

AppLabs Limited

**Annual report and financial statements
for the year ended 31 March 2019**

Registered Number 03105847

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AppLabs Limited

Annual report and financial statements for the year ended 31 March 2019

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AppLabs Limited

Officers and professional advisers

Director	C.N. HALBARD (appointed 07 April 2020) S.J. TURPIE (appointed 04 March 2020) M.C. WOODFINE T.A. GOUGH (resigned 07 April 2020) M.A. MAJED (resigned 26 February 2020)
Secretary	M.C. WOODFINE
Company Number	03105847 (ENGLAND AND WALES)
Registered Office	ROYAL PAVILION WELLESLEY ROAD ALDERSHOT HAMPSHIRE GU11 1PZ
Auditor	KPMG LLP 15 CANADA SQUARE LONDON E14 5GL UNITED KINGDOM
Bankers	LLOYDS BANK 25 GRESHAM STREET LONDON EC2V 7 HN. UNITED KINGDOM
Solicitors	SQUIRE PATTON BOGGS (UK) LLP 7 DEVONSHIRE PLACE LONDON EC2M 4YH. UNITED KINGDOM

AppLabs Limited

Strategic report for the year ended 31 March 2019

The directors, in preparing the strategic report, has complied with s414C of the Companies Act 2006.

Principal activities

During the year ended 31 March 2019 the Company's principal activities were the provision of testing consultancy services, core testing services, performance and certification services, tool and test automation services. These services were provided for complex IT projects in a variety of industry segments like banking, financial services, insurance, retail, technology, government and public sector. However, on 28 February 2020, as part of an ongoing restructure within the DXC Group, the directors took the decision to transfer the trading business of the Company to another member of the DXC Group, CSC Computer Sciences Limited. The effect of this is explained in note 1 Accounting policies under Going concern.

Review of business and future developments

Following the Company's acquisition by Computer Sciences Corporation in 2011, the Company has continued to strengthen and achieve synergies within this new organisational structure. The company continues to engage in more collaborative projects with DXC Technology Company and continues to benefit from the economies associated with moving the head office from London to the UK headquarters in Aldershot. Also, cost reductions are continuing to be achieved by leveraging centralised shared services, such as HR and Marketing.

The Company is focused on delivery excellence that combines its global expertise in test governance, process and infrastructure while offering an end to end testing service, enterprise software solutions, test automation, performance testing and certification services to its clients. These offerings are designed to help its clients to optimise their IT, business quality management and testing capabilities.

On 28 February 2020, as part of an ongoing restructure within the DXC Group, the directors took the decision to transfer the trading business of the Company to another member of the DXC Group, CSC Computer Sciences Limited.

The Company continues to adopt and present the financial statements in accordance with Financial reporting standards 101, 'Reduced disclosure framework' (FRS 101).

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks are set out below:

Market Strength

The Company depends on the UK IT market to grow its services. As the economic climate stabilises the Company expects that the demand for IT will grow and in particular clients will increasingly look for an independent testing partner to enhance capability and cost effectiveness of their IT processes. The Company's growth has been achieved by expanding wallet-share with existing customers and over this past year, a number of new logo clients have been won. As the business continues to leverage global capability and the strength of client relationships with DXC Technology Company, the Company expects to support the UK subsidiary of DXC Technology Company in winning new large enterprise clients.

On 23 June 2016, a referendum in the United Kingdom returned a result in favour of leaving the European Union. Whilst the longer term political and economic effects of these events are yet unclear, 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. 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 put in place to reduce the organisation's exposure in a number of key areas.

Applabs Limited

Strategic report for the year ended 31 March 2019 (continued)

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.

On 28 February 2020, as part of an ongoing restructure within the DXC Group, the directors took the decision to transfer the trading business of the Company to another member of the DXC Group, CSC Computer Sciences Limited. In relation to COVID-19, Management continue to monitor the effects of the outbreak globally and the potential impact on the business. The directors' Pre COVID plan was to liquidate the company. This plan remains the same and is unaffected by the COVID-19 outbreak.

Staffing levels

The Company depends on local UK staff for deep domain and business knowledge and also for effective project management, planning and communication with the global teams. The areas where the Company needs high level of expertise are in test automation, process consulting, domain knowledge in key industry segments that the Company is present in, like capital markets and retail. The Company also requires high level of experienced staff for test management. The Company does not anticipate any immediate challenges in resourcing local staff for projects. To enhance capability and meet customer demands and requirements, the company would also resource staff from its parent company.

The Company also depends on its parent company in India to deliver projects that have an offshore component. The main challenge that the parent company faces is that of high staff attrition. Historically this has always been a challenge for most Indian IT companies, as the industry continues to grow and the availability of qualified staff is limited. The AppLabs parent company has robust mitigation programs to counter risk of high attrition.

Key performance indicators (“KPI’s”)

Turnover

The turnover for the current year is £3,171K, a drop of 31% from the PY turnover £4,619K. The revenue from external customer decreased to the extent of £1,827K, however the revenue from group companies have increased by £379K.

Profit before tax

Profit before tax for the year was £184K (2018 profit: £1,197K)

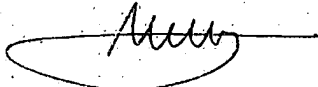
AppLabs Limited

Strategic report for the year ended 31 March 2019 (continued)

Future developments

On 28 February 2020, as part of an ongoing restructure within the DXC Group, the directors took the decision to transfer the trading business of the Company to another member of the DXC Group, CSC Computer Sciences Limited.

By order of the board



M C Woodfine

Director

Royal Pavilion

Wellesley Road

Aldershot

GU11 1PZ

15 September 2020

AppLabs Limited

Directors' report for the year ended 31 March 2019

The directors present their report and the audited financial statements of the company for the year ended 31 March 2019.

Results and dividends

The turnover for the year was £3,171K (2018: £4,619K); a decrease on 2018 of £1,448K. The profit before tax for the year was £184K (2018 profit: £1,197K); a decrease on 2018 of £1,013K

No dividend was paid during the year (2018: £Nil).

Future developments

Details of future developments can be found in the Strategic report on page 2 and form part of this report by cross-reference.

Political and charitable donations

No political or charitable donations were made during the year (2018: nil).

Directors and their interests

The directors who served during the year are as listed on page 1. The directors of the company are covered by indemnity insurance.

Events since the reporting date

Details of significant events since the balance sheet date are contained in note 15 to the financial statements.

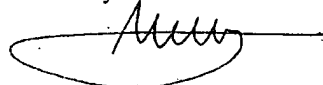
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed, and KPMG LLP will therefore continue in office.

By order of the board



M C Woodfine

Director

Royal Pavilion

Wellesley Road

Aldershot

GU11 1PZ

15 September 2020

AppLabs Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APPLABS LIMITED

Opinion

We have audited the financial statements of AppLabs Limited ("the company") for the year ended 31 March 2019 which comprise the statement of profit and loss, statement of financial position, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter – non going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on a going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you 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 these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APPLABS LIMITED (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



John Edwards (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditors
Chartered Accountants
15 Canada Square
London
E14 5GL

18 September 2020

AppLabs Limited

Statement of profit and loss for the financial year 1st April 2018 to 31st March 2019

	Notes	2019 £'000	2018 £'000
Turnover	2	3,171	4,619
Cost of sales		(2,340)	(3,177)
Gross profit		831	1,442
Administration expenses		(745)	(287)
Operating profit		86	1,155
Net interest receivable	5	98	42
Profit on ordinary activities before taxation	6	184	1,197
Taxation	7	-	-
Profit for the financial year		184	1,197

All the results stated above relate to continuing operations.

There is no profit or loss for the current or previous financial year, other than shown above. Accordingly, no statement of comprehensive income has been presented.

The notes on pages 12 to 20 form part of these financial statements.

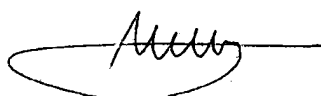
AppLabs Limited

Statement of financial position as at 31st March 2019

	Notes	2019 £'000	2018 £'000
Current assets			
Debtors	10	248	1,337
Cash at bank and in hand		17,041	15,764
Total current assets		17,289	17,101
Total assets		17,289	17,101
Current liabilities	11	(476)	(472)
Total current liabilities		(476)	(472)
Net current assets		16,813	16,629
Total assets less current liabilities		16,813	16,629
Total liabilities		(476)	(472)
Net assets		16,813	16,629
Equity			
Called up share capital	13	212	212
Share premium account		111	111
Capital reserve		27	27
Profit and loss account		16,463	16,279
Total shareholders' funds		16,813	16,629

The notes on page 12 to 20 form part of these financial statements.

The financial statements AppLabs Limited (Company registration number: 03105847), were approved by the board of directors and authorised for issue on 15 September 2020 they were signed on its behalf by:



M C Woodfine
Director

AppLabs Limited

Statement of changes in equity

	Called-up share capital	Share premium	Capital reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2017	212	111	27	15,082	15,432
Profit for the year	-	-	-	1,197	1,197
At 31 March 2018	212	111	27	16,279	16,629
At 1 April 2018	212	111	27	16,279	16,629
Profit for the year	-	-	-	184	184
At 31 March 2019	212	111	27	16,463	16,813

AppLabs Limited

Notes to the financial statements for the year ended 31 March 2019

1 Accounting policies

Basis of preparation

The financial statements of AppLabs Limited have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101").

The company's ultimate parent undertaking, DXC Technology Company, a company incorporated in the United States of America includes the Company in its consolidated financial statements. This is the parent company 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 the DXC Technology Company are available from 1775 Tysons Blvd, Tysons, VA 22102, USA.

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 DXC Technology Company 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 requirements of IFRS 2 "Share based payment".
- the disclosure exemptions from paragraphs 134 to 136 of IAS 1 "Presentation of Financial Statements";
- the disclosure exemptions of IFRS 3 "Business combinations";
- 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 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";
- the requirements of IAS 36 "Impairment of Assets".

Accounting convention

The financial statements are prepared under the net realisable value given the condition that the financial statements are prepared on a basis other than going concern.

Turnover

Turnover, which excludes value added tax and is stated net of trade discounts, represents the invoiced value of services supplied.

The majority of revenue is contracted on a time and materials basis. As a result, revenue is recognised in the period in which the work is undertaken.

Going Concern

During the previous years, the financial statements have been prepared on a going concern basis. However, On 28 February 2020, as part of an ongoing restructure within the DXC Group, the directors took the decision to transfer the trading business of the Company to another member of the DXC Group, CSC Computer Sciences Limited, Accordingly the directors have not prepared the financial statements on a going concern basis.

The financial statements have, therefore, been prepared on a basis other than that of a going concern, and therefore all assets have been shown at realizable value. No adjustments to the accounts arose as a result of preparing the financial statements on basis other than going concern.

AppLabs Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

New standards, amendments and IFRIC interpretations

In the current year the Company has applied IFRS 15, Revenue from Contract with Customers (as amended in April 2016) and IFRS 9, Financial Instruments which is effective for an annual period that begins on or after 1 January 2018.

The Company's policy for revenue recognition is included in the revenue recognition section of this note.

The adoption of these standards does not have any material impact on the financial statements of the company which needs to be disclosed.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2019 have had a material impact on the Company.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling using the rate of exchange at the balance sheet date or, where appropriate, the rate of exchange fixed under the terms of the relevant transaction. Transactions in foreign currencies are translated into sterling using the rate at the date of the transaction. Differences on translation are taken to the profit and loss account.

Tangible fixed assets

Tangible fixed assets are held at cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Computer Equipment	-	33.3% Straight line basis
Office Equipment	-	25% Straight line basis

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Pension costs

The company operates defined contribution pension schemes. Contributions are charged to the profit and loss account in the period in which they relate.

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. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

AppLabs Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

Trade and other creditors

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash and balances held with bank.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholder's funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet 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 date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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 balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, 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.

AppLabs Limited
Notes to the financial statements for the year ended 31 March 2019
(continued)

2 Turnover

In the opinion of the directors the company has only one class of business. The geographical analysis of turnover by destination is as follows:

	2019 £'000	2018 £'000
Geographical segment		
United Kingdom	2,395	3,755
Europe	776	864
Rest of world	-	-
	3,171	4,619

3 Directors' emoluments

Total remuneration borne by other entities

The total amounts paid to the directors amounts to £1,401,332 which is borne by CSC Computer Sciences International Limited, EntServ UK Limited and DXC Technology Singapore Pte. Limited.

Highest paid director

The highest paid director was paid through DXC Technology Singapore Pte. Limited. As noted above, it is not possible to apportion their payment between the Company and other entities for which they provide services.

4 Employee information

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

	2019 Number	2018 Number
Administration and production	41	48
	2019 £'000	2018 £'000
Staff costs (for the above persons)		
Wages and salaries	1,727	2,032
Social security costs	210	229
Other pension costs (Note 12)	66	71
	2,003	2,332

AppLabs Limited**Notes to the financial statements for the year ended 31 March 2019
(continued)****5 Net interest receivable**

	2019	2018
	£'000	£'000
Bank interest receivable	98	42
	98	42

6 Profit on ordinary activities before taxation

	2019	2018
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging:		
Expected credit loss	701	-
Auditor's remuneration for:		
- audit	21	21
- non-audit services	-	-

7 Taxation charge

	2019	2018
	£'000	£'000
Current tax		
UK corporation tax	-	-
Adjustment in respect of prior years	-	-
Tax charge on profit on ordinary activities	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Changes in tax rates or laws	-	-
Tax charge on profit on ordinary activities	-	-

AppLabs Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

7 Taxation charge (continued)

The tax expense for the period is lower (2018: lower) than the standard rate of corporation tax in the UK for the period ended 31 March 2019 of (19%) (2018: 19%). The differences are explained below:

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	184	1,197
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 19% (2018:19%)	35	227
Effects of:		
Deferred tax not recognised	(3)	-
Group relief of losses for nil consideration	(32)	(227)
Current tax charge for the year	-	-

Factors affecting the tax charge for future periods

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

Reductions to the UK Corporation tax rates from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction in the UK corporation tax to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

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%.

The net deferred tax assets are:

	Recognised 2019 £'000	Unrecognised 2019 £'000	Recognised 2018 £'000	Unrecognised 2018 £'000
Accelerated capital allowances	-	(12)	-	-
Losses	-	-	-	(14)
	-	(12)	-	(14)

Deferred tax assets of £11,720 (2018: £14,293) have not been recognised as the directors consider there to be insufficient evidence of suitable future taxable income against which to recover them.

AppLabs Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

8 Investments – group undertakings

Shares in subsidiary undertakings:

	Country of incorporation/ operation	Percentage of ordinary shares held	Activities	Aggregate capital and reserves £
IS Integration Trustees Ltd	England	100%	Employees' share scheme	2

9 Investments – other

	£'000
Cost of shares	
At 1 April 2019 and at 31 March 2018	25
Provisions	
At 1 April 2018 and at 31 March 2019	25
Net book value	
At 31 March 2019	-
At 31 March 2018	-

These shares are held in Housebuilder XL Limited (300 ordinary shares).

10 Debtors

	2019 £'000	2018 £'000
Due within one year:		
Trade debtors	-	1,107
Amounts owed by related parties	239	225
Prepayments	9	5
	248	1,337

Amounts owed by the related parties are unsecured and have no fixed date for repayment.

AppLabs Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

11 Current liabilities

	2019 £'000	2018 £'000
Trade creditors	20	16
Amounts owed to related parties	92	89
Other taxation and social security	172	228
Accruals	192	139
	476	472

Amounts due to the ultimate holding company are unsecured, interest free and are repayable on demand.

12 Pension and similar obligations

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from the assets of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund amounting to £65,967 (2018: £70,725). At the year end, contributions amounting to £nil (2018: £nil) were payable to the fund.

13 Called up share capital

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
212,420 ordinary £1 shares	212	212
	212	212

AppLabs Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

14 Immediate and ultimate parent company

The immediate parent company is AppLabs Technologies UK PVT Limited, a company registered in England and Wales. Company Number 05800789.

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 the largest group which includes the company and for which group financial statements are prepared. Copies of the group financial statements of DXC technology are available from 1775, Tysons Blvd, Tysons, VA 22102, USA.

15 Events after the end of the reporting period

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.

On 28 February 2020, as part of an ongoing restructure within the DXC Group, the directors took the decision to transfer the trading business of the Company to another member of the DXC Group, CSC Computer Sciences Limited. Accordingly, the directors' plan to liquidate the company and have not prepared the financial statements on a going concern basis.

On 6 August 2020, the directors approved the reduction of share capital from 212,420 ordinary shares of £1 to 1 share of £1.