

**Company Registration No. 03616858**

**Xchanging UK Limited**

**Annual report and financial statements  
for the year ended 31 March 2021**



**Xchanging UK Limited**

<b>Contents</b>	<b>Page</b>
Officers and Professional advisers	1
Strategic report	2
Directors' report	5
Statement of Directors' responsibilities	7
Independent Auditor's report	8
Statement of profit and loss	11
Statement of financial position	12
Statement of changes in equity	13
Notes to the financial statements	14

## **Xchanging UK Limited**

### **Officers and Professional Advisers**

#### **Directors**

Michael Charles Woodfine

Steven James Turpie

Tina Anne Gough - Resigned on 07 April 2020

Christopher Neal Halbard - Appointed on 07 April 2020

#### **Registered Office**

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

#### **Principal Bankers**

Lloyds Bank Plc  
PO Box 72,  
Bailey Drive,  
Gillingham Business Park,  
Gillingham,  
Kent,  
United Kingdom,  
ME8 0LS.

#### **Auditor**

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

## Xchanging UK Limited

### Strategic report for the year ended 31 March 2021

The Directors present their Strategic report on the Company for the year ended 31 March 2021. In preparing the Strategic report, the Directors have complied with s414c of the Companies Act 2006.

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

The Company is an indirect subsidiary of DXC Technology (DXC), a public listed company incorporated in the United States of America and listed on the New York Stock Exchange. The entities controlled directly or indirectly by the ultimate Parent Company are referred as the Group companies ("Group").

#### Business review

Xchanging UK Limited ("the Company") provides financing, general management services and support to Group entities.

#### Results and key performance indicators

Details of the financial business results for the year are:

	2021	2020	Change
	£'000	£'000	%
Revenue	14,880	15,990	(6.9)
Gross profit	10,535	10,519	(0.2)
Gross profit margin	71%	66%	
Operating profit	276	2,145	(87.1)
Profit after tax	4,946	6,146	(19.5)

For the year ended 31 March 2021, revenue decreased to £14,880,000 from £15,990,000 (2020) and the net profit decreased to £4,946,000 from £6,146,000 (2020).

The decrease in revenue by 6.9% is mainly due to reduction in revenue from intercompany billings towards application development and maintenance services by 9% (approximately £1.4m) and third-party billing of people costs by 3%. This is partially offset by increase in revenue from group recharges on general and administrative expense by 3%. Increase in gross profit margin is on account of decrease in cost of sales during the year. The decrease in cost of sales is on account of reduction in software licensing and maintenance cost and intercompany cross charge on people cost.

Decrease in profit after tax by 19.5% for the year ended 31 March 2021 is mainly due to increase in forex loss on revaluation of closing intercompany balances by 54% approximately £3.3m which is partially offset by reduction in amortisation of intangibles by 22% (approximately £1.4m) and increase in bank interest income by 15%.

Net assets of the Company increased from £34,329,000 (2020) to £39,275,000 in 2021. The year on year increase is attributable to intercompany settlements received during the year along with other movements in trade and other receivables (refer to note 13) and trade and other payables (refer to note 15).

#### Principal risks, uncertainties and financial risk management

The Directors have considered the principal risks attached to the Company's financial statements which principally comprise of loans to and from Group. The Directors have taken a prudent approach in their consideration of the various risks attached to the financial statements of the Company. The principal risks and uncertainty of the Company are:

## **Xchanging UK Limited**

### **Strategic report for the year ended 31 March 2021 (continued)**

#### **Principal risks, uncertainties and financial risk management (continued)**

##### **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 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.

##### **Liquidity risk:**

The Company manages liquidity risk with availability of funds 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.

##### **Brexit**

DXC Technology ran a detailed programme to prepare itself and its clients for the end of the EU / UK transition period at the start of the year. A cross disciplinary team across nine workstreams worked to ensure over 200 actions were managed effectively and an escalation process was created to ensure the resources and focus required to deal with any unanticipated eventuality were available. These detailed preparations were independently assessed by global law firm, Eversheds Sutherland, who provided feedback to DXC's leadership team independent of the internal Brexit Readiness team. Their feedback, alongside reports from key public and private sector clients, show that DXC was highly successful in its preparations.

This is demonstrated by the fact that the end of the transition period resulted in no material increases in costs, no service or supply disruption and no significant commercial issues. Some measures taken in response to the end of the transition period have had wider application in other areas of the business - particularly as regards global trade policy - to such an extent that costs are now lower than they were prior to 1 January 2021.

Lessons learned, including newly improved processes such as engaging subject matter expertise, information sharing between region, clearly communicated expectations, prioritizing work and collaboration are now being shared outside of the UKIIMEA and NCE regions so that these benefits can be realised globally.

##### **COVID-19**

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 DXC Group this has to be considered at a Group level.

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 steps to minimise short term debt and maximise cash.

Customer ability to pay has not had a material impact up to date of signing the accounts and is constantly monitored in case action is required. Senior leadership in DXC is actively managing response through a COVID-19 Response Team that meets on a regular basis to deal with all operational issues as and when they arise.

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.

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 2021, which are available to the public and may be obtained from the Company's website [www.dxc.technology](http://www.dxc.technology).

## **Xchanging UK Limited**

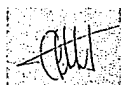
### **Strategic report for the year ended 31 March 2021 (continued)**

#### **Future developments**

The Company will continue to trade at the current level in its principal activities. At the date of the annual report, the Directors are not aware of any changes in the Company's activities in the foreseeable future.

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

**Approved by the board and signed on its behalf by:**



**Christopher Neal Halbard**

**Director**

9 December 2021

## **Xchanging UK Limited**

### **Directors' report for the year ended 31 March 2021**

The Directors present the annual report on the affairs of the Company, together with the audited financial statements for the year ended 31 March 2021.

#### **Principal activity**

Xchanging UK Limited ("the Company") provides financing, general management services and support to Group entities.

#### **Future developments**

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

#### **Events since the reporting date**

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

#### **Research and development**

No research and development costs were incurred during the year (2020: £nil).

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

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

#### **Financial risk management objectives and policies**

Performance and finance risk management is an integral part of the Company's management processes. Details of the Company's risk management objectives and policies are set out in the Strategic report on pages 2 and 3 and form part of this report by cross reference.

#### **Dividends**

No dividend was declared or paid during the financial year and up to date of approval of this report (2020: £10,000,000).

#### **Directors**

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

Michael Charles Woodfine

Steven James Turpie

Tina Anne Gough - Resigned on 07 April 2020

Christopher Neal Halbard - Appointed on 07 April 2020

#### **Political contribution**

The Company made no political donations during the year (2020: £nil).

#### **Going concern**

The Company is profit making and reports net assets, thus the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Assurance has been given by the ultimate Parent Company by way of letter of support that it will continue to support the operations of the Company for a minimum of twelve months from the date of signing these financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

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

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

#### **Engagement with suppliers, customers and others**

The Company actively manages its suppliers through its Supplier Relationship Management Programme which gives suppliers contact and feedback at all layers of the business in an effort to maintain a reputation for efficient communication and transfer of information. The Company holds regular reviews with its supplier's account or operational, finance and sales teams, with overall governance from the Company's Supply Chain organisation and in compliance with DXC policies. This process allows both the supplier and the Company to feedback on performance and further commercial opportunities, and also address any issues. During FY21, the Company submitted a Responsible Supply Chain survey to some of its suppliers, in order to ensure that they are meeting, and better exceeding, environmental standards. Those identified as high-risk were passed on to DXC's supply chain management to undertake a more in-depth review with the supplier and to work to resolve the issues identified within three months.

## **Xchanging UK Limited**

### **Directors' report for the year ended 31 March 2021 (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. Our DXC colleagues are represented by both employee representatives and social stakeholders such as recognised Trade Unions. This enables the Company to properly inform and involve employees in decision making and problem solving, increasing collaboration, creativity and innovation through dialogue and exchange of views.

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

#### **Auditor**

Deloitte LLP has been appointed as auditor for the year ended 31 March 2021 and has indicated its willingness to continue in the office.

#### **Directors' liabilities**

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

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

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

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

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

**Approved by the Board and signed on its behalf by:**



**Christopher Neal Halbard**

**Director**

9 December 2021



## **Xchanging UK Limited**

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

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

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

## **Independent Auditor's report to the members of Xchanging UK Limited for the year ended 31 March 2021**

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

#### **Opinion**

In our opinion the financial statements of Xchanging UK Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the 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 financial position;
- the Statement of changes in equity; and
- the related notes 1 to 22.

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

#### **Basis for opinion**

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

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

#### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **Independent Auditor's report to the members of Xchanging UK Limited for the year ended 31 March 2021 (continued)**

### **Responsibilities of Directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included International Financial Reporting Standards (IFRS), UK Companies Act 2006, Corporation Tax 2010, VAT Act 1994, Income Tax Act 2007; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included Office of financial sanctions and Office of Foreign Assets Control (OFAC), General Data Protection Regulation (GDPR), Bribery Act 2010 and Health and Safety Act.

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

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

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

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

## **Independent Auditor's report to the members of Xchanging UK Limited for the year ended 31 March 2021 (continued)**

### **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:

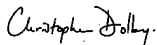
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

DocuSigned by:



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**Christopher Dolby** (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Reading, United Kingdom  
9 December 2021

**Xchanging UK Limited****Statement of profit and loss for the year ended 31 March 2021**

		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
Revenue	5	14,880	15,990
Cost of sales		(4,345)	(5,471)
<b>Gross profit</b>		<b>10,535</b>	<b>10,519</b>
Administrative expenses		(10,259)	(8,374)
<b>Operating profit</b>	6	<b>276</b>	<b>2,145</b>
Finance income	8	9,690	8,929
Finance costs	8	(4,988)	(5,792)
<b>Profit before taxation</b>		<b>4,978</b>	<b>5,282</b>
Tax (charge)/credit	9	(32)	864
<b>Profit for the year</b>		<b>4,946</b>	<b>6,146</b>

The above results are wholly attributable to continuing activities.

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.

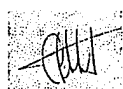
The notes on pages 14 to 28 form part of these financial statements.

**Xchanging UK Limited****Statement of financial position as at 31 March 2021**

		At 31 March 2021	At 31 March 2020
	Note	£'000	£'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	10	37	1,749
Property plant and equipment	11	35	425
Right of use assets	12	601	305
Deferred tax assets	9	873	854
Trade and other receivables	14	29,092	52
<b>Total non-current assets</b>		<b>30,638</b>	<b>3,385</b>
<b>Current assets</b>			
Trade and other receivables	13	219,406	286,593
Cash at bank and in hand		203,083	159,868
<b>Total current assets</b>		<b>422,489</b>	<b>446,461</b>
<b>Total assets</b>		<b>453,127</b>	<b>449,846</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	(394,456)	(238,754)
Lease liabilities	19	(601)	(1,163)
<b>Total current liabilities</b>		<b>(395,057)</b>	<b>(239,917)</b>
<b>Net current assets</b>		<b>27,432</b>	<b>206,544</b>
<b>Total assets less current liabilities</b>		<b>58,070</b>	<b>209,929</b>
<b>Non-current liabilities</b>			
Loan payables	16	(18,795)	(175,600)
<b>Total non-current liabilities</b>		<b>(18,795)</b>	<b>(175,600)</b>
<b>Total liabilities</b>		<b>(413,852)</b>	<b>(415,517)</b>
<b>Net assets</b>		<b>39,275</b>	<b>34,329</b>
<b>Equity</b>			
Share capital	20	35	35
Share premium		135	135
Other reserves		99,671	99,671
Retained loss		(60,566)	(65,512)
<b>Total equity</b>		<b>39,275</b>	<b>34,329</b>

The notes on pages 14 to 28 form part of these financial statements.

These financial statements of Xchanging UK Limited (registered number: 03616858) on page 11 to 28 were approved and authorised for issue by the board of Directors on 9 December 2021 and signed on its behalf by:



**Christopher Neal Halbard**  
Director

**Xchanging UK Limited****Statement of changes in equity for the year ended 31 March 2021**

	Share capital £'000	Share premium account £'000	Other reserves* £'000	Retained loss £'000	Total £'000
<b>Balance as at 1 April 2019</b>	<b>9,285</b>	<b>3,385</b>	<b>99,584</b>	<b>(71,658)</b>	<b>40,596</b>
Profit for the year and other comprehensive income	-	-	-	6,146	6,146
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,146</b>	<b>6,146</b>
Dividend paid***	-	-	(10,000)	-	(10,000)
Notional equity on intercompany receivable written off**	-	-	(2,413)	-	(2,413)
Capital reduction*	(9,250)	(3,250)	12,500	-	-
<b>Balance as at 31 March 2020</b>	<b>35</b>	<b>135</b>	<b>99,671</b>	<b>(65,512)</b>	<b>34,329</b>
Profit for the year and other comprehensive income	-	-	-	4,946	4,946
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,946</b>	<b>4,946</b>
<b>Balance as at 31 March 2021</b>	<b>35</b>	<b>135</b>	<b>99,671</b>	<b>(60,566)</b>	<b>39,275</b>

The notes on pages 14 to 28 form part of these financial statements.

\*Other reserves relate to capital reduction effected in 2017 and 2020.

\*\* The net amounts due from fellow Group undertakings have been written off on account of Group restructuring and this was treated as notional equity reduction in the prior year.

\*\*\*The dividend of £1.07 per share (approx.) aggregating to £10,000,000 was paid to Xchanging B.V, the immediate Parent Company in the prior year.

## Xchanging UK Limited

### Notes to the financial statements for the year ended 31 March 2021

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

Xchanging UK Limited ("the Company") provides financing, general management services and support to DXC Group entities.

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, United Kingdom, GU11 1PZ.

#### 2) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

#### 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 ("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 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 disclosure exemptions from Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment';
- the disclosure exemptions from paragraphs 134 to 136 of IAS 1 "Presentation of Financial Statements";
- 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 IAS 24 "Related Parties" to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary which is party to the transactions is wholly owned by such a member; and
- the requirements of IAS 36 "Impairment of Assets".

#### Going concern

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

The Company meets its day-to-day working capital requirements through a combination of intercompany loans from its Parent and Group. Assurance has been given by the ultimate Parent Company by way of letter of support that it will continue to support the operations of the Company for a minimum of twelve months from the date of signing these financial statements.

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

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



## Xchanging UK Limited

### Notes to the financial statements for the year ended 31 March 2021 (continued)

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

##### New or amended Accounting Standards and Interpretations adopted

The Company has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Financial Reporting Council ('FRC') that are mandatory for the current reporting year. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IAS 1 and IAS 8- Definition of material - effective for annual years beginning on or after 1 January 2020.
- Conceptual Framework- Amendments to References to the Conceptual Framework in IFRS Standards- effective for annual years beginning on or after 1 January 2020.

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

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2021 that have had a material impact on the Company.

##### New standards and interpretations not yet applied

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

- IFRS 17, Insurance contracts - effective for annual reporting years beginning on or after 1 January 2023;
- IFRS 10 and IAS 28 (Amendments) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IFRS 3 - Reference to the Conceptual Framework;
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current;
- Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract; and
- Annual Improvements to IFRS Standards 2018-2020 Cycle - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture.

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

*IAS 37- Onerous Contracts - Cost of fulfilling a Contract.* This applies to the contracts for which the entity has not yet fulfilled all its obligations at the time of application of this amendment. The Directors will carry out the assessment of the impact during the next financial year.

##### Foreign currency translation

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

##### Revenue recognition

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

##### *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.

## **Xchanging UK Limited**

### **Notes to the financial statements for the year ended 31 March 2021 (continued)**

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

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

###### *Intercompany*

Revenue for work performed for fellow Group companies, where services provided, are recognised at cost plus an arm's length mark-up. In relation to royalty, revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalty arrangements that are based on sales and other measures are recognised by reference to the underlying arrangement.

###### **Interest income**

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

###### **Finance costs**

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

###### **Dividend distribution**

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

###### **Operating profit**

Operating profit is arrived at, after crediting foreign exchange gain and expensing depreciation cost, amortisation expense, operating lease expenses, audit fees and other administrative expenses from the gross profit.

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

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

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

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

Deferred 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.

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.

## Xchanging UK Limited

### Notes to the financial statements for the year ended 31 March 2021 (continued)

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

##### Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent year.

Computer software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives, which does not exceed three years.

##### Property, plant and equipment

Property, plant and equipment 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 year in which they are incurred.

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:

Office equipment	25%
Leasehold improvements	Over the period of lease
Computer and related equipment	Three to seven years or useful life

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

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

##### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. Right-of-use assets 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. Right-of-use assets include only land and buildings and thus the depreciation is calculated over the unexpired period of the lease which is between 1-2 years. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

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

##### Financial instruments

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

## Xchanging UK Limited

### Notes to the financial statements for the year ended 31 March 2021 (continued)

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

##### Financial assets

###### *Trade and other receivables*

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using effective interest method, less any appropriate provision for impairment. The Company applies the IFRS 9 simplified approach to measure the expected credit loss which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company 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 year. These are classified as non-current assets.

###### *Impairment of financial assets*

The Company assesses at the end of each reporting year whether there is objective evidence that a financial asset is impaired. The Company applies the IFRS 9 simplified approach to measure the expected credit loss which uses a lifetime expected loss allowance for all financial assets.

###### *Derecognition of a financial asset*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers, nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

##### Cash and cash equivalents

Cash and cash equivalents include cash at bank and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

##### Financial liabilities

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

###### *Derecognition of financial liabilities*

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

###### *Trade and other payables*

These amounts represent liabilities for goods and services provided to the Company for goods and services prior to the end of the 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 year.

##### Provisions

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

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

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

**Xchanging UK Limited****Notes to the financial statements for the year ended 31 March 2021 (continued)****2) Summary of significant accounting policies (continued)****Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the year 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.

**Retirement benefits**

The Company operates a defined contribution pension plan.

**Defined contribution schemes**

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

For defined contribution plans, the Company pays contributions to privately administered pension plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as 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' judgment, 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

There are no areas for which the judgments are made 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.

**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:

**i. Valuation of intangible assets**

The Company reviews the carrying value of intangible assets annually for indicators of impairment. The application of impairment accounting requires the use of significant estimates and assumptions. Where applicable and when there are indicators of impairment, the Company will estimate future cash flows which are discounted to their present value. The Company's estimates are based on assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. These valuations require the use of management assumptions, which would not reflect unanticipated events and circumstances that may occur.

**ii. Provisions**

During the ordinary course of business, the Company can be subject to claims or liabilities of uncertain timing and quantum. A provision is established in respect of such claims when it is probable there will be a transfer of economic benefit and management can make a reliable estimate of the value. Management analyses its exposure based on available information, including external legal consultation where appropriate to assess its liability. The outcome of current pending and future proceedings cannot be predicted with certainty and therefore it is possible the financial position and operations of the Company can be materially affected by positive or negative outcome of litigation.

## Xchanging UK Limited

### Notes to the financial statements for the year ended 31 March 2021 (continued)

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

##### Key sources of estimation uncertainty (continued)

##### iii. Incremental borrowing cost

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.

##### iv. 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.

#### 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:

	2021 £'000	2020 £'000
United Kingdom	14,399	15,048
United States of America	-	9
Other Europe	4	8
Rest of the World	477	925
	<b>14,880</b>	<b>15,990</b>

An analysis of revenue by category is given below:

	2021 £'000	2020 £'000
Royalties	5,965	5,939
Services	8,915	10,051
	<b>14,880</b>	<b>15,990</b>

##### Remaining performance obligations

Remaining performance obligations represent the aggregate amount of the transaction prices in contracts allocated to performance obligations not delivered, or partially undelivered, as at the end of the reporting year. Remaining performance obligation estimates are subject to change which are affected by several factors, including terminations, changes in scope of contracts, periodic revalidations, adjustments for revenue that has not materialised and adjustments for currency. The Company uses the practical expedient of omitting the disclosure of information on the remaining performance obligations because it has no significant transactions with individual expected contractual terms exceeding one year.

##### 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:

	2021 £'000	2020 £'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	-	1,462

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

Revenue recognised in the current year relating to prior period amounts is £nil (2020: £nil).

**Xchanging UK Limited****Notes to the financial statements for the year ended 31 March 2021 (continued)****6) Operating profit**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating profit is stated after expensing/(crediting):</b>		
Foreign exchange loss/(gain)	2,349	(378)
Depreciation:		
- Owned assets (note 11)	431	355
- Right of use asset (note 12)	605	408
Amortisation of intangible assets (note 10)	1,712	3,075
Audit of the financial statements:		
- Company	20	20
- Group companies	223	307
	<u>2,349</u>	<u>(378)</u>

**7) Employees and Directors****Employees**

Employee costs during the year:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Staff cost during the year</b>		
Wages and salaries	86	273
Social security costs	4	8
	<u>90</u>	<u>281</u>
<b>Total staff costs</b>	<u>90</u>	<u>281</u>

The above cost includes contractor cost amounting to £43,074 for the year ended 31 March 2021 (2020: £210,000).

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

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
<b>Average number of persons employed</b>		
Sales and operations staff	1	1
	<u>1</u>	<u>1</u>

**Directors****Total remuneration borne by other entities**

The total amounts paid to the Directors amounts to £1,241,217 which is borne by DXC UK International Limited, EntServ UK Limited, and CSC Computer Science Limited. (2020: £1,356,879 which is borne by DXC UK International Limited, EntServ UK Limited and DXC Technology Singapore Pte Limited). These entities are fellow group undertakings within the DXC Group.

The highest paid Director emolument of £669,998 is paid by DXC UK International Limited (2020: £707,422 paid by DXC Technology Singapore PTE Limited).

**Xchanging UK Limited****Notes to the financial statements for the year ended 31 March 2021 (continued)****8) Finance income and expense****Finance income**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable on loans to fellow Group undertakings (note 13)	7,435	7,628
Bank interest and other interest income	2,255	1,301
	<b>9,690</b>	<b>8,929</b>

**Finance costs**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable on loans from fellow Group undertakings (note 15)	4,962	5,700
Interest payable on bank loans and overdrafts	11	31
Interest on lease liabilities	15	61
	<b>4,988</b>	<b>5,792</b>

**9) Taxation****Current taxation**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax:</b>		
UK corporation tax on profits for the year 19% (2019: 19%)	51	89
Adjustment in respect of prior years	-	(1,079)
Withholding taxes	-	-
<b>Total current tax charge/(credit)</b>	<b>51</b>	<b>(990)</b>

**Deferred tax:**

Adjustment in respect of prior years	(70)	(80)
Origination and reversal of timing differences	51	321
Impact of change in tax rate	-	(115)
<b>Total deferred tax (credit)/charge</b>	<b>(19)</b>	<b>126</b>
<b>Tax charge/(credit) on profit</b>	<b>32</b>	<b>(864)</b>



**Xchanging UK Limited****Notes to the financial statements for the year ended 31 March 2021 (continued)****9) Taxation (continued)****Current taxation (continued)**

The tax expense for the year is lower (2020: lower) than the standard rate of corporation tax in the United Kingdom for the year ended 31 March 2021 of 19% (2020: 19%).

The differences are explained below:

	2021 £'000	2020 £'000
<b>Profit before taxation</b>	<b>4,978</b>	<b>5,282</b>
Profit multiplied by the standard rate of tax in the United Kingdom of 19% (2019: 19 %)	946	1,004
Effects of:		
- Impact of change in tax rate	-	(115)
- Depreciation in excess of capital allowances	63	123
- Transfer pricing adjustments	19	27
- Adjustments to tax charge in respect of prior periods	(70)	(1,159)
- Expenses not deductible for tax purposes	171	16
- Group relief claim	(1,097)	(760)
	<b>32</b>	<b>(864)</b>

The Finance Act 2020 included legislation to maintain the main rate of corporation tax at 19% rather than reducing it to 17% from 1 April 2020. The change to the main rate was substantively enacted at the balance sheet date.

The UK budget on 3 March 2021 included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted until 21 June 2021 after the balance sheet date and hence have not been reflected in the measurement of deferred tax balances. The impact is not considered material.

**Deferred taxation**

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

	At 31 March 2021 £'000	At 31 March 2020 £'000
Deferred tax assets	873	854
<b>Total deferred tax assets</b>	<b>873</b>	<b>854</b>

**Xchanging UK Limited****Notes to the financial statements for the year ended 31 March 2021 (continued)****9) Taxation (continued)****Deferred taxation (continued)**

Movement in the year

	<b>Accelerated capital allowances</b>	<b>Other assets</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>1 April 2019</b>	<b>936</b>	<b>44</b>	<b>980</b>
Charged to the Statement of profit and loss	(82)	(44)	(126)
<b>1 April 2020</b>	<b>854</b>	<b>-</b>	<b>854</b>
Charged to the Statement of profit and loss	14	5	19
<b>31 March 2021</b>	<b>868</b>	<b>5</b>	<b>873</b>

**10) Intangible assets**

	<b>Total £'000</b>
<b>Cost</b>	
<b>At 1 April 2019</b>	<b>19,958</b>
<b>At 1 April 2020</b>	<b>19,958</b>
<b>At 31 March 2021</b>	<b>19,958</b>
<b>Accumulated amortisation</b>	
<b>At 1 April 2019</b>	<b>15,134</b>
Charge for the year	3,075
<b>At 1 April 2020</b>	<b>18,209</b>
Charge for the year	1,712
<b>At 31 March 2021</b>	<b>19,921</b>
<b>Net book value</b>	
<b>At 31 March 2021</b>	<b>37</b>
<b>At 31 March 2020</b>	<b>1,749</b>

**Xchanging UK Limited****Notes to the financial statements for the year ended 31 March 2021 (continued)****11) Property plant and equipment**

	<b>Computer equipment £'000</b>	<b>Leasehold improvements £'000</b>	<b>Office equipment £'000</b>	<b>Capital work in progress £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 April 2019	227	-	124	370	721
Additions	-	286	-	-	286
Transfers	-	370	-	(370)	-
<b>At 1 April 2020</b>	<b>227</b>	<b>656</b>	<b>124</b>	<b>-</b>	<b>1,007</b>
Additions	40	1	-	-	41
Adjustments	-	-	(27)	-	(27)
Transfers	58	-	(58)	-	-
<b>At 31 March 2021</b>	<b>325</b>	<b>657</b>	<b>39</b>	<b>-</b>	<b>1,021</b>
<b>Accumulated depreciation</b>					
At 1 April 2019	227	-	-	-	227
Charge for the year	-	328	27	-	355
<b>At 1 April 2020</b>	<b>227</b>	<b>328</b>	<b>27</b>	<b>-</b>	<b>582</b>
Charge for the year	64	328	39	-	431
Adjustments	-	-	(27)	-	(27)
<b>At 31 March 2021</b>	<b>291</b>	<b>656</b>	<b>39</b>	<b>-</b>	<b>986</b>
<b>Net book value</b>					
At 31 March 2021	34	1	-	-	35
At 31 March 2020	-	328	97	-	425

**12) Right of use assets**

	<b>Land and buildings £'000</b>	<b>Total £'000</b>
<b>Cost</b>		
At 1 April 2019	713	713
Additions	-	-
Disposals	-	-
<b>At 1 April 2020</b>	<b>713</b>	<b>713</b>
Additions	901	901
<b>At 31 March 2021</b>	<b>1,614</b>	<b>1,614</b>
<b>Accumulated depreciation</b>		
At 1 April 2019	-	-
Charge for the year	408	408
Disposals	-	-
<b>At 1 April 2020</b>	<b>408</b>	<b>408</b>
Charge for the year	605	605
<b>At 31 March 2021</b>	<b>1,013</b>	<b>1,013</b>
<b>Net book value</b>		
At 31 March 2021	601	601
At 31 March 2020	305	305

**Xchanging UK Limited****Notes to the financial statements for the year ended 31 March 2021 (continued)****13) Trade and other receivables: disclosed as current assets**

	<b>At 31 March 2021 £'000</b>	<b>At 31 March 2020 £'000</b>
Trade receivables	317	617
Loans owed by Parent Company	34,702	38,025
Loans owed by fellow Group undertakings	173,846	212,907
Amounts owed by fellow Group undertakings	7,791	20,696
Group tax relief receivable	-	10,221
Prepayments	142	504
Accrued income	183	301
Other debtors	2,376	3,079
Other taxes and social security costs	49	47
Corporation tax receivable	-	196
	<b>219,406</b>	<b>286,593</b>

Amounts owed by fellow Group undertakings are interest free, unsecured, and subject to normal DXC intercompany trading terms of payment due after 30 days.

The loan receivable balances from Parent and fellow Group undertakings bears an interest rate ranging from 1.25% to 3.50% (2020: 1.25% to 3.50%) plus Libor and are repayable on demand.

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

	<b>At 31 March 2021 £'000</b>	<b>At 31 March 2020 £'000</b>
Prepayments	4	52
Loan owed by fellow group undertakings	28,212	-
Amounts owed by fellow Group undertakings	24	-
Group tax relief receivable	852	-
	<b>29,092</b>	<b>52</b>

The loan owed by fellow Group undertaking bears an interest rate of 1.9818% (2020: 2.047%) and are repayable on 31 March 2023. Amounts owed by fellow Group undertakings are interest free, unsecured and are intended to be settled after 12 months.

**Xchanging UK Limited****Notes to the financial statements for the year ended 31 March 2021 (continued)****15) Trade and other payables: disclosed as current liabilities**

	At 31 March 2021 £'000	At 31 March 2020 £'000
Bank loans and overdrafts (note 17)	-	3,167
Trade payables	308	54
Loan owed to Parent Company	42,891	28,203
Loan owed to fellow Group undertakings	188,429	30,112
Amounts owed to Parent Company	159,110	170,814
Amounts owed to fellow Group undertakings	2,616	3,505
Group tax relief payable	-	1,184
Accruals	563	1,218
Other creditors	539	497
	<u>394,456</u>	<u>238,754</u>

The loan payable balances with Parent Company and fellow Group Company bears an interest rate ranging from 1% to 3.50% (2020: 1% to 3.50%) plus LIBOR and are repayable on demand. The remaining amounts owed to Parent Company and fellow Group undertakings are interest free, unsecured, and subject to normal DXC intercompany trading terms of payment due after 30 days.

As part of loan restructuring activity performed during the current year, the Company had entered into a loan agreement on 29 March 2021 to formalise loan balance of £1.8m receivable from Xchanging Hold co No 3 at an interest rate of 1.515% p.a. which is unsecured and receivable on 31 March 2022. Pursuant to the loan agreement, this loan balance which was presented under "Loan owed to Group undertakings" during previous year has been reclassified to "Loan owed by fellow Group undertakings" under receivables during current year.

**16) Loan payables: disclosed as non-current liabilities**

	At 31 March 2021 £'000	At 31 March 2020 £'000
Loan payables - owed to Group undertakings	18,795	175,600
	<u>18,795</u>	<u>175,600</u>

Loan payable to Group undertakings comprises of loan amounting to £1,500,000 and £924,609 received from Xchanging Holdings Limited and CSC Computer Sciences UK Holdings Limited respectively. The corresponding interest rate is 3.5% plus LIBOR and 2.913% (2020: 2.913%) repayable on 31 December 2023 and 31 March 2023 and accordingly classified under non-current liability. It also includes interest free loan payable to Xchanging Global Insurance Systems Limited amounting to £16,370,619 and it is intended to be settled after 12 months.

The loan payable of £175,600,000 received from DXC UK holdings Limited at interest of 1.6352% p.a. is repayable on 31 March 2022 and accordingly classified under current liabilities.

**17) Borrowings**

	At 31 March 2021 £'000	At 31 March 2020 £'000
<b>Amount falling due within one year:</b>		
Bank overdrafts (note 15)	-	3,167
	<u>-</u>	<u>3,167</u>

**18) Retirement benefit obligations**

The Company participates in a defined contribution pension scheme run for the employees of Xchanging UK Limited. The pension cost for the year was £nil (2020: £nil). There were no outstanding contributions or prepaid contributions at the date of statement of financial position (2020: £nil).

**Xchanging UK Limited****Notes to the financial statements for the year ended 31 March 2021 (continued)****19) Lease liabilities**

	At 31 March 2021 £'000	At 31 March 2020 £'000
Current	601	1,163
	<u>601</u>	<u>1,163</u>

The total cash outflow for leases during 2021 is £1,476,309.

**Maturity analysis – Undiscounted lease payments**

	2021 £'000
Within 1 Year	603
<b>Total lease liability</b>	<u><u>603</u></u>

**Amount recognised in the statement of profit and loss**

Particulars	2021 £'000	2020 £'000
Interest on lease liabilities	15	61

The Company has leased the facility located at London (30 St Mary Axe, London, United Kingdom) used for operational purpose.

There are no restrictions or covenants imposed by leases.

**20) Share capital**

	At 31 March 2021 £'000	At 31 March 2020 £'000
Authorised, allotted, issued and fully paid: 35,017 (2020: 35,017) ordinary shares at par value of £1 each	<u>35</u>	<u>35</u>

On November 12, 2019, the board approved cancellation and transfer of 9,250,000 ordinary shares at par value of £1 each to other reserves.

**21) Controlling parties**

The ultimate Parent Company is DXC Technology, a Company incorporated in the United States of America. This is the Parent undertaking of both the smallest and the largest Group which includes the Company and for which Group financial statements are prepared. Copies of the Group financial statements of DXC Technology are available from 20412 Bashan Drive, Suite 250, Ashburn, VA 20147, USA, which is the registered office address.

The immediate Parent Company of Xchanging UK Limited is Xchanging B.V, incorporated in Netherlands with the Dutch Chamber of Commerce under registered number 34108659 and domiciled in United Kingdom with the Companies House under registered number FC027376.

**22) Events after the end of the reporting year**

There were no other material or significant events that occurred in the period from 31 March 2021 to the date of reporting that would require adjustment to or disclosure in the financial statements.