notes to the financial statements (continued)

For the financial year 1 April 2022 to 31 March 2023

26) Controlling parties

The ultimate parent Company and controlling entity is DXC Technology Company, 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 Company are available from the registered address: 20412 Bashan Drive, Suite 250, Ashburn, VA 20147, USA.

The immediate parent Company of CSC Computer Sciences Limited is DXC UK Holdings Limited, a Company incorporated in United Kingdom and registered in England and Wales with its registered office situated at Royal Pavilion, Wellesley Road, Aldershot, Hampshire, GU11 1PZ.

27) Assets classified as held for sale

The breakup for assets classified as held for sale, presented in the balance sheet is as below

Assets classified as Held for sale	At 31 March 2023 £'000	At 31 March 2022 £'000
Tunbridge	-	4,650
Chesterfield	318	-
	<u>318</u>	<u>4,650</u>

The company completed the sale of Tunbridge assets which were held for sale in current year for GBP 5,858,000 including VAT.

28) Events after the end of the reporting year

The company has repaid an existing intercompany loan to DXC UK International holdings limited amounting to GBP 10 million on 2nd August 2023 and the company has also extended an intercompany loan amounting to GBP 40million carrying fixed interest rate of 5.748% with a maturity date of 31 March 2026 to DXC UK International holdings limited.

In June 2023, the UK High Court issued a ruling relating to the validity of certain historical pension changes which may have implications for other defined benefit schemes in the UK. The recent ruling emphasised the requirement to obtain a Section 37 actuarial confirmation to ensure that the Pension scheme would continue to satisfy the scheme quality test related to the members' Section 9(2B) rights. The court ruling and any subsequent rulings from potential future appeals may have a potential impact on the company and this will be assessed appropriately in the next financial year

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

CSC Computer Sciences Limited

Notes to the financial statements (continued)

For the financial year 1 April 2022 to 31 March 2023

Annexure to note 14

Name and Registered office	Country of incorporation	Principal activity	Proportion of ordinary shares held % in 2023	Proportion of ordinary shares held % in 2022
Direct investments				
DXC UK (Middle East) Limited Royal Pavilion, Wellesley Road, Aldershot Hampshire, GU11 1PZ, United Kingdom	United Kingdom	Computer Services	100.0	100.0
DXC Technology Deutschland Consulting GmbH Alfred-Herrhausen-Allee 3-5, 65760 Eschborn	Germany	Computer Services	100.0	100.0
Royal Pavilion Unit Trust 22 Grenville Street, St Helier, Jersey, JE4 8PX	Jersey	Unit Trust	99.9	99.9
AppLabs Technologies (UK) PVT Ltd Kroll Advisory Ltd The Shard 32, London Bridge Street, London, SE1 9SG	United Kingdom	Computer Services	100.0	100.0
RPDP Limited 22 Grenville Street, St. Helier, JE4 8PX, Jersey	Jersey	Computer Services	100.0	100.0
TESM Limited Royal Pavilion, Wellesley Road, Aldershot, Hampshire, GU11 1PZ	United Kingdom	Computer Services	100.0	100.0
Tribridge Italy S.r.l Via Bernardino Telesio 25 Milano, 20145, Italy	Italy	Computer Services	-	100.0
DXC Pension Trustee Limited Royal Pavilion, Wellesley Road, Aldershot Hampshire, GU11 1PZ, United Kingdom	United Kingdom	Computer Services	100.0	100.0
Others				
House Builder XL Limited Future Space - North Gate, Filton Road, Bristol, England, BS34 8RB	United Kingdom	Computer Services	15.0	15.0
Celeritifintech Services Limited New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, United Kingdom, SO53 3LG	United Kingdom	Computer Services	5.4	5.4
DXC Technology Portugal, Lda R. Malhães 4, 2770-071 Paço de Arcos, Portugal	Portugal	Computer Services	5	5
EDII Ltd (Digital Minds)			5	5
Indirect investments				
CSC Computer Sciences (Middle East) FZ LLC	UAE	Computer Services	100.0	100.0
Adeus Aktienregister-Service GmbH	Germany	Computer Services	5.0	5.0
Bad Homburger Inkasso GmbH	Germany	Computer Services	17.5	17.5
CSC Hungary Information Technology Services Kft	Hungary	Computer Services	100.0	100.0
CSC Computer Sciences Polska Sp. zO.O	Poland	Computer Services	100.0	100.0
CSC Arabia Ltd.	Saudi Arabia	Computer Services	51.0	51.0
EntServ Deutschland GmbH	Germany	Computer Services	100.0	100.0
Royal Pavilion LP	Jersey	Computer Services	100.0	100.0