

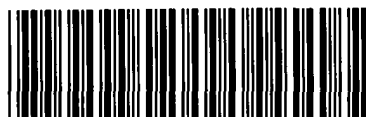
**Company Registration No. 02846149**

**DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

**Annual Report and Financial Statements**

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

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## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

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## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

### **Officers and professional advisers**

#### **Directors**

S A De La Harpe  
C N Halbard                      Appointed on 7 April 2020  
M C Woodfine  
T A Gough                        Resigned on 7 April 2020

#### **Registered office**

Royal Pavilion  
Wellesley Road  
Aldershot,  
Hampshire  
GU11 1PZ

#### **Principal bankers**

Saudi British Bank (SABB)  
Central Province Management Office  
Riyadh, Saudi Arabia  
11461

#### **Principal legal adviser**

Vistra Corporate Law  
First floor, 10 Temple back  
Bristol  
BS1 6FL

#### **Auditor**

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

## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

### **Strategic report**

The directors present their Strategic report on the Company for the financial year ended 31 March 2020. In preparing the Strategic report, the directors have complied with section 414c of the Companies Act 2006.

DXC UK (Middle East) Limited ("the Company") is a private Company, incorporated in the United Kingdom Limited by shares 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, 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")

The financial statements for the financial year 1 April 2019 to 31 March 2020 are set out on pages 10 to 29. A profit for the financial year of £380,000 (2019: loss of £1,017,000) has been transferred to reserves.

#### **Business review**

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.

During the financial year ended 31 March 2020, DXC would develop client and partner relationships, strengthening its position in the marketplace and solidifying the Company's long-term growth strategy. Key transactions taking place during the financial year ended 31 March 2020 are as follows:

Revenue declined by 7% from £1,806,000 in the previous year to £1,671,000 in the current year due to decrease in customer contracts. The Company is expected to be rationalized and no new contracts are expected in the upcoming years. Therefore, the directors have prepared the financial statements for the financial year ended 31 March 2020 on a basis other than going concern.

#### **Risk management, objectives and policies**

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.

The Company has policies and procedures to manage the exposure to fluctuations in foreign currency by using short-term foreign currency forward and option contracts to economically hedge certain foreign currency denominated assets and liabilities, including intercompany accounts and loans. At 31 March 2020, the Company had nil forward foreign exchange contracts in place.

- **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.

## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

### **Strategic report (continued)**

#### **Risk management, objectives and policies (continued)**

- **Liquidity risk**

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

Cash flow forecasting is performed at the DXC UK Group level by the treasury team, which monitors the rolling forecasts of the liquidity requirement 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.

On 23 June 2016, a referendum in the United Kingdom returned a result in favour of leaving the European Union. The United Kingdom formally left the EU in 31 January, entering into a transition period until 31 December 2020. During this period 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. Whilst the longer term political and economic effects of Brexit after the transition period ends are not easily predicted, the announcement of the referendum result immediately triggered a significant amount of market turbulence, including sterling falling against both the U.S. dollar and Euro. These impacts have since stabilised as other world events have risen in importance for investors. However, as negotiations continue between the EU and the UK, and with the transition period deadline approaches, further economic impacts cannot be ruled out – both as the transition period ends and immediately after.

DXC has been actively planning for various Brexit scenarios since September 2018, with regular reporting to Senior Managers from a dedicated Brexit readiness team. Significant mitigation has already been put in place to reduce the organisation's exposure in a number of key areas. The progress of EU / UK negotiations are 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 and has received a letter of support from the ultimate parent Company, 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 minimize the 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.

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

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

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.

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 2020, which are available to the public and may be obtained from [www.dxc.technology](http://www.dxc.technology).

## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

### **Strategic report (continued)**

#### **Future developments**

The Company is expected to be liquidated during the next financial year.

In relation to COVID-19, Management recognise 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.

#### **Key performance indicators**

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

Approved by the board and signed on its behalf by:



M C Woodfine  
Director  
4 December 2020

**Registered Office**  
Royal Pavilion  
Wellesley Road  
Aldershot,  
Hampshire  
GU11 1PZ

## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

### **Directors' report**

The directors present the Annual Report on the affairs of the Company, together with the audited financial statements for the financial year 1 April 2019 to 31 March 2020.

The Company's name has been changed from CSC Computer Sciences (Middle East) Limited to DXC UK (Middle East) Limited with effect from 1 April 2020.

#### **Principal activity**

The Company continues to provide computer consultancy, systems integration and computer outsourcing throughout the financial year under review.

#### **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 significant events since the balance sheet date are contained in note 17 to the financial statements.

#### **Research and development**

No research and development costs were incurred during the financial year (2019: £nil).

#### **Branches outside the UK**

The Company has a branch, located in Saudi Arabia.

#### **Financial risk management, objective and policies**

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

#### **Dividends**

No dividend was declared or paid during the financial year and up to date of approval of this report (2019: £nil).

#### **Directors**

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

S A De La Harpe	
C N Halbard	Appointed on 7 April 2020
M C Woodfine	
T A Gough	Resigned on 7 April 2020

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

#### **Political contribution**

The Company made no political donations during the financial year (2019: £nil).

#### **Going concern**

As noted in the Strategic report no new contracts are expected and the Company is expected to be liquidated during next financial year. The financial statements have been prepared on the basis other than going concern. For further details, see note 2 in 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.

## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

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

#### **Employees**

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

The Company's investment in employees is fundamental to a successful workplace and feedback is encouraged. The UK Employee Forum (UKEF) is the Company's chosen forum for informing and consulting with the UK workforce as a whole. This Forum 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.

#### **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 section 485 to 488 of the Companies Act 2006 and appropriate arrangements have been put in place for them to be deemed reappointed in the absence of an Annual General Meeting.

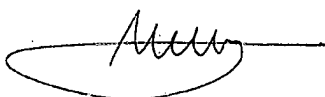
#### **Disclosure of information to auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are 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:



M C Woodfine  
Director  
4 December 2020

**Registered Office**  
Royal Pavilion  
Wellesley Road  
Aldershot,  
Hampshire  
GU11 1PZ



## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

### **Statement of Directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws 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 year. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

# **Independent auditor's report for DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

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

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of DXC UK (Middle East) 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 Statement of comprehensive income;
- the Balance sheet;
- the Statement of changes in equity; and
- the related notes 1 to 18.

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.

### **Emphasis of matter – Financial statements prepared other than on a going concern basis**

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

### **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.

# **Independent auditor's report for DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited) (continued)**

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

## **Responsibilities of directors**

As explained more fully in the Statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **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

4 December 2020

**DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

**Statement of profit and loss**

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

	Note	Financial year 1 April 2019 to 31 March 2020 £'000	Financial year 1 April 2018 to 31 March 2019 £'000
Revenue	5	1,671	1,806
Cost of sales		(1,143)	(2,142)
<b>Gross profit/(loss)</b>		<u>528</u>	<u>(336)</u>
Administrative expenses		(56)	(643)
Impairment of investment	11	(237)	-
Other operating income/(expenses)		89	(124)
<b>Operating profit/(loss)</b>	6	<u>324</u>	<u>(1,103)</u>
Finance income	8	74	50
<b>Profit/(loss) before taxation</b>		<u>398</u>	<u>(1,053)</u>
Tax (charge)/credit on profit/(loss)	9	(18)	36
<b>Profit/(loss) for the financial year</b>		<u><u>380</u></u>	<u><u>(1,017)</u></u>

The above results are wholly attributable to continuing activities.

The notes on pages 14 to 29 form part of these financial statements.

**DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

**Statement of comprehensive income**

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

	<b>Financial year 1 April 2019 to 31 March 2020 £'000</b>	<b>Financial year 1 April 2018 to 31 March 2019 £'000</b>
<b>Profit/(loss) for the financial year</b>	380	(1,017)
<b>Other comprehensive (expense)/income: items that will not be reclassified to profit or loss:</b>		
Effects of changes in foreign currency	(4)	4
<b>Total comprehensive income/(expense) for the year attributable to the owners of the Company</b>	<b>376</b>	<b>(1,013)</b>

The notes on pages 14 to 29 form part of these financial statements.

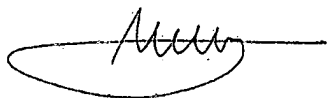
**DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

**Balance Sheet  
As at 31 March 2020**

	Note	At 31 March 2020 £'000	At 31 March 2019 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets	10	-	2
Investments	11	-	246
Deferred taxation asset	9	-	37
Trade and other receivables	13	-	3,000
Right of use assets		-	-
<b>Total non-current assets</b>		<u>-</u>	<u>3,285</u>
<b>Current assets</b>			
Tangible assets	10	1	-
Investments	11	9	-
Deferred taxation asset	9	19	-
Right of use assets		10	-
Trade and other receivables	12	12,228	9,339
Cash at bank and in hand		899	369
<b>Total current assets</b>		<u>13,166</u>	<u>9,708</u>
<b>Total assets</b>		<u><u>13,166</u></u>	<u><u>12,993</u></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	(5,076)	(5,299)
Provisions		(20)	-
<b>Total current liabilities</b>		<u>(5,096)</u>	<u>(5,299)</u>
<b>Net current assets</b>		<u>8,070</u>	<u>4,409</u>
<b>Total assets less current liabilities</b>		<u>8,070</u>	<u>7,694</u>
<b>Net assets</b>		<u><u>8,070</u></u>	<u><u>7,694</u></u>
<b>Equity</b>			
Share capital	15	200	200
Foreign exchange translation reserve		(8)	(4)
Profit and loss account		7,878	7,498
<b>Total equity</b>		<u><u>8,070</u></u>	<u><u>7,694</u></u>

The notes on pages 14 to 29 form part of these financial statements.

The financial statements of DXC UK (Middle East) Limited (No. 02846149) on pages 10 to 29 were approved and authorised for issue by the board on 4 December 2020 and signed on its behalf by:



M C Woodfine  
Director

**DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

**Statement of changes in equity**

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

	Share capital	Profit and loss account	Foreign exchange translation reserve	Total
	(Note 15)			
	£'000	£'000	£'000	£'000
<b>Balance as at 1 April 2018</b>	<b>200</b>	<b>8,495</b>	<b>-</b>	<b>8,695</b>
Loss for the financial year	-	(1,017)	-	(1,017)
Changes in accounting policy	-	16	-	16
Other comprehensive loss for the financial year	-	4	(4)	-
<b>Total comprehensive loss for the financial year</b>	<b>-</b>	<b>(997)</b>	<b>(4)</b>	<b>(1,001)</b>
<b>Balance as at 31 March 2019</b>	<b>200</b>	<b>7,498</b>	<b>(4)</b>	<b>7,694</b>
Profit for the financial year	-	380	-	380
Other comprehensive loss for the financial year	-	-	(4)	(4)
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>380</b>	<b>(4)</b>	<b>376</b>
<b>Balance as at 31 March 2020</b>	<b>200</b>	<b>7,878</b>	<b>(8)</b>	<b>8,070</b>

The notes on pages 14 to 29 form part of these financial statements.

Profit and loss account reserve represents accumulated retained earnings.

Foreign exchange translation reserve represents the effects of changes in rate of foreign currency pertaining to the branch situated outside the United Kingdom.

Change in the accounting policy relates to impact of the adoption of IFRS 15 Revenue from Contracts with Customers.

## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

### **Notes to the financial statements**

#### **For the financial year 1 April 2019 to 31 March 2020**

##### **1) Basis of accounting and general information**

DXC UK (Middle East) Limited ("the Company") provides computer consultancy, systems integration and computer outsourcing activities. The Company provides its services mainly in the Saudi Arabia, the Company contracts its business through an overseas branch in Saudi Arabia.

The Company is a private company and is 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 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 judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101. Where relevant, equivalent disclosures have been given in the consolidated financial statements of the ultimate parent company, DXC Technology 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 disclosure exemptions from paragraph 45(b) and 46-52 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:
  - 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;
- the disclosure exemptions of IFRS 3 "Business combinations";
  - the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations



## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

### **Notes to the financial statements (continued)**

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

#### **2) Summary of significant accounting policies (continued)**

##### **Basis of preparation (continued)**

- the requirements of IAS 7 “Statement of Cash Flows”;
- the disclosure exemptions from paragraphs 30 and 31 of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”;
- the requirements of paragraphs 17 and 18A of IAS 24 “Related Party Disclosures”;
- the requirements of 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 party to the transactions is wholly owned by such a member; and
- the requirements of IAS 36 “Impairment of Assets”.

##### **Going concern**

As explained in the directors’ report no new contracts are expected going forward for this Company. The financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the Company’s assets to net realisable value. There are no adjustments posted as a consequence of preparing on a basis other than that of a going concern.

In relation to COVID-19, Management is continuously monitoring the position and taking all necessary steps to protect its employees, customers and stakeholders.

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

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

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

The following Accounting Standards and Interpretations are most relevant to the Company:

##### **IFRS 16 Leases**

The Company has adopted IFRS 16 from 1 April 2019. The standard replaces IAS 17 ‘Leases’ and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the balance sheet. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss.

Full details of the impact of the adoption of these standards can be found in note 18, changes in accounting policies.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2020 have had a material impact on the Company.

##### **Consolidation**

The Company has taken advantage of the exemption under section 401 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 1775 Tysons Blvd, Tysons, VA 22102, USA.

##### **Foreign currency translation**

Foreign currency transactions are translated into the presentational 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. All other foreign exchange gains and losses are presented in the Statement of profit and loss within ‘Other operating income/expenses’.

The Company has a Saudi branch which meets the definition of a foreign operation under IAS 21. The functional currency of the branch is Saudi Riyal as that is the currency of the primary economic environment in which it operates. The branch’s transactions are translated to the Company’s functional currency of GBP at the average rate for the year and balances are translated at the prevailing rate on the balance sheet date and foreign exchange translation are posted through reserves.

## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

### **Notes to the financial statements (continued)**

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

#### **2) Summary of significant accounting policies (continued)**

##### **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.

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

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

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

##### *Intercompany*

Revenue for work performed for fellow Group companies, where services 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.

Any cost of warranties and remaining obligations that are inconsequential or perfunctory are accrued when the corresponding revenue is recognised.

##### *Software (sold as part of contract package)*

Revenue from perpetual (one-time charge) licensed software is recognised at the inception of the license term. Revenue from term (monthly license charge) arrangements is recognised on a subscription basis over the period that the client is using the license. Revenue from maintenance, unspecified upgrades and technical support is recognised over the period such items are delivered.

##### *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.

## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

### **Notes to the financial statements (continued)**

#### **For the financial year 1 April 2019 to 31 March 2020**

#### **2) Summary of significant accounting policies (continued)**

##### **Revenue recognition (continued)**

###### *Services (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 deferred income in the Balance sheet until the service is performed. In other services contracts the Company performs the services prior to billing the client. These balances are held as amounts recoverable on 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 objective and reliable evidence of the fair value of the undelivered items.

##### **Interest income**

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

##### **Current and deferred taxation**

The tax expense for the financial 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 balance sheet date in the countries where the Company operates and generates taxable income. Provisions are made where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

### **Notes to the financial statements (continued)**

#### **For the financial year 1 April 2019 to 31 March 2020**

#### **2) Summary of significant accounting policies (continued)**

##### **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. During the current financial year, the Group's accounting policy on the useful life of network assets had changed from 5 years to 7 years. Accordingly, adjustment had been included to give the impact due to the change in useful life of the assets

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:

Furniture and fittings	Five to ten years
Computer and related equipment	Three to seven years or useful life

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

##### **Right-of-use assets**

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

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.

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

##### **Investments**

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

##### *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 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.

##### **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.

## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

### **Notes to the financial statements (continued)**

#### **For the financial year 1 April 2019 to 31 March 2020**

#### **2) Summary of significant accounting policies (continued)**

##### **Financial instruments**

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

##### **Financial assets**

###### *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.

###### *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 includes cash in hand, deposits held at call with banks and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in 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.

###### *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.

## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

### **Notes to the financial statements (continued)**

#### **For the financial year 1 April 2019 to 31 March 2020**

#### **2) Summary of significant accounting policies (continued)**

##### **Provisions (continued)**

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. In the current financial year, there were termination benefits of £19,802 (2019: (£22,175)) due to the restructuring plans implemented in the financial year.

##### **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.

##### *Defined contribution plan*

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 periods.

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.

#### **3) Critical accounting judgments and key sources of estimation uncertainty**

Certain accounting policies are considered to be critical. An accounting policy is considered to be critical if, in the directors' judgement, its selection or application materially affects the financial position or results. The application of the accounting policies also requires the use of estimates and assumptions that affect the financial position or results. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future years if the revision affects both current and future financial years.

## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

### **Notes to the financial statements (continued)**

#### **For the financial year 1 April 2019 to 31 March 2020**

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

Below is a summary of areas in which estimation is applied primarily in the context of applying critical accounting policies and judgements.

##### **Critical accounting policies and judgements**

###### **i) Revenue recognition**

As discussed in note 2, revenue is recognised based on objective criteria and does not require significant estimates that may change over time. However, some arrangements are subject to specific accounting guidance that may require significant estimates, including contracts subject to performance obligations determined under input method of accounting, contracts that include multiple-element deliverables, and contracts subject to software accounting guidance. These estimates are made on a contract by contract basis and a different assessment would result in a change to the amount of revenue recognised.

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

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

###### *Multiple-element arrangements*

Certain contracts provide a range of services or elements to our customers, which may include a combination of services, products or both. As a result, significant judgment may be required to determine the appropriate accounting, including whether the elements specified in a multiple-element arrangement should be treated as separate units of accounting for revenue recognition purposes, and, when considered appropriate, how the total estimated revenue should be allocated among the elements and the timing of revenue recognition for each element. Allocation of total contract consideration to each element requires 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.

###### **ii) Taxation**

The Company is subject to tax in a number of jurisdictions and judgement 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 financial years 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.

###### **iii) Recoverability of Trade receivables**

Management regularly reviews the recoverability of trade receivables with reference to available economic information specific to each receivable. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Specific provisions are recognised for balances considered to be irrecoverable (note 12).

###### **iv) Lease term**

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

### **Notes to the financial statements (continued)**

#### **For the financial year 1 April 2019 to 31 March 2020**

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

##### **Critical accounting policies and judgements (continued)**

###### **v) Incremental borrowing rate**

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

###### **vi) Lease make good provision**

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the balance sheet by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

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

Areas for which there are major sources of estimation uncertainty at the reporting year 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:

###### *Change in useful life of tangible assets*

During the current financial year, the Group's accounting policy on the useful life of network assets had changed the estimated useful life from 5 years to 7 years. Accordingly, adjustment of £nil had been included to give the impact due to the change in useful life of the assets.

###### *Impairment of investments*

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was £9,000 (2019: £246,000) with impairment loss of £237,000 recognised during the financial year 2020 (2019: £nil) refer note 11.

Directors considered and assessed the impact of COVID-19 and concluded that it's not expected to result in any material impairments other than the impairment as stated above.

#### **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 2019 to 31 March 2020 £'000	Financial year 1 April 2018 To 31 March 2019 £'000
Kingdom of Saudi Arabia	1,671	1,806

All the revenue reported above is derived from providing services.

##### **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 revaluations, adjustments for revenue that has not materialised and adjustments for currency.



## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

### **Notes to the financial statements (continued)**

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

#### **5) Revenue (continued)**

##### **Contract Balances**

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

	<b>As at 31 March 2020 £'000</b>	<b>As at 31 March 2019 £'000</b>
Trade receivables, net	543	363
Contract assets	-	400
Contract liability	108	355

The contract assets /liability balances change year on year in according with the performance of the obligation as per contract.

##### **Revenue recognised in relation to contract liabilities:**

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

	<b>1 April 2019 to 31 March 2020 £'000</b>	<b>1 April 2018 to 31 March 2019 £'000</b>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	355	397

##### **Revenue recognised in relation to prior periods**

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

#### **6) Operating profit/(loss)**

	<b>Financial year 1 April 2019 to 31 March 2020 £'000</b>	<b>Financial year 1 April 2018 to 31 March 2019 £'000</b>
<b>Operating profit/(loss) is stated after charging/(crediting):</b>		
Depreciation of tangible assets - owned assets	2	2
Depreciation of right to use assets	17	-
Foreign currency exchange (gain)/loss	(14)	124
(Reversal of receivable impairment)/impairment of receivables	(193)	474

The auditor's remuneration is borne by a fellow group undertaking within the DXC group. The allocated fees payable to the Company's auditor for the audit of the Company's financial statements is £15,000 (2019: £20,000). There were no non-audit services (2019: £nil).

# DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)

## Notes to the financial statements (continued)

For the financial year 1 April 2019 to 31 March 2020

### 7) Employees and directors

#### Employees

Employee costs during the financial year

	Financial year 1 April 2019 to 31 March 2020 £'000	Financial year 1 April 2018 to 31 March 2019 £'000
Wages and salaries	443	475
Social welfare costs	35	104
Retirement benefit costs	21	26
	<u>499</u>	<u>605</u>

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

	Financial year 1 April 2019 to 31 March 2020 No.	Financial year 1 April 2018 to 31 March 2019 No.
Sales and operational	11	12

#### Directors

#### Total remuneration borne by other entities

The total amounts paid to the directors amounts to £906,696 which is borne by DXC UK International Limited and EntServ UK Limited.

#### Highest paid director

The highest paid director was paid through EntServ UK Limited.

#### Retirement Benefits

The Company provides retirement benefits to certain employees defined contribution schemes providing benefits based on final pensionable pay.

The pension charge in the Statement of profit and loss in respect of the defined contribution section of the scheme amounts to £26,596 (2019: £26,024) relating to directors and other employees. In the current financial year, there were termination benefits of £19,802 (2019: (£22,175)) due to the restructuring plans implemented in the financial year. There is a pension liability within accruals of £16,053 (2019: £14,397) relating to pension contributions not paid over by the financial year end.

### 8) Finance income

	Financial year 1 April 2019 to 31 March 2020 £'000	Financial year 1 April 2018 to 31 March 2019 £'000
Interest receivable on loans to group undertakings	74	50
	<u>74</u>	<u>50</u>

# DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)

## Notes to the financial statements (continued)

For the financial year 1 April 2019 to 31 March 2020

### 9) Taxation

	Financial year 1 April 2019 to 31 March 2020 £'000	Financial year 1 April 2018 to 31 March 2019 £'000
<i>Current Tax</i>		
UK corporation tax on profit/(loss) for the year 19% (2019: 19%)	-	-
Adjustment in respect of prior financial years	-	-
Overseas tax	-	-
Total current tax	-	-
<i>Deferred Tax</i>		
Adjustments in respect of prior financial years	-	-
Origination and reversal of timing differences	22	(36)
Impact of change in tax rate	(4)	-
Total deferred tax	18	(36)
Tax charge/(credit) on profit/(loss)	18	(36)
<b>Reconciliation to total current tax:</b>		
Profit /(loss) before taxation	398	(1,053)
Profit /(loss) multiplied by the standard rate of tax in the United Kingdom of 19% (2019: 19%)	75	(200)
- Expenses not deductible for tax purposes	45	1
- Origination and reversal of timing differences	-	4
- Remeasurement of deferred tax	(4)	-
- Transfer pricing adjustment	26	12
- Group relief (claimed)/surrendered	(124)	147
Total tax charge/(credit)	18	(36)

Expense not deductible for tax purpose represents impairment of investment in DXC Technology Middle East FZ LLC- Abu Dhabi as at 31 March 2020 amounting £237,000.

The tax rate for current year remains unchanged from the prior period of 19%. 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 at 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 year ended 31 March 2020. At budget 2020, the Government announced that the UK corporation tax rate for the years starting 1 April 2020 and 2021 would remain at 19%.

#### Deferred tax asset

	Recognised 2020 £'000	Un-recognised 2020 £'000	Recognised 2019 £'000	Un-recognised 2019 £'000
Fixed Asset timing Difference	1	-	1	-
Short term timing Differences	18	-	36	-
	19	-	37	-

Since the Company is expected to be liquidated in the next financial year, the deferred tax assets as at 31 March 2020 has been classified as current assets while the balance as at 31 March 2019 was disclosed as non-current assets.

**DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

**Notes to the financial statements (continued)**

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

**10) Tangible assets**

	<b>Furniture and fittings £'000</b>	<b>Computer and related equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 April 2019	4	17	21
Additions	-	-	-
<b>At 31 March 2020</b>	<b>4</b>	<b>17</b>	<b>21</b>
<b>Accumulated depreciation</b>			
At 1 April 2019	3	16	19
Charge for the year	-	1	1
<b>At 31 March 2020</b>	<b>3</b>	<b>17</b>	<b>20</b>
<b>Net book value</b>			
<b>At 31 March 2020</b>	<b>1</b>	<b>-</b>	<b>1</b>
At 31 March 2019	1	1	2

During the year, there is no impact on the change in the useful life of the asset.

The balance as at 31 March 2020 has been disclosed as current assets since the entity is expected to be liquidated during the next financial year while the balance as at 31 March 2019 was disclosed as non-current assets.

**11) Investments**

<b>Subsidiary undertakings:</b>	<b>£'000</b>
<b>Cost</b>	
<b>At 31 March 2020 and at 31 March 2019</b>	<b>352</b>
<b>Provisions for impairment:</b>	
At 1 April 2019	(106)
Impairment during the year	(237)
<b>At 31 March 2020</b>	<b>(343)</b>
<b>Net book value at 31 March 2020</b>	<b>9</b>
<b>Net book value at 31 March 2019</b>	<b>246</b>

The balance as at 31 March 2020 has been disclosed as current assets since the entity is expected to be liquidated during the next financial year while the balance as at 31 March 2019 was disclosed as non-current assets.

# DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)

## Notes to the financial statements (continued)

For the financial year 1 April 2019 to 31 March 2020

### 11) Investments (continued)

Further information on ordinary shares held in group undertakings is as follows:

Name	Country of Incorporation and Principle place of business	Activity	Proportion of ownership interest and voting rights held in ordinary share capital	
			2020	2019
Direct investments				
DXC Technology Middle East FZ LLC- Abu Dhabi	United Arab Emirates 201, 2nd floor, Pfizer Building Dubai Media city PO Box 500020 Dubai	Computer services	100%	100%
CSC Computer Science Middle East Limited - Saudi Arabia	104 Al Mousa Business center South of Kingdom Tower, PO Box 9385 Rivadh 11413, Saudi Arabia	Computer services	100%	100%

### 12) Trade and other receivables: disclosed as current assets

	At 31 March 2020 £'000	At 31 March 2019 £'000
Trade receivables	543	363
Contract assets	-	400
Amounts owed by other fellow group undertakings	3,114	27
Amounts owed by parent company	8,407	8,473
Other debtors	102	33
Prepayments	62	43
	<u>12,228</u>	<u>9,339</u>

The amount outstanding contains a loan to DXC Technology Middle East FZ LLC- Abu Dhabi 31 March 2020 amounting to £3,000,000 at an interest of 2.46% and is due to be paid on 14 November 2020 which has been reclassified from non-current assets.

Trade receivables and contract assets are stated after providing for impairment of £nil (2019: £948,068).

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

	At 31 March 2020 £'000	At 31 March 2019 £'000
Amounts owed by other fellow group undertakings	-	3,000
	<u>-</u>	<u>3,000</u>

The amount outstanding contains a loan to DXC Technology Middle East FZ LLC- Abu Dhabi 31 March 2019 amounting to £3,000,000 at an interest of 2.46% and is due to be paid on 14 November 2020 which is reclassified to current assets.

# DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)

## Notes to the financial statements (continued)

For the financial year 1 April 2019 to 31 March 2020

### 14) Trade and other payables: disclosed as current liabilities

	At 31 March 2020 £'000	At 31 March 2019 £'000
Bank overdraft	3,010	3,020
Amounts owed to other fellow group undertakings	883	767
Amounts owed to subsidiaries	440	420
Social security and other taxes	16	29
Accruals	542	674
Contract liability	108	355
Trade payables	77	34
	<u>5,076</u>	<u>5,299</u>

The amounts owed to fellow group undertakings are repayable on demand, unsecured and interest free. Major outstanding is due to CSC Covansys Corporation being £368,443 and to DXC Technology (Middle East) FZ LLC - Abu Dhabi Branch being £439,560.

### 15) Share capital

	At 31 March 2020 Number	At 31 March 2019 Number	At 31 March 2020 £'000	At 31 March 2019 £'000
<b>Authorised, allotted, called-up and fully paid:</b>				
"A" ordinary shares of £1- each	50,000	50,000	50	50
"B" ordinary shares of £1- each	150,000	150,000	150	150
	<u>200,000</u>	<u>200,000</u>	<u>200</u>	<u>200</u>

"A" and "B" ordinary shares are entitled to 0.1% and 99.9% respectively of any distribution of profits by way of dividend and to 0.1% and 99.9% respectively of the assets available for distribution to members on a liquidation or reduction of capital.

"A" ordinary shares entitle the holder to four votes for each "A" ordinary share held. "B" ordinary shares entitle the holder to one vote for each "B" ordinary shares held.

The holders of the "A" ordinary shares may from time to time appoint two persons to be directors and the holders of the "B" ordinary shares may from time to time appoint two persons to be directors.

In all other respects the "A" and "B" ordinary shares are identical and rank pari passu.

### 16) 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 at registered office of the company situated at 1775 Tysons Blvd, Tysons, VA 22102, USA.

The immediate parent Company of DXC UK (Middle East) Limited (formerly known as CSC Computer Sciences (Middle East) Limited) is CSC Computer Sciences 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.

### 17) Events after the reporting year

The Company's name has been changed from CSC Computer Sciences (Middle East) Limited to DXC UK (Middle East) Limited with effect from 1 April 2020.

The Company is expected to be liquidated during the next financial year.

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.

## **DXC UK (Middle East) Limited (Formerly known as CSC Computer Sciences (Middle East) Limited)**

### **Notes to the financial statements (continued)**

#### **For the financial year 1 April 2019 to 31 March 2020**

##### **17) Events after the reporting year (continued)**

The DXC group's performance in FY20 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 approval that would require adjustment to or disclosure in the financial statements.

##### **18) Adoption of IFRS 16 - Leases**

IFRS 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 April 2019 was as follows:

**1 April  
2019  
£'000**

Operating lease commitments as at 1 April 2019 (IAS 17)	-
Finance lease commitments as at 1 April 2019 (IAS 17)	-
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4.09% (IFRS 16)	28
Short-term leases not recognised as a right-of-use asset (IFRS 16)	-
Low-value assets leases not recognised as a right-of-use asset (IFRS 16)	-
Accumulated depreciation assessed at 1 April 2019 (IFRS 16)	-
Right-of-use assets (IFRS 16)	28
Lease liabilities - current (IFRS 16)	(18)
Lease liabilities - non-current (IFRS 16)	-
Tax effect on the above adjustments	-
Reduction in opening retained profits as at 1 April 2019	-