
Registered No 02557363

Enterprise Services Information Security UK Limited

Annual Report and Financial Statements

For the financial year from 1 April 2019 to 31 March 2020

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Enterprise Services Information Security UK Limited

Registered No 02557363

Company information

Directors

C Halbard
S Turpie
M Woodfine

Auditors

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

Registered office

Royal Pavilion
Wellesley Road
Aldershot
Hampshire
United Kingdom
GU11 1PZ

Bankers

Citibank
33 Canada Square
Canary Wharf
London
United Kingdom
E14 5LB

Strategic report

The directors present the strategic report for the financial year from 1 April to 31 March 2020.

Enterprise Services Information Security UK Limited ("the Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006. The Company's registered and principal address is Royal Pavilion, Wellesley Road, Aldershot, Hampshire, United Kingdom, GU11 1PZ.

The Company is an indirect subsidiary of DXC Technology Company (DXC), ("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").

Review of the business

The Company is one of the UK's leading information security specialists. By taking a strategic, end-to-end approach, the Company helps the world's largest, most complex organisations understand, plan for and mitigate against the information based risks that leave them prone to dangers of financial loss and damage to corporate reputation. This is delivered by the Company's full service capabilities and unique Security Governance frameworks and toolsets – all supported by a comprehensive global research and development division. As a result, the Company enables its clients to achieve a measurable reduction in business risk and a lower long term investment in information security.

The Company has been focused on providing information security services in the United Kingdom and serves enterprise level organisations, being particularly strong in the government, financial services and commercial sectors, this includes both external and internal customers within the Group.

At the balance sheet date the Company was part of the DXC Technology Company Group ("Group").

The profit for the period, after taxation, amounted to £21,000 (2019: £1,351,000).

The directors do not recommend a final ordinary dividend, making the total of ordinary dividends paid for the year £nil (2019: £nil).

Key performance indicators

The financial performance of the Company's operations is monitored on a regular basis. Details of the most significant key performance indicators (KPI's) used by the Company are as follows:

	<i>Financial year from 1 April 2019 to 31 March 2020</i>	<i>Financial year from 1 April 2018 to 31 March 2019</i>	<i>Change</i>
	<i>£'000</i>	<i>£'000</i>	<i>%</i>
Revenue	74,076	86,198	(14.1%)
Gross profit	7,606	7,541	0.9%
% of revenue	10.3%	8.7%	1.6ppts
Operating profit before exceptional item	2,417	1,788	35.2%
Operating loss / profit	(73)	863	(108.5%)
% of revenue	(0.1%)	1.0%	(1.1ppts)
Profit before tax	99	1,031	(90.4%)

Strategic report (continued)

Key performance indicators (continued)

Revenue on the Company's portfolio of contracts decreased by 14.1% from the previous year. The decline comes from the Company trading in a challenging economic environment, which have seen sales levels reducing and increased competition from other companies. The company security offerings are seen as an important, high profile element of IT systems so new opportunities for sales growth are actively sought for both this company and the DXC group to improve the Company revenue going forward. Within overheads are restructuring expenses, which should mean a lower cost base for the company going forward, but this has impacted the current year results and has led to an operating loss for year. Additionally, the company has applied the Group transfer pricing mark-up reduction in the year leading to a decrease in the revenue. After interest income and tax the company recorded a small profit.

Market share

The Company aims to be positioned among leaders in the majority of markets in which it operates. In order to maintain this position and extend the market share, the Company provides useful and significant products, services and solutions to markets it already serves and to expand into new areas.

Principal risks, uncertainties and financial risk

The UK officially left the European Union on 31 January 2020. However, given that the EU and UK agreed to a transition period, regulatory alignment remains all but unchanged between the two jurisdictions. From this point forward, until 31 December 2020 the UK becomes a rule taker within the EU, with new legislation passed in the EU applied to the UK for the duration of the transition period. During this period, the UK and EU will engage in trade negotiations to decide on the trading environment after 31 December 2020. The progress is likely to be a matter of significant speculation and markets are likely to react to any material news emerging from the negotiation process. DXC is monitoring these negotiations closely – both in order to prepare the business for any market reaction and to ensure its preparations for the end of the transition period remain adequate and proportionate. The situation continues to be monitored actively by subject matter experts on a daily basis and the directors shall review whether there has been any impact of changes to the foreign exchange on the financial statements after the future trading environment between the EU and UK becomes clear.

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

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

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

Senior leadership in DXC is actively managing response through a COVID-19 Response Team that meets on a regular basis to deal with all operational issues as and when they arise.

Principal risks, uncertainties and financial risk (continued)

There has been minimal operational disruption as IT infrastructure already in place has enabled nearly all office staff to quickly switch to a "working from home" model. Where this has not been possible to meet

Strategic report (continued)

our customer's requirements steps have been implemented to provide COVID-19 safe workplaces meaning business continues.

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

Market conditions

Levels of business activity will vary for each of the markets in which the Company operates, but ultimately this is dependent on factors such as economic cycles, consumer confidence and growth of the economy. A weak economy could affect the level of customer spending on the products of the Group which will have a direct impact on the Company. Through developing a greater understanding of partner and consumer needs, the Group has been able to implement global cost reduction strategies to ensure that despite the challenging economic climate the Company can improve its profitability in the future.

A weak economy could affect the level of customer spending on DXC Technology services which will have a direct impact on the Company. Through developing a greater understanding of partner and consumer needs DXC Technology have been able to implement global cost reduction strategies to ensure that despite the challenging economic climate the Company can maintain its underlying profitability

Competitive pressures

The Company operates in a number of highly competitive markets with differing characteristics. Market share and the level of customer spending could be affected by the emergence of new competitors, services delivery issues, quality, pricing and reputation. The Company must be able to maintain its ability to continue to provide an innovative service to the local customer base and develop in a profitable way in an increasingly price sensitive market to remain competitive.

Going Concern

The Company is profit making and reports net assets; thus the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Confirmation has been provided by the parent company that it will continue to support the operations going forward for at least 12 months from the date of signing these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

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

Reliance on parent company – exposure to credit, liquidity and cash flow risk

As part of the DXC Technology Company the Company is dependent on its parent company for the supply of products and for its brand strength. The Company also holds short term debtors and creditors with fellow group subsidiaries denoted in both Pounds Sterling and US Dollars. The financing structure of the Company

Strategic report (continued)

gives rise to foreign currency risks. Foreign currency risk is the risk of exposure to fluctuations in the value of specific currencies that are used to value the financial assets and liabilities of the Company.

DXC Technology Company, the ultimate parent company, has a centralised treasury function which manages the overall group's treasury policy, risks and requirements, including the Company.

The centralised treasury function manages foreign currency risk to mitigate any potential exposure to the Company. Interest rate risk is managed primarily through the use of fixed rate loans. Debt is issued as required at the lowest possible cost based upon assessment of the future interest rate environment.

The centralised treasury function, in conjunction with the directors, continually assess the performance of the Company and the financing structure to ensure that where the requirement for support arises this is identified and that the Company has the appropriate financial availability to satisfy this. Any risks impacting the ultimate parent company will cascade to the Company.

A full description of the risks and uncertainties impacting DXC Technology Company can be found in the Group financial statements which may be downloaded via http://www.dxc.technology/investor_relations.

Future developments

The Company aims to continue to execute further cost reduction strategies within the organisation to stabilise, and if not improve, profitability for the next financial years. This has also enabled a renewed focus on the growth of revenue through the use of more rationalised and effective go to market strategies to capture new opportunities in the market.

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

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 the company's values is important to the directors and working together towards shared goals drives the company to deliver long term sustainable success. This culture is reinforced by the directors' attention to their obligations under s172 of the Companies Act 2006. Section 172 requires that "a director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

Strategic report (continued)

Section 172(1) statement (continued)

Feedback from stakeholders at an operational level is consistently considered by the directors when making decisions. Reports are regularly made to the directors by the business units about the strategy, performance and key decisions taken which provide the directors with reassurance that the appropriate consideration is given to stakeholder interests in decision making. The directors also obtain the views of stakeholders through day-to-day business interactions, regular reporting, and meetings. This information is used to assess the impact of decisions on each stakeholder group as well as any trade-offs that need to be made between different stakeholders over the long term.. 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:

Shareholder:

Fortnightly company board meetings 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 time to be considered and a conclusion reached as to whether such action is in the best interests of the company.

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's employees partook in a UK-wide survey consisting of 22 questions covering all elements of engagement which 59% of employees responded to. Results were shared at a global, regional and company level and the directors worked alongside HR to drive improved engagement.

The company strives to support a culture of performance matched with integrity and follows a set of CLEAR values (Client focused, Leadership, Execution excellence, Aspiration and Results) to guide business decisions and inform board actions.

Customers & Business:

The Group's code of conduct is reviewed on an annual basis to refresh and reinforce the importance of compliance with company policy and applicable laws. This in turn ensures that the company's business is conducted in a morally appropriate and ethical manner.

The Company has account and delivery teams for its largest customers to ensure that it can continuously engage and drive the company's services and the customer's business forward. Examples of this include:

Developing and maintaining a comprehensive governance regime which includes structured open contact at multiple levels including operational forums, commercial forums, financial interaction between with the company's finance team and also executive level interaction up to and including the Customer and DXC CEOs.

As a result of these processes, any issues that do arise can be dealt with at the appropriate level.

Strategic report (continued)

Section 172(1) statement (continued)

Suppliers:

The Company actively manages its suppliers through its Supplier Relationship Management Programme which gives suppliers contact and feedback at all layers of the business by holding regular reviews with its supplier's account or operational, finance and sales teams.

This process allows both the supplier and the Company to feedback on performance, opportunities and to address any issues.

Environmental:

During FY20, 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.

Communities:

The Company engages with the communities in which it operates to build trust and understand the local issues. Key areas of focus include how the company can support local causes and issues, create opportunities to recruit and to contribute to the preservation of the environment.

The environment

The Company's goals are to provide products and services that are safe and environmentally sound throughout their lifecycles, and conduct operations in an environmentally responsible manner.

To accomplish this, the Company will:

- pursue pollution prevention, energy conservation (including significant investment in low energy data centres and consolidating services into this more efficient estate) and waste reduction in operations;
- design solutions that are safe to use and to minimise their environmental impact;
- require suppliers to conduct their operations in a socially and environmentally responsible manner.

The Company achieves this by integrating these objectives into business planning, decision-making, performance tracking and review processes to ensure that goals are reached and continually improved upon.

Approved by the Board



C Halbard

Director

Date: 26 November 2020

Directors' report

The directors present their annual report and financial statements for the year 1 April 2019 to 31 March 2020.

Directors

The directors during the period, and to date, were as follows:

T Gough	(resigned on 07 April 2020)
C Halbard	(appointed on 07 April 2020)
M Majed	(resigned on 26 February 2020)
S Turpie	(appointed on 04 March 2020)
M Woodfine	

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

Employees

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

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

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

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

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

Directors' report (continued)

Employees (continued)

Disabled employees

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

Employee consultation

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

Energy and carbon disclosures

Details of energy and carbon usage reporting requirements for the Company are met by combining the Company activities with fellow enterprise services (ES) DXC UK group companies into one energy report due to impracticality of reporting individually for the Company. Details can be found in the filings for the main ES trading company in the UK of EntServ UK Limited (Registered number 00053419).

Political and charitable contributions

No political and charitable donations were made during the financial year (2019: nil).

Going concern

The Company is profit making and reports net assets, thus the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Confirmation has been provided by the ultimate parent Company, that it will continue to support the operations going forward for at least 12 months from the date of signing these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

In relation to COVID-19, Management is continuously monitoring the position and taking all necessary steps to protect its employees, customers and stakeholders. A Going Concern impact assessment has been completed that analysed DXC's current and future cash resources, access to existing and new financing facilities, including revolving facilities, the government support measures that have been announced and the customer base of the Group. These are set out in detail within the Strategic Report.

As a result, Management have a reasonable expectation of the Company's and DXC's viability over the period of assessment and obtained letter of support from the ultimate parent company, thus concluded that there are currently no impediments of identifying the Company other than as a going concern.

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

Directors' report (continued)

Strategic report

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

- The financial risk and market risk management objectives and policies of the Company and exposure of the Company to risk in relation to the use of financial instruments;
- Future developments of the Company; and
- Dividend recommendations.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

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

Auditors

The Company has elected to dispense with the obligation to appoint an auditor annually under the provisions of section 485 to 488 of the Companies Act 2006, therefore Deloitte LLP have been deemed to be reappointed.

Approved by the Board and signed on its behalf by



C Halbard

Director

Date: 26 November 2020

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 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.

Independent auditor's report

to the members of Enterprise Services Information Security UK Limited

Report on the audit of the financial statements for the year 1 April 2019 to 31 March 2020

Opinion

In our opinion the financial statements of Enterprise Services Information Security UK Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit 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 balance sheet;
- the statement of changes in equity and;
- the related notes 1 to 19.

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

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Independent auditor's report (continued)

to the members of Enterprise Services Information Security UK Limited

Other information

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

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

We have nothing to report in respect of these matters.

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.

Independent auditor's report (continued)

to the members of Enterprise Services Information Security UK Limited

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

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

Matters on which we are required to report by exception

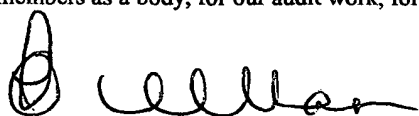
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Lee Welham FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom

Date: 27 November 2020

Statement of profit and loss

for the financial year from 1 April 2019 to 31 March 2020

		<i>1 April 2019 to 31 March 2020</i>	<i>1 April 2018 to 31 March 2019</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>
Revenue	3	74,076	86,198
Cost of sales		(66,470)	(78,657)
Gross profit		7,606	7,541
Administrative expenses		(5,189)	(5,753)
Operating profit before exceptional items		2,417	1,788
Exceptional item – staff restructuring	4	(2,490)	(925)
Operating (loss)/profit	4	(73)	863
Interest receivable and similar income	7	172	168
Profit before taxation		99	1,031
Tax on profit	8	(78)	320
Profit for the financial period		21	1,351

All amounts are derived from continuing operations.

There are no other comprehensive income items recorded. The Company has not recognised gains and losses other than the results for the period as set out above. Accordingly, no Statement of Comprehensive Income has been presented.

The notes on pages 18 to 37 form part of these financial statements.

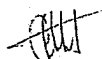
Balance sheet

As at 31 March 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Intangible assets	9	22	33
Tangible assets	10	51	93
Trade and Other receivables	11	3,745	5,468
Total non-current assets		3,818	5,594
Current assets			
Trade and Other receivables	12	55,112	62,233
Cash at bank and in hand		49	388
Total current assets		55,161	62,621
Current Liabilities	13	(23,064)	(30,186)
Net current assets		32,097	32,435
Total assets less current liabilities		35,915	38,029
Non-current liabilities	14	(4,088)	(6,249)
Net assets		31,827	31,780
Capital and reserves			
Called up share capital	15	18	18
Profit and loss account		31,809	31,762
Total shareholder's equity		31,827	31,780

The notes on pages 18 to 37 form part of these financial statements.

The financial statements of Enterprise Services Information Security UK Limited (registered number 02557363) were approved by the board of directors and authorised for issue on 26 November 2020. They were signed on its behalf by:



C Halbard

Director

Date: 26 November 2020

Statement of changes in equity

For the financial year from 1 April 2019 to 31 March 2020

	Note	Share Capital £'000	Profit and loss account £'000	Total Shareholder's equity £'000
At 1 April 2018		18	29,582	29,600
Change in accounting policy (IFRS 15)			852	852
Profit for the year		-	1,351	1,351
Share-based payments	6	-	(23)	(23)
At 31 March 2019		18	31,762	31,780
Profit for the year		-	21	21
Share-based payments	6	-	26	26
At 31 March 2020		18	31,809	31,827

The notes on pages 18 to 37 form part of these financial statements.

Notes to the financial statements

For the financial year from 1 April 2019 to 31 March 2020

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

The financial statements of the Company for the period ended 31 March 2020 were authorised for issue by the board of directors on 26 November 2020 and the balance sheet was signed on the board's behalf by C Halbard. The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The Company's registered and principal address is Royal Pavilion, Wellesley Road, Aldershot, Hampshire, United Kingdom, GU11 1PZ.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The Company's financial statements are presented in Pounds Sterling (GBP) which is also the Company's functional currency, and all values are rounded to the nearest thousand (£'000) except where otherwise stated.

The Company is a wholly owned subsidiary of DXC Technology Company, the consolidated financial statements of which are publicly available. The principal accounting policies adopted by the Company are set out below.

2. Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 31 March 2020.

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

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- (b) the requirements of IFRS 7 Financial Instruments: Disclosures, the disclosure exemptions from IFRS 13 "Fair Value Measurement" to the extent that they apply to financial instruments;
- (c) 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;
- (d) the requirements of the following paragraphs of IAS 1 Presentation of Financial Statements:
 - 10(d) and 111 – a statement of cash flows for the period;
 - 10(f) – a statement of financial position 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;
 - 16 – a statement of compliance with IFRS, which is not applicable since we are adopting FRS101 rather than following IFRS in full;
 - 38A-D and 40A-D – a third statement of financial position, profit and loss and other comprehensive income, statement of changes in equity and other additional comparative information;
 - 134-136 – disclosure of management of capital;

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- (i) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

2.2 New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for financial year from 1 April 2019 to 31 March 2020 have had a material impact on the Company.

2.3 Going concern

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

The Company is profit making and reports net assets. Confirmation has been provided by the ultimate parent company, which has provided a letter of support, that it will continue to support the operations going forward for a minimum of twelve months from the date of signing these financial statements.

In relation to COVID-19, Management is continuously monitoring the position and taking all necessary steps to protect its employees, customers and stakeholders. A Going Concern impact assessment has been completed that analysed DXC's current and future cash resources, access to existing and new financing facilities, including revolving facilities, the government support measures that have been announced and the customer base of the Group. These are set out in detail within the Strategic Report.

The directors have a reasonable expectation that the Company, and DXC, have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statement.

2.4 Judgements and key sources of estimation uncertainty

Certain accounting policies are considered to be critical. An accounting policy is considered to be critical if, in the directors' judgement, its selection or application materially affects the financial position or results. The application of the accounting policies also requires the use of estimates and assumptions that affect the financial position or results.

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

2. Accounting policies (continued)

2.4 Judgements and key sources of estimation uncertainty (continued)

Critical accounting policies and judgement.

There are no areas for which major sources of judgement has been required 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

Key sources of estimation uncertainty

There are no areas for which major sources of estimation uncertainty at the reporting period end that have a significant risk of causing a material adjustment to be made to the carrying value amounts of assets and liabilities.

2.5 Significant accounting policies

Foreign currencies

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

Revenue

Services rendered

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

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

Revenue (continued)

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

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

Multiple-element arrangements

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

Software related revenue arrangements

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

Non-software related Revenue arrangements

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

Contract costs to obtain and fulfil contracts

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

Intercompany revenues

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

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

Intangible assets

Intangible assets are stated at cost less amortisation and accumulated impairment losses.

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

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

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

Software	- straight line over 3 years
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Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and accumulated impairment losses. Tangible fixed assets are assessed for impairment whenever there are indicators the tangible assets may be impaired. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the assets capable of operating as intended.

Tangible fixed assets are depreciated so as to write off their costs to residual values on a straight line basis over their useful lives which are estimated to be:

Office equipment	- straight line over 5 to 25 years
Computer equipment	- straight line over 3 to 4 years

Income taxes

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

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

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

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

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

Income taxes (continued)

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

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Cash at bank and in hand

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. In the Statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

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

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.

Excess progress payments are included under current liabilities. Contract provisions in excess of amounts recoverable are included in provisions for liabilities.

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

Trade and other receivables (continued)

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.

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.

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

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

2. Accounting policies (continued)

2.4 Significant accounting policies (continued)

Share-based payments – equity settled transactions

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

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

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

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

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

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

Pensions

The Company operates a defined contribution pension scheme. Contributions to the scheme are recognised in the income statement in the period in which they become payable.

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

3. Revenue

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

	<i>1 April 2019 to 31 March 2020 £'000</i>	<i>1 April 2018 to 31 March 2019 £'000</i>
Rendering of services on contracts	37,426	40,440
Intercompany	36,650	45,758
	<u>74,076</u>	<u>86,198</u>

Less than 5% of the revenue relates to sales of hardware sold together with service and the level of these is not significant to the main services provided.

No revenue was derived from exchanges of goods or services (2019: nil). No Revenue was derived from returns, refunds, warranties or similar or related obligations (2019: nil).

All revenue is generated from activities within the UK market.

Assets and liabilities related to contracts with customers:

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

	<i>31 March 2020 £'000</i>	<i>31 March 2019 £'000</i>
Trade receivables	2,548	5,704
Amounts receivable on contracts	-	340
Non-current asset – Contact costs		
Costs to obtain a contract	113	153
Costs to fulfil a contract	3,632	5,257
	<u>3,745</u>	<u>5,410</u>
Current asset – Contact costs		
Costs to obtain a contract	440	574
Costs to fulfil a contract	9,598	17,295
	<u>10,038</u>	<u>17,869</u>
Total contact costs	<u>13,783</u>	<u>23,279</u>
Contract liabilities		
Amounts falling due within one year	(10,858)	(18,775)
Amounts falling due after more than one year	(4,088)	(6,248)
	<u>(14,946)</u>	<u>(25,023)</u>

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

3. Revenue (continued)

(i) Significant changes in contract liabilities

Contract liabilities have decreased over the period as revenue is recognised to the profit and loss account over the period to which it relates.

(ii) 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.

	12 months ended 31 March 2020	12 months ended 31 March 2019
	£'000	£'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	18,775	20,956

There is no revenue recognised in the period that relates to prior period services.

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

	12 months ended 31 March 2020	12 months ended 31 March 2019
	£'000	£'000
Asset recognised from incremental costs to obtain a contract	563	611
Asset recognised from costs incurred to fulfil a contract	13,814	36,317
Amortisation recognised as cost of providing services during the period	(23,873)	(44,397)

(iv) 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.

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

4. Operating profit

	<i>12 months ended</i>	<i>12 months ended</i>
<i>31 March</i>		<i>31 March</i>
	<i>2020</i>	<i>2019</i>
	<i>£'000</i>	<i>£'000</i>
Operating profit is stated after charging/(crediting):		
Contract amortisation recognised as cost of providing services during the period	23,873	44,397
Depreciation charge on owned tangible assets	42	48
Amortisation of intangible assets	11	4
Foreign exchange loss/(gain)	70	(194)
Exceptional item – staff restructuring	2,490	925

Restructuring expense from employee redundancy costs are from company restructuring programs. These took place throughout the financial year and as such are directly expensed to the profit and loss account.

5. Directors' remuneration and auditors' remuneration

Directors' emoluments have been borne by fellow group companies. The directors of the Company are also directors or officers of other companies within the Group. The directors' services to the Company do not occupy a significant amount of their time and are considered to be incidental. As such these directors do not consider that they receive any remuneration for their services to the Company for the period ended 31 March 2020 and the period ended 31 March 2019.

The auditor's remuneration for the auditing of the financial statements for the 12 month period ended 31 March 2020 is £36,456 (2019: £36,456).

6. Staff costs and employee information

The monthly average number of employees during the period was as follows:

	<i>12 months ended</i>	<i>12 months ended</i>
	<i>31 March</i>	<i>31 March</i>
	<i>2020</i>	<i>2019</i>
Sales and marketing	22	27
Administration	3	5
Technical	322	415
	<u>347</u>	<u>447</u>

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

6. Staff costs and employee information (continued)

Their aggregate remuneration comprised:

	<i>12 months ended 31 March 2020 £'000</i>	<i>12 months ended 31 March 2019 £'000</i>
Wages and salaries	24,731	28,486
Social security costs	2,912	3,574
Other pension costs (see note 16)	2,662	3,075
Equity-settled share-based payments	26	(23)
	<u>30,331</u>	<u>35,113</u>

7. Interest receivable and similar income

	<i>12 months ended 31 March 2020 £'000</i>	<i>12 months ended 31 March 2019 £'000</i>
Interest receivable from group undertakings	172	168
	<u>172</u>	<u>168</u>

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

8. Tax on profit**(a) Tax charged in the statement of profit and loss**

	<i>12 months ended 31 March 2020 £'000</i>	<i>12 months ended 31 March 2019 £'000</i>
Current tax:		
United Kingdom corporation tax	-	-
Over provision in prior year	-	(92)
Foreign tax	18	7
Total current income tax	<u>18</u>	<u>(85)</u>
Deferred tax:		
Origination and reversal of timing differences – current year	86	(235)
Impact on increase in tax rate	(26)	-
Tax expense in the statement of profit and loss	<u><u>78</u></u>	<u><u>(320)</u></u>

(b) Reconciliation of the total tax charge

The tax assessed on the profit on ordinary activities for the year does not differ to the standard rate of corporation tax in the United Kingdom of 19.00% (2019: 19.00%). The differences are explained below:

	<i>12 months ended 31 March 2020 £'000</i>	<i>12 months ended 31 March 2019 £'000</i>
Profit before tax	<u>99</u>	<u>1,031</u>
Profit before taxation multiplied by standard rate of UK corporation tax in the United Kingdom of 19.00% (2019: 19.00%)	19	196
<i>Effects of:</i>		
Disallowable expenses	3	8
Depreciation and similar items greater/(less) than capital allowances	(56)	87
Other timing differences	27	(4)
Group relief at no consideration	7	(287)
	<u>-</u>	<u>-</u>
Over provision in prior year	-	(92)
Foreign tax	18	7
Total current tax	<u><u>18</u></u>	<u><u>(85)</u></u>

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

8. Tax on profit (continued)

(c) Deferred tax

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

	31 March 2020 £'000	31 March 2019 £'000
Deferred tax asset	212	272

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

	31 March 2020 £'000	31 March 2019 £'000
Excess of depreciation over taxation allowances	299	258
Other timing differences	(87)	14
	212	272

A deferred tax asset has been recognised to the level where the directors believe that, based on forecast results, it is more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

	31 March 2020 £'000	31 March 2019 £'000
Opening balance at 1 April 2019/1 April 2018	272	211
Deferred tax expense to the statement of profit and loss	(60)	235
Deferred tax credit to statement of changes in equity	-	(174)
Closing balance at 31 March 2020/31 March 2019	212	272

(d) Factors that may affect future tax charges

The Finance Bill 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 March 2019 had been calculated including the change to this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the period ended 31 March 2020.

The rates of capital allowances remains at a level of 18% and 8% respectively for the general pool and special rate pool.

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

9. Intangible fixed assets

	<i>Software</i> £'000
<i>Cost:</i>	
At 31 March 2019	214
Disposals	(174)
At 31 March 2020	40
<i>Accumulated amortisation:</i>	
At 31 March 2019	181
Charge for the period	11
Charge on disposals	(174)
At 31 March 2020	18
<i>Net book amount:</i>	
At 31 March 2020	22
At 31 March 2019	33

10. Tangible fixed assets

	<i>Office equipment</i> £'000	<i>Computer equipment</i> £'000	<i>Total</i> £'000
<i>Cost:</i>			
At 31 March 2019	63	456	519
Disposals	(63)	(93)	(156)
At 31 March 2020	-	363	363
<i>Accumulated depreciation:</i>			
At 31 March 2019	63	363	426
Charge for the period	-	42	42
Charge on disposals	(63)	(93)	(156)
At 31 March 2020	-	312	312
<i>Net book amount:</i>			
At 31 March 2019	-	93	93
At 31 March 2020	-	51	51

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

11. Trade and Other receivables: non-current assets

	31 March 2020 £'000	31 March 2019 £'000
Contract costs	3,745	5,410
Prepayments	-	58
	<u>3,745</u>	<u>5,468</u>

12. Trade and Other receivables: current assets

	31 March 2020 £'000	31 March 2019 £'000
Trade receivables	2,548	5,704
Amounts receivable on contracts	-	340
Amounts owed by group undertakings	42,034	37,745
Contract costs	10,038	17,869
Deferred tax asset	212	272
Prepayments	213	236
Corporation Tax	67	67
	<u>55,112</u>	<u>62,233</u>

Amounts owed by group undertakings of £35,619,000 (2019: £30,485,000) earn daily interest at a rate of LIBOR less 15 basis points and are unsecured and payable on demand.

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

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

13. Current liabilities

	31 March 2020 £'000	31 March 2019 £'000
Bank overdraft	3	57
Trade creditors	8,022	5,082
Amounts owed to group undertakings	2,249	3,568
Other taxation and social security	836	1,035
Accruals	1,096	1,669
Contract liabilities	10,858	18,775
	<u>23,064</u>	<u>30,186</u>

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

14. Non-current liabilities

	31 March 2020 £'000	31 March 2019 £'000
Contract liabilities	4,088	6,248

15. Called up share capital

	31 March 2020 £'000	31 March 2019 £'000
<i>Authorised, called up and fully paid:</i>		
1,833,119 ordinary shares of 1p each	18	18

16. Pensions benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The cost for the period amounted to £2,661,831 (2019: £3,074,766). Pension liability at year end was £198,770 (2019: £3,848).

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

17. Shared-based payments

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

Employee stock purchase plan

The DXC Share Purchase Plan started from 1 January 2018 and allows DXC's employees located in the United Kingdom to purchase shares of DXC's common stock at the fair market value of such shares on the applicable purchase date. This is a flexible plan, the share incentive plan (SIP) where employees can purchase DXC technology shares through tax efficient payroll deductions paid into a separate trust arrangement set up to administer the scheme for employees.

Incentive compensation plans

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

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

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

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

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

Stock options

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

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

17. Shared-based payments (continued)

Stock options (continued)

During the year no share options were exercised (2019: 213, average share price: \$33.20).

At the reporting date there was no outstanding share options (2019: 183). The range of exercise prices for stock options outstanding at the end of the year and associated weighted average remaining contractual life is set out below:

<i>Range of Exercise Prices</i>	2020		2019	
	<i>Shares outstanding</i>	<i>Weighted- average remaining life in years</i>	<i>Shares outstanding</i>	<i>Weighted- average remaining life in years</i>
\$30 - \$39.99	-	-	183	0.49

Restricted stock awards

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

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

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

During the year 66 (2019: 77) non-vested restricted stock units were exercised.

At the reporting date there were 2,399 (2019: 744) outstanding non-vested restricted stock units.

18. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is DXC Hague B.V., a company incorporated in the Netherlands.

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 1775 Tysons Blvd, Tysons, VA 22102, USA which is its registered address.

Notes to the financial statements (continued)

For the financial year from 1 April 2019 to 31 March 2020

19. Events after the reporting date

As a result of the outbreak of COVID-19, the DXC group has introduced a number of resilience protocols and business continuity plans under the direction of the COVID-19 Response Team led by the most senior members of the UK management team. The plans in place are aimed at protecting both DXC's customers and employees.

The DXC group's performance in the period ended 31 March 2020 was consistent with plans announced to the market and there has been no real impact on the results of the business given the timing of the outbreak and its impact on the economy, i.e. mid- to late March 2020. The macro economic outlook remains uncertain. This potentially could have an adverse impact on the performance and cash flow of the Group. The Group will continue to monitor and take steps, where necessary, to limit the impact of a possible recession as a result of COVID-19 on the performance, operations and financial position of the Group. However, the Group is well positioned with strong capital and liquidity resources at its disposal. There were no material or significant events other than mentioned above that occurred in the period from 31 March 2020 to the date of reporting that would require adjustment to or disclosure in the financial statements.