

**Company Registration No. 03876114**

**Total Objects Limited**

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

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## **Total Objects Limited**

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## **Total Objects Limited**

### **Officers and Professional Advisers**

#### **Directors**

M Majed - Resigned on 26<sup>th</sup> February 2020  
T Gough - Resigned on 07<sup>th</sup> April 2020  
M Woodfine  
C Halbard - Appointed on 07<sup>th</sup> April 2020  
S Turpie - Appointed on 04<sup>th</sup> March 2020

#### **Registered Office**

Royal Pavilion  
Wellesley Road  
Aldershot  
Hampshire  
United Kingdom  
GU11 1PZ

#### **Independent Auditor**

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

#### **Principal Banker**

Lloyds Bank PLC  
PO Box 72  
Bailey Drive  
Gillingham Business Park  
Gillingham  
Kent  
EC2A 2HA

## **Total Objects Limited**

### **Strategic report for the year ended 31 March 2019**

The directors present their Strategic report on the Company for the year ended 31 March 2019. In preparing the Strategic report, the directors have complied with s414c of the Companies Act 2006.

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

The Company is an indirect subsidiary of DXC Technology Company (DXC), a public listed company incorporated in the United States of America and listed on the New York Stock Exchange.

#### **Business Review**

Total Objects Limited is a trading company, involved in product development and software consultancy services. The business continues to consolidate its position as a supplier of software and services to the insurance industry with a comprehensive range of software solutions, including industry leading cloud solutions. However, following a group restructuring, the directors do not consider the Company will remain as a going concern and intend to liquidate the Company.

During the year ended 31 March 2019, DXC determined it would develop client and partner relationships, strengthening its position in the marketplace and solidifying the Group’s long-term growth strategy of the Group’s subsidiaries.

The previous reported period was for 15 months i.e. 1 January 2017 to 31 March 2018 and therefore results are not comparable with the current year, which is for 12 months i.e. 1 April 2018 to 31 March 2019. The performance for the year is in line with management’s expectations.

The financial statements for the year ended 31 March 2019 are set out on pages 9 to 27. Profit for the current year of £2,529,000 (2018: profit of £2,832,000) increased by £303,000. This is attributable to reduction in administrative expenses on account of reduction in employee headcount from 45 to 34 in the current year. In addition, during the previous year there was a write off of intercompany balance amounting to £1 million partially offset by decrease in revenue relating to annual license fee from certain customers.

Restatement of numbers for 2018 has been effected to rectify the accrual balance amounting to £639,000 relating to administrative expenses due to reversal of excess accrual recognized during previous year. As a result, the comparative figures have been restated to reflect the amended position.

#### **Principal risks and uncertainties**

The directors have considered the risks attached to the Company’s financial instruments which principally comprises of loans to and from group companies. The directors have taken a prudent approach in their consideration of the various risks attached to the financial statements of the Company. The Company’s exposure to price risk, credit risk, liquidity risk and cashflow risk is not material for the assessment of assets, liabilities and the financial statements.

On 23rd 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.

The UK officially left the European Union on January 31, 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 December 31, 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 December 31, 2020. The progress of these negotiations are likely to be a matter of significant speculation and markets are likely to react to any material news emerging from the negotiation process. DXC is monitoring these negotiations closely – both in order to prepare the business for any market reaction and to ensure its preparations for the end of the transition period remain adequate and proportionate. The situation continues to be monitored actively by subject matter experts on a daily basis and the directors shall review whether there has been any impact of changes to the foreign exchange on the financial statements after the future trading environment between the EU and UK becomes clear.

## Total Objects Limited

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

In relation to COVID-19, Management continue to monitor the effects of the outbreak globally and the potential impact on the business. The outbreak increases uncertainty about the future prospects of the company. However, senior leadership in DXC is actively managing the Company's response through a COVID-19 Response Team that meets on a daily basis to deal with all operational issues as and when they arise. 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 2019 which are available to the public and may be obtained from [www.dxc.technology](http://www.dxc.technology).

#### Key performance indicators

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

Approved by the board and signed on its behalf by:

A handwritten signature in black ink, consisting of a series of loops and a horizontal line extending to the right, enclosed within a large, loopy oval shape.

M Woodfine  
Director  
4<sup>th</sup> May 2020

## **Total Objects Limited**

### **Directors' report for the year ended 31 March 2019**

The directors present the annual report on the affairs of the Company, together with the audited financial statements for the year ended 31 March 2019.

#### **Principal activity**

The principal activity of the Company is that of product development and software consultancy services.

#### **Dividends**

No dividend was declared or paid during the year and up to date of approval of this report (2018: £nil).

#### **Future developments**

Following a group restructuring, the directors do not consider the Company will remain as a going concern and intend to liquidate the Company.

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

#### **Political contribution**

The Company made no political donations during the year (2018: £nil).

#### **Going concern**

In relation to COVID-19, Management is continuously monitoring the position and taking all necessary steps to protect its employees, customers and stakeholders. A Going Concern impact assessment has been completed that analysed DXC's current and future cash resources, access to existing and new financing facilities, including revolving facilities, the government support measures that have been announced and the customer base of the Group. As a result, Management has a reasonable expectation of the DXC Group's viability over the period of assessment and another DXC company has purchased the trade and assets of the entity for a value not less than the stated net book values in the financial statements. Accordingly, there are no further adjustments required to the valuation of assets and liabilities as disclosed.

Following a group restructuring, the directors do not consider the Company will remain as a going concern and intend to liquidate the Company. 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 realisable value. No adjustments to the financial statements arose as a result of preparing the financial statements on basis other than going concern.

#### **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 page 2 and form part of this report by cross reference.

#### **Directors**

The following were directors of the Company during the period and up to the date of this report:

|            |  |
|------------|--|
| M Majed    | - Resigned on 26 <sup>th</sup> February 2020 |
| T Gough    | - Resigned on 07 <sup>th</sup> April 2020    |
| M Woodfine |  |
| C Halbard  | - Appointed on 07 <sup>th</sup> April 2020   |
| S Turpie   | - Appointed on 04 <sup>th</sup> March 2020   |

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

#### **Research and development**

The Company continues to invest in research and development in order to extend its product offerings and improve the efficiency of its existing products. During the year the Company incurred costs totaling £98,000 (2018: £982,000).

#### **Employees**

Details of the number of employees and related costs can be found in note 8 to the financial statements.

At DXC Technology 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.

## **Total Objects Limited**

### **Directors' report for the year ended 31 March 2019 (continued)**

#### **Employees (continued)**

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

#### **Auditor**

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

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

Each 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 auditors are 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 auditors are aware of that information.

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

Approved by the Board and signed on its behalf by:



M Woodfine  
Director  
4<sup>th</sup> May 2020

## **Total Objects 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 period. In preparing these financial statements, the directors are required to:

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

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

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



# **Independent auditors' report to the members of Total Objects Limited**

## **For the financial year ended 31 March 2019**

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

#### **Disclaimer of opinion**

We do not express an opinion on the accompanying financial statements of Total Objects Limited (the 'Company') for the year ended 31 March 2019. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were engaged to audit the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 19.

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

#### **Basis for disclaimer of opinion**

In the prior year the audit evidence available to us was limited because we were unable to obtain sufficient and appropriate supporting information for a significant number of transactions and balances in the financial statements; this was due to significant changes in processes and staff following the acquisition of the company by CSC Computer Science Limited on 5 May 2016, including a system change that was implemented in 2017. As a result, we did not express an audit opinion on the financial statements for the year ended 31 March 2018. We were unable to obtain sufficient appropriate audit evidence in the audit of the current year's financial statements regarding the possible consequential effect of this matter on the current year's income statement transactions.

Additionally, for the current year's financial statements, we were unable to obtain sufficient and appropriate supporting information for revenue transactions during the year, the deferred income balance and the valuation of intangible assets at 31 March 2019. The primary reason for this was due to continued lack of continuity in entity staff with knowledge of the underlying transactions.

As a result of these matters, we were unable to express an opinion on the financial statements for the year ended 31 March 2019.

#### **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 responsibility is to conduct our audit in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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 Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements

## **Independent auditors' report to the members of Total Objects Limited For the financial year ended 31 March 2019 (continued)**

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

Because of the significance of the matter described in the basis for disclaimer of opinion section of our audit report, we have been unable to form an opinion, whether 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 has been prepared in accordance with applicable legal requirements.

Notwithstanding our disclaimer of an opinion on the financial statements, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit performed subject to the pervasive limitation described above, 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**

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

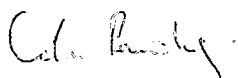
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

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.



**Colin Rawlings CA (Senior statutory auditor)**

**for and on behalf of Deloitte LLP**

Statutory Auditor

London, United Kingdom

4th May 2020

## Total Objects Limited

### Statement of profit and loss for the year ended 31 March 2019

|                                   | Note | For the year<br>1 April 2018 to<br>31 March 2019<br>£'000 | For the period<br>1 January 2017 to<br>31 March 2018<br>(Restated)<br>£'000 |
|-----------------------------------|------|---|---|
| Revenue                           | 5    | 7,839   | 11,101  |
| Cost of sales                     |      | (1,900)   | (2,946)   |
| <b>Gross profit</b>               |      | <b>5,939</b>  | <b>8,155</b>  |
| Administrative expenses           |      | (3,510)   | (5,587)   |
| Exceptional income                | 7    | -   | 188   |
| <b>Operating profit</b>           | 6    | <b>2,429</b>  | <b>2,756</b>  |
| Finance income                    | 9    | 107   | 89  |
| Finance expense                   | 9    | (7)   | (13)  |
| <b>Profit before taxation</b>     |      | <b>2,529</b>  | <b>2,832</b>  |
| Tax charge                        | 10   | -   | -   |
| <b>Profit for the year/period</b> |      | <b>2,529</b>  | <b>2,832</b>  |

There is no profit or loss for the current year or previous period, other than shown above. Accordingly, no Statement of Comprehensive Income has been presented.

The above results are wholly attributable to continuing activities.

The comparative figures are restated as explained in note 3 of the financial statements.

The notes on pages 12 to 27 form part of these financial statements.

## Total Objects Limited

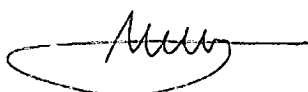
### Statement of financial position as at 31 March 2019

|  |      | At 31 March<br>2019 | At 31 March<br>2018<br>(Restated) |
|--|------|---------------------|-----------------------------------|
|  | Note | £'000               | £'000                             |
| <b>Assets</b>                                |      |                     |                                   |
| <b>Non-current assets</b>                    |      |                     |                                   |
| Intangible assets                            | 11   | 1,575               | 1,739                             |
| Property, Plant & Equipment                  | 12   | 61                  | 79                                |
| <b>Total non-current assets</b>              |      | <b>1,636</b>        | <b>1,818</b>                      |
| <b>Current assets</b>                        |      |                     |                                   |
| Trade and other receivables                  | 13   | 4,636               | 5,027                             |
| Cash and cash equivalents                    |      | 9,198               | 6,096                             |
| <b>Total current assets</b>                  |      | <b>13,834</b>       | <b>11,123</b>                     |
| <b>Total assets</b>                          |      | <b>15,470</b>       | <b>12,941</b>                     |
| <b>Liabilities</b>                           |      |                     |                                   |
| <b>Current liabilities</b>                   |      |                     |                                   |
| Trade and other payables                     | 14   | (3,743)             | (3,416)                           |
| Provisions                                   | 15   | -                   | (327)                             |
| <b>Total current liabilities</b>             |      | <b>(3,743)</b>      | <b>(3,743)</b>                    |
| <b>Net current assets</b>                    |      | <b>10,091</b>       | <b>7,380</b>                      |
| <b>Total assets less current liabilities</b> |      | <b>11,727</b>       | <b>9,198</b>                      |
| <b>Net assets</b>                            |      | <b>11,727</b>       | <b>9,198</b>                      |
| <b>Equity</b>                                |      |                     |                                   |
| Share capital                                | 16   | 80                  | 80                                |
| Share premium                                |      | 1                   | 1                                 |
| Capital redemption reserve                   |      | 4                   | 4                                 |
| Retained earnings                            |      | 11,642              | 9,113                             |
| <b>Total equity</b>                          |      | <b>11,727</b>       | <b>9,198</b>                      |

The notes on pages 12 to 27 form part of these financial statements.

The comparative figures are restated as explained in note 3 of the financial statements.

These financial statements of Total Objects Limited (registered number 03876114) were approved and authorized for issue by the board of director on 4<sup>th</sup> May 2020 and signed on its behalf by:



M Woodfine  
Director

## Total Objects Limited

### Statement of changes in equity for the year ended 31 March 2019

|   | Share<br>capital<br>£'000 | Share<br>Premium<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>£'000 |
|---|---------------------------|---------------------------|---|-------------------------------|----------------|
| Balance as at 1 January 2017                  | 80                        | 1                         | 4   | 6,281                         | 6,366          |
| Profit for the period (restated)              | -                         | -                         | -   | 2,832                         | 2,832          |
| <b>Balance as at 31 March 2018 (restated)</b> | <b>80</b>                 | <b>1</b>                  | <b>4</b>                                  | <b>9,113</b>                  | <b>9,198</b>   |
| Profit for the year                           | -                         | -                         | -   | 2,529                         | 2,529          |
| <b>Balance as at 31 March 2019</b>            | <b>80</b>                 | <b>1</b>                  | <b>4</b>                                  | <b>11,642</b>                 | <b>11,727</b>  |

The notes on pages 12 to 27 form part of these financial statements.

The profit for the period ended March 2018 is restated as explained in note 3 of the financial statements.

## Total Objects Limited

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

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

Total Objects Limited ("the Company") is involved in product development and software consultancy services.

Total Objects Limited is a private company limited by shares, is incorporated in the United Kingdom and registered in England and Wales under Companies' Act 2006. The address of the registered office is Royal Pavilion, Wellesley road, Aldershot, Hampshire, United Kingdom, GU11 1 PZ.

#### 2) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

#### Basis of preparation

The financial statements of Total Objects Limited 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 4.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101. Where relevant, equivalent disclosures have been given in the consolidated financial statements of the ultimate parent company, DXC Technology Company ("DXC") in relation to:

- the disclosure exemptions from IFRS 7 "Financial Instruments: Disclosures";
- the disclosure exemptions from IFRS 13 "Fair Value Measurement" to the extent that they apply to financial instruments;
- the disclosure exemptions from paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the disclosure exemptions from 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 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 IAS 24 "Related Parties" to disclose related party transactions entered into between two or more members of a group, provide 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

In relation to COVID-19, Management is continuously monitoring the position and taking all necessary steps to protect its employees, customers and stakeholders. A Going Concern impact assessment has been completed that analysed DXC's current and future cash resources, access to existing and new financing facilities, including revolving facilities, the government support measures that have been announced and the customer base of the Group. As a result, Management has a reasonable expectation of the DXC Group's viability over the period of assessment and another DXC company has purchased the trade and assets of the entity for a value not less than the stated net book values in the financial statements. Accordingly there are no further adjustments required to the valuation of assets and liabilities as disclosed.

Following a group restructuring, the directors do not consider the Company will remain as a going concern and intend to liquidate the Company. The financial statements have, therefore, been prepared on a basis other than that of going concern, and therefore all assets have been shown at realisable value. No adjustments to the financial statements arose as a result of preparing the financial statements on basis other than going concern.

## Total Objects Limited

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

#### 2) Summary of significant accounting policies (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) which is effective for an annual period that begins on or after 1 January 2018.

IFRS 15 introduced a 5-step approach to revenue recognition. More prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

IFRS 15 uses the terms “contract asset” and “contract liability” to describe what might more commonly be known as “accrued revenue” and “deferred revenue” and included in prior year account categories within “amounts recoverable on contracts” and “deferred contract revenue”. Previously termed “deferred costs” changes to “contract costs”. This includes both costs capitalised to obtain a contract and to fulfil a contract. These are amortised over the contract life and subject to annual impairment testing.

The Company has adopted the terminology used in IFRS 15 to describe such balances in the financial statements from 1 April 2018.

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

The Company has changed the presentation of certain amounts in the balance sheet to reflect the terminology of IFRS 15:

| Account description             | Note | IAS 18<br>carrying amount<br>31 March 2018<br>£'000 | Reclassification<br>£'000 | IFRS 15<br>carrying amount<br>1 April 2018<br>£'000 |
|---------------------------------|------|---|---------------------------|---|
| Contract liabilities-Short Term | 14   | -   | (2,720)                   | (2,720)   |
| Deferred income-Short Term      | 14   | (2,720)   | 2,720                     | -   |

##### IFRS 9 – Financial instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

A key requirement of IFRS 9 which is relevant to the Company is in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39 Financial Instruments: Recognition and Measurement. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Company, the amount of impairment loss would not be significantly different compared to the accumulated amount required under IAS 39.

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.

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

At the date of authorization 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. All are effective for accounting periods beginning on or after 1 January 2019:

- IFRS 16, Leases
- IFRIC 23, Uncertainty over Income Tax Treatments
- Annual Improvements of IFRS Standards 2015-2017 Cycle

## **Total Objects Limited**

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

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

##### **New standards and interpretations not yet applied (continued)**

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

The Company is currently evaluating the impact of these guidance on its financial statements. The paragraph below explains IFRS 16, as significant changes has been made from the previous guidance.

IFRS 16 Leases was issued by the IASB in January 2016 and replaces IAS 17. IFRS 16 requires lessees to recognise a lease liability and a right of use asset for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lease rental expense to be replaced by an Interest expense on the lease liability and depreciation on the right of use asset, to be recognised in the Statement of profit and loss. The Group will adopt this update using a modified retrospective transition approach and utilise certain practical expedients available in the guidance. IFRS 16 is effective for the year ending 31 March 2020, early adoption is permitted. IFRS 16 is not expected to have a significant impact on the financial positions and results of the operations of the Group. The Group continues to assess the impact during financial year 2019/20.

###### **Finance expense**

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.

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

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. All other 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.

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

###### *Intercompany*

Revenue for work performed for fellow Group companies, where services provided, are recognised at cost plus an arm's length mark-up.

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

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

###### **Exceptional items**

Exceptional items are events or transactions that fall outside the ordinary activities of the Company, and which by virtue of their size or incidence, have been separately disclosed in order to improve a reader's understanding of the financial statements. These include one-off events or transactions of exceptional nature.



## **Total Objects Limited**

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

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

##### **Operating profit**

Operating profit is arrived at, after crediting foreign exchange gain, operating lease and debiting depreciation and amortisation expenses and audit fees from the gross profit.

##### **Intangible assets**

###### *Internally developed software*

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

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

###### *Impairment of intangible assets*

The carrying value of the intangible asset is reviewed for impairment at the end of the first full year following acquisition and in other periods if event or changes in circumstances indicate that the carrying value may not be recoverable.

##### **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 Income statement during the year in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost amount to their residual values over their estimated useful lives, as follows:

|  |                                     |
|--|-------------------------------------|
| Furniture, fittings and office equipment | Five to ten years                   |
| Leasehold improvements                   | Shorter of lease term and ten years |
| Computer equipment                       | Three to five years or useful life  |

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

##### **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.

##### **Financial assets**

###### *Trade receivables*

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, less any appropriate Trade 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.

## **Total Objects Limited**

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

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

##### **Financial assets (continued)**

##### **Trade and other receivables (continued)**

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

They are included in current assets, except for payment terms greater than twelve months after the end of the reporting period. These are classified as non-current assets.

##### *Impairment of financial assets*

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

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

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

##### **Cash and cash equivalents**

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

##### **Financial liabilities**

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

##### *Trade and other payables*

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

##### *Finance costs and debt*

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

##### **Provisions**

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

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.

## **Total Objects Limited**

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

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

##### **Leases**

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the liability) are charged to the Statement of profit and loss on a straight-line basis over the period of the lease.

##### **Retirement benefits**

The Company operates a defined contribution pension plan.

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

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the 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 balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

## Total Objects Limited

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

#### 3) Prior year adjustments

The prior year statement of profit and loss and statement of financial position have been restated to remove £639k of accruals booked in 2018 that could not be substantiated. The effect on the prior period statement of profit and loss and statement of financial position are as follows.

#### Statement of profit and loss

|                                   | For the period<br>1 January 2017 to<br>31 March 2018<br>(As previously stated) | Adjustments | For the period<br>1 January 2017 to<br>31 March 2018<br>(Restated) |
|-----------------------------------|--|-------------|--|
|                                   | £'000  | £'000       | £'000  |
| Revenue                           | 11,101   | -           | 11,101   |
| Cost of sales                     | (2,946)  | -           | (2,946)  |
| <b>Gross profit</b>               | <b>8,155</b>   | <b>-</b>    | <b>8,155</b>   |
| Administrative expenses           | (6,226)  | 639         | (5,587)  |
| Exceptional income                | 188  | -           | 188  |
| <b>Operating profit</b>           | <b>2,117</b>   | <b>639</b>  | <b>2,756</b>   |
| Finance income                    | 89   | -           | 89   |
| Finance expense                   | (13)   | -           | (13)   |
| <b>Profit before taxation</b>     | <b>2,193</b>   | <b>639</b>  | <b>2,832</b>   |
| Tax charge                        | -  | -           | -  |
| <b>Profit for the year/period</b> | <b>2,193</b>   | <b>639</b>  | <b>2,832</b>   |

## Total Objects Limited

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

#### 3) Prior year adjustments (continued)

#### Statement of financial position

|  | At 31 March 2018<br>(as previously stated)<br>£'000 | Adjustments<br>£'000 | At 31 March 2018<br>(Restated)<br>£'000 |
|--|---|----------------------|---|
| <b>Assets</b>                                |   |                      |   |
| <b>Non-current assets</b>                    |   |                      |   |
| Intangible assets                            | 1,739   | -                    | 1,739                                   |
| Property, Plant & Equipment                  | 79  | -                    | 79                                      |
| <b>Total non-current assets</b>              | <b>1,818</b>  | <b>-</b>             | <b>1,818</b>                            |
| <b>Current assets</b>                        |   |                      |   |
| Trade and other receivables                  | 5,027   | -                    | 5,027                                   |
| Cash and cash equivalents                    | 6,096   | -                    | 6,096                                   |
| <b>Total current assets</b>                  | <b>11,123</b>                                       | <b>-</b>             | <b>11,123</b>                           |
| <b>Total assets</b>                          | <b>12,941</b>                                       | <b>-</b>             | <b>12,941</b>                           |
| <b>Liabilities</b>                           |   |                      |   |
| <b>Current liabilities</b>                   |   |                      |   |
| Trade and other payables                     | (4,055)   | 639                  | (3,416)                                 |
| Provisions                                   | (327)   | -                    | (327)                                   |
| <b>Total current liabilities</b>             | <b>(4,382)</b>                                      | <b>639</b>           | <b>(3,743)</b>                          |
| <b>Net current assets</b>                    | <b>6,741</b>  | <b>639</b>           | <b>7,380</b>                            |
| <b>Total assets less current liabilities</b> | <b>8,559</b>  | <b>639</b>           | <b>9,198</b>                            |
| <b>Net assets</b>                            | <b>8,559</b>  | <b>639</b>           | <b>9,198</b>                            |
| <b>Equity</b>                                |   |                      |   |
| Share capital                                | 80  | -                    | 80                                      |
| Share premium                                | 1   | -                    | 1                                       |
| Capital redemption reserve                   | 4   | -                    | 4                                       |
| Retained earnings                            | 8,474   | 639                  | 9,113                                   |
| <b>Total equity</b>                          | <b>8,559</b>  | <b>639</b>           | <b>9,198</b>                            |

## Total Objects Limited

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

#### 4) Critical accounting policies and judgements and key resource of estimation uncertainty

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

Below is a summary of areas in which estimation is applied primarily in the context of applying critical accounting policies and judgements. There are no areas involving key source of estimation uncertainty.

#### Critical accounting policies and judgements

##### Revenue recognition

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

##### Percentage-of-completion method

Certain software development projects and all long-term construction-type contracts require the use of estimates at completion in the application of the percentage-of-completion accounting method, whereby the determination of revenues and costs on a contract through its completion can require significant judgment and estimation. Under this method, and subject to the effects of changes in estimates, revenue is recognised using an estimated margin at completion as contract milestones or other input or output-based measures are achieved.

The percentage-of-completion method requires estimates of revenues, costs and profits over the entire term of the contract, including estimates of resources and costs necessary to complete performance. Any change to these estimates would result in a change to the revenues, costs and profits recognised in the Statement of profit and loss account.

#### Key sources of estimation uncertainty

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

#### 5) Revenue

Analysis of revenue by geographical market is given below:

|                                     | For the year<br>1 April 2018 to<br>31 March 2019<br>£'000 | For the period<br>1 January 2017 to<br>31 March 2018<br>£'000 |
|-------------------------------------|---|---|
| United Kingdom                      | 7,839   | 10,689  |
| Rest of the world                   | -   | 412   |
|                                     | <u>7,839</u>  | <u>11,101</u>   |
| Analysis of revenue by<br>category: | 2019  | 2018  |
|                                     | £'000   | £'000   |
| Revenue from services               | <u>7,839</u>  | <u>11,101</u>   |

#### Remaining performance obligations

Remaining performance obligations represent the aggregate amount of the transaction prices in contracts allocated to performance obligations not delivered, or partially undelivered, as of the end of the reporting period. Remaining performance obligation estimates are subject to change are affected by several factors, including terminations, changes in scope of contracts, periodic revalidations, adjustments for revenue that has not materialised and adjustments for currency.

## Total Objects Limited

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

#### 5) Revenue (continued)

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

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

|   | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
| Revenue recognised that was included in the contract liabilities balance at the beginning of the period | 2,698         | *             |

*\*Management have not estimated the figures for prior period due to this being the first year of application of IFRS 15.*

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

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

#### 6) Operating Profit

|  | For the year<br>1 April 2018 to<br>31 March 2019 | For the period<br>1 January 2017 to<br>31 March 2018 |
|--|--|--|
| Operating profit is stated after charging/(crediting): |  |  |
| Depreciation of owned assets                           | 18   | 54   |
| Amortisation of Intangible fixed assets                | 262  | 112  |
| Operating lease charges for land and buildings         | (192)  | 409  |
| Audit fees   | 10   | 20   |
| Foreign exchange gain                                  | (8)  | (55)   |
| Staff cost capitalised                                 | (98)   | (982)  |
| Exceptional income (note 7)                            | -  | (188)  |

The Company incurred a total of £98,385 of research and development costs in the year (2018: £983,007). This is related to products enhancements and research in order to extend its product offerings and improve the efficiency of its existing products. This includes staff costs capitalised in that respect.

#### 7) Exceptional income

|                                       | For the year<br>1 April 2018 to<br>31 March 2019<br>£'000 | For the period<br>1 January 2017 to<br>31 March 2018<br>£'000 |
|---------------------------------------|---|---|
| Write-off of investment in subsidiary | -   | 277   |
| Excess provision written back         | -   | (23)  |
| Other exceptional income              | -   | (442)   |
|                                       | -   | (188)   |

During the previous period investments in Xlpro limited amounting to £277,000 has been written off as the entity was liquidated.

Other exceptional charges for FY18 relates to reversal of restructuring provision.

## Total Objects Limited

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

#### 8) Employees and directors

|                        | For the year<br>1 April 2018 to<br>31 March 2019<br>£'000 | For the period<br>1 January 2017 to<br>31 March 2018<br>£'000 |
|------------------------|---|---|
| Wages and salaries     | 2,161   | 4,432   |
| Staff cost capitalised | (98)  | (982)   |
| Social security costs  | 288   | 461   |
| Other pension costs    | 147   | 266   |
| Staff costs            | <u>2,498</u>  | <u>4,177</u>  |

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

|                                    | For the year<br>1 April 2018 to<br>31 March 2019<br>No. | For the period<br>1 January 2017 to<br>31 March 2018<br>No. |
|------------------------------------|---|---|
| Average number of persons employed |   |   |
| Production staff                   | 34  | 45  |
|                                    | <u>34</u>   | <u>45</u>   |

#### Directors

During the current year director's remuneration was borne by CSC Computer Sciences International Limited, EntServ UK Limited and DXC Technology Singapore PTE. Ltd (a company based in Singapore). The directors do not believe that it is practical to apportion these amounts between the Company and the other entities concerned. Disclosure of the total amounts paid to the directors can be found in the financial statements of CSC Computer Sciences International Limited, EntServ UK Limited and DXC Technology Singapore PTE. Ltd.

#### 9) Finance income/expense

|  | For the year<br>1 April 2018 to<br>31 March 2019<br>£'000 | For the period<br>1 January 2017 to<br>31 March 2018<br>£'000 |
|--|---|---|
| <b>Finance income</b>                                  |   |   |
| Interest receivable on loans to fellow group companies | 64  | 75  |
| Other finance income                                   | 43  | 14  |
|  | <u>107</u>  | <u>89</u>   |
|  |   |   |
|  | For the year<br>1 April 2018 to<br>31 March 2019<br>£'000 | For the period<br>1 January 2017 to<br>31 March 2018<br>£'000 |
| <b>Finance expense</b>                                 |   |   |
| Bank charges   | 7   | 13  |
|  | <u>7</u>  | <u>13</u>   |



## Total Objects Limited

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

#### 10) Taxation

|  | For the year<br>1 April 2018 to<br>31 March 2019 | For the period<br>1 January 2017 to<br>31 March 2018 |
|--|--|--|
| <u>Current tax</u>                             |  |  |
| UK corporation tax on profit for the year      | -  | -  |
| Adjustments in respect of prior years          | -  | -  |
|  | <hr/>  | <hr/>  |
| Total current tax                              | -  | -  |
|  | <hr/>  | <hr/>  |
| <u>Deferred tax</u>                            |  |  |
| Adjustment in respect of prior financial years | -  | -  |
| Origination and reversal of timing differences | -  | -  |
|  | <hr/>  | <hr/>  |
| Total deferred tax                             | -  | -  |
|  | <hr/>  | <hr/>  |
| Total tax on profit                            | -  | -  |
|  | <hr/>  | <hr/>  |

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:

|  | For the year<br>1 April 2018 to<br>31 March 2019 | For the period<br>1 January 2017 to<br>31 March 2018<br>(restated) |
|--|--|--|
|  | £'000  | £'000  |
| Profit before taxation   | 2,529  | 2,832  |
|  | <hr/>  | <hr/>  |
| Profit multiplied by the standard rate of tax in the UK of 19% (2018: 19.2%) | 480  | 544  |
| Effects of:  |  |  |
| - Other short-term timing differences  | 19   | 3  |
| - Transfer pricing adjustments   | 7  | -  |
| - Adjustments to tax charge in respect of prior periods                      | (19)   | 16   |
| - Remeasurement of deferred tax - change in UK tax rate                      | (1)  | (16)   |
| - Expenses not deductible for tax purposes                                   | -  | 195  |
| - Income not subject to tax  | (6)  | -  |
| - Group relief claim   | (498)  | (606)  |
| - Deferred tax not recognized  | 18   | (136)  |
|  | <hr/>  | <hr/>  |
| Tax charge/(credit)  | -  | -  |
|  | <hr/>  | <hr/>  |

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 20% to 19% from 1 April 2018.

A reduction to the UK corporation tax rate from 19% to 18% (effective from 1 April 2020) was substantively enacted on 26 October 2015. A further reduction in the UK corporation tax rate 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 rate of 17% (2018: 17%) has been used to calculate the deferred tax asset/(liability).

## Total Objects Limited

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

#### 11) Intangible assets

|                                 | Capitalised<br>Software<br>£'000 | Software<br>Development in<br>progress<br>£'000 | Total<br>£'000 |
|---------------------------------|----------------------------------|---|----------------|
| <b>Cost</b>                     |                                  |   |                |
| At 1 April 2018                 | 561                              | 1,290   | 1,851          |
| Additions                       | 98                               | -   | 98             |
| Transfers                       | 578                              | (578)   | -              |
| <b>At 31 March 2019</b>         | <b>1,237</b>                     | <b>712</b>                                      | <b>1,949</b>   |
| <b>Accumulated amortisation</b> |                                  |   |                |
| At 1 April 2018                 | (112)                            | -   | (112)          |
| Charge for the year             | (262)                            | -   | (262)          |
| <b>At 31 March 2019</b>         | <b>(374)</b>                     | <b>-</b>  | <b>(374)</b>   |
| <b>Net book value</b>           |                                  |   |                |
| <b>At 31 March 2019</b>         | <b>863</b>                       | <b>712</b>                                      | <b>1,575</b>   |
| At 31 March 2018                | 449                              | 1,290   | 1,739          |

## Total Objects Limited

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

#### 12) Property plant and equipment

|                                 | Computer<br>equipment | Leasehold<br>improvements | Fixtures &<br>fittings & Office<br>equipment | Total      |
|---------------------------------|-----------------------|---------------------------|--|------------|
|                                 | £'000                 | £'000                     | £'000  | £'000      |
| <b>Cost</b>                     |                       |                           |  |            |
| At 1 April 2018                 | 48                    | 122                       | 49   | 219        |
| <b>At 31 March 2019</b>         | <b>48</b>             | <b>122</b>                | <b>49</b>                                    | <b>219</b> |
| <b>Accumulated depreciation</b> |                       |                           |  |            |
| At 1 April 2018                 | 47                    | 46                        | 47   | 140        |
| Charge for the year             | 1                     | 15                        | 2  | 18         |
| <b>At 31 March 2019</b>         | <b>48</b>             | <b>61</b>                 | <b>49</b>                                    | <b>158</b> |
| <b>Net book value</b>           |                       |                           |  |            |
| <b>At 31 March 2019</b>         | <b>-</b>              | <b>61</b>                 | <b>-</b>                                     | <b>61</b>  |
| At 31 March 2018                | 1                     | 76                        | 2  | 79         |

#### 13) Trade and other receivables:

|  | At 31 March 2019<br>£'000 | At 31 March 2018<br>£'000 |
|--|---------------------------|---------------------------|
| Trade receivables                              | 1,502                     | 2,633                     |
| Trade receivables - owed by group undertakings | 1,173                     | 593                       |
| Loan receivables - owed by group undertakings  | 1,500                     | 1,500                     |
| Other debtors                                  | 185                       | 207                       |
| Accrued income                                 | 276                       | 94                        |
|  | <b>4,636</b>              | <b>5,027</b>              |

Loan receivable of £1,500,000 relates to a loan given to Xchanging UK Limited which is unsecured, at Libor plus 3.5% per annum and is repayable on demand. Amounts owed by fellow group undertakings are unsecured subject to normal DXC intercompany trading terms of payment and are interest free. These are repayable on demand.

## Total Objects Limited

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

#### 14) Trade and other payables

|   | At 31 March 2019<br>£'000 | At 31 March 2018<br>£'000<br>(Restated) |
|---|---------------------------|---|
| Trade payables                              | 108                       | -                                       |
| Trade payables - owed to group undertakings | 678                       | 568                                     |
| Other taxes and social security costs       | 73                        | 23                                      |
| Accrued expenses*                           | 157                       | 58                                      |
| Contract liabilities < 1 year               | 2,692                     | 2,720                                   |
| Corporation tax payable                     | -                         | -                                       |
| Other creditors                             | 35                        | 47                                      |
|   | <u>3,743</u>              | <u>3,416</u>                            |

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

\*The balance in accrued expenses of 2018 is restated to £58,000 from £697,000 due to reversal of excess accruals made in the previous year.

#### 15) Provisions

|                  | Restructuring<br>£'000 | Total<br>£'000 |
|------------------|------------------------|----------------|
| At 1 April 2018  | 327                    | 327            |
| Amounts utilised | (327)                  | (327)          |
| At 31 March 2019 | <u>-</u>               | <u>-</u>       |

The restructuring provision is related to the rent, rate and services provision for the lease of the property at Houndsditch.

#### 16) Share capital

|   | At 31 March 2019<br>£'000 | At 31 March 2018<br>£'000 |
|---|---------------------------|---------------------------|
| Authorised, allotted, issued and fully paid:                            |                           |                           |
| 7,973,846 (2018: 7,973,846) ordinary shares of £0.01 (2018: £0.01) each | <u>80</u>                 | <u>80</u>                 |

#### 17) Capital and other commitments

|   | At 31 March 2019<br>£'000 | At 31 March 2018<br>£'000 |
|---|---------------------------|---------------------------|
| Within one year                           | 176                       | 352                       |
| Later than one year but within five years | -                         | 352                       |
|   | <u>176</u>                | <u>704</u>                |

The lease relating to the Property Houndsditch, London is executed with Cutlers Houndsditch unit trust for a tenure of 8 years at an annual rent of £351,900. The property is vacated, and the lease is terminated in the month of September 2019.

## **Total Objects Limited**

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

#### **18) Controlling parties**

The ultimate parent Company and controlling entity is DXC Technology Company, a company incorporated in the United States of America. This is the parent undertaking of both the smallest and the largest group which includes the Company and for which group financial statements are prepared. Copies of the group financial statements of DXC Technology Company are available from 1775 Tysons Blvd, Tysons, VA 22102, USA.

The immediate parent Company of Total Objects Limited is Xchanging Holdings Limited, a Company incorporated in UK and registered in England and Wales.

#### **19) Events after the end of the reporting year**

With effect from 1 April 2020, the directors approved to carry out business transfer of the Company to Xchanging Global Insurance Solutions Limited at book value as at the date of transfer as part of group restructuring. Accordingly there are no further adjustments required to the valuation of assets and liabilities as disclosed.

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

The DXC group's performance in FY20 was consistent with plans announced to the market and there has been no real impact on the results of the business given the timing of the outbreak and its impact on the economy, i.e. mid- to late March 2020. Considering the timing of outbreak of COVID-19, this is considered as non-adjusting event for the year ended 31 March 2019 and no adjustments required.

The macro economic outlook remains uncertain. This potentially could have an adverse impact on the performance and cash flow of the group. The group will continue to monitor and take steps, where necessary, to limit the impact of a possible recession as a result of COVID-19 on the performance, operations and financial position of the group. However, the group is well positioned with strong capital and liquidity resources at its disposal.