Company Registration No. 04220043

XCHANGING PROCUREMENT SERVICES LIMITED

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

Contents

Xchanging Procurement Services Limited

Officers and Professional advisers

Directors

Michael Charles Woodfine	
Steven James Turpie	
Christopher Neal Halbard	Appointed on 7 April 2020
Tina Anne Gough	Resigned on 7 April 2020

Registered Office

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

Principal Banker

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

Independent Auditor

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

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

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).

The financial statements for the year ended 31 March 2021 are set out on pages 10 to 20.

Business review

During the year, the Company's revenue increased from £2,764,000 (2020) to £2,948,000. Net profit for the year ended 31 March 2021 increased from £410,000 (2020) to £1,040,000. Increase in profit is mainly due to higher revenue from certain customers and reduction in intercompany costs. The Company has net liabilities of £8,728,000 (2020: £9,768,000) as at 31 March 2021. Decrease in net liabilities is on account of profit generated during current year. The performance for the year is in line with management's expectations.

With effect from 1 October 2021, 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.

Principal risks, uncertainties and financial risk management

The Directors have considered the principal risks attached to the Company's financial instruments which principally comprise of balances with the 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 uncertainties of the Company are:

- Performance risk:

This is the risk identified that the Company will fail to meet its contractual obligations in connection with revenue generating activity, for example, by reference to the quality of work performed, the level of costs compared to forecast or delivery within an agreed timeframe. The Company is engaged on a wide range of contracts; with the successful delivery of all contracts being controlled and managed through the Company's operating structure. In delivering these contracts, rigorous processes have been established to monitor and manage potential risk exposure. These procedures include frequent reviews with a focus on issues affecting delivery and the impact of costs to completion and forecast revenue.

- Foreign currency risk:

The Company faces exposure to adverse movements in foreign currency exchange rates due to intercompany balances. Foreign exchange gain or loss is arising due to the valuation of Intercompany payables or receivables as at the year end.

- 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 Technology 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 Technology's leadership team independent of the internal Brexit Readiness team. Their feedback, alongside reports from key public and private sector clients, show that DXC Technology 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.

Xchanging Procurement Services Limited

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

Principal risks, uncertainties and financial risk management (continued)

Brexit(continued)

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 Group with key risk areas identified as liquidity, customer's ability to pay and possible operational disruption. As the Company is part of DXC Technology Group this has to be considered at a Group level.

DXC Technology 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 Technology 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 Group'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 Technology's consolidated financial statements for the year ended 31 March 2021, which are available to the public and may be obtained from www.dxc.technology.

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 the subsequent year.

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 UK entities are analysed on a worldwide DXC Technology measurement basis, at a business unit and sector level. For this reason, the Directors of the Company believe that analysis using key performance indicators, other than net profit and net assets, 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:

Christopher Neal Halbard
Director
9 December 2021

Xchanging Procurement Services Limited

Directors' report for the year ended 31 March 2021

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

Principal activity

The principal activity of the company is to provide procurement services under long term outsourcing contracts.

Dividends

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

Future developments

Future developments have been detailed in the Strategic report on page 3 and form part of this report by cross reference.

Political contributions

No political contributions were made during the year (2020: £nil).

Going concern

The Company is profit making but reports net current liabilities as a result of amounts due to Group and bank overdraft. Following a Group restructuring, the Directors do not consider the Company will remain as a going concern and intend to liquidate the Company within 12 months. 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 that of a going concern.

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

Financial risk management onjectives 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 Directors who held office during the year, up to the date of signing the financial statements are listed on page 1 and forms part of this report by cross-reference.

Research and development

During the year, there were no cost incurred towards research and development (2020:£nil).

Employees

Details of the number of employees and related costs can be found in note 6 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 Technology 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 technology 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 Technology Environment, Health & Safety Policy.

Engagement with suppliers

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

Branches outside the UK

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

Events after the end of the reporting year

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

Independent Auditor

Deloitte LLP have been appointed as auditor for the year ended 31 March 2021 and have indicated their 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 of the persons who is a Director at the date of approval of this report confirms that:

1. so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
2. the Directors have taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

Christopher Neal Halbard
Director
9 December 2021

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

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

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgments and accounting estimates that are reasonable and prudent.
- state whether applicable 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 Procurement Services 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 Procurement Services 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 15.

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

Basis for opinion

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

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

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

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

Other information

The 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 Procurement Services Limited for the year ended 31 March 2021 (continued)

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: 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 Procurement Services 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:
Christopher Dolby
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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 Procurement Services Limited

Statement of profit and loss for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Revenue	4	2,948	2,764
Cost of sales		(1,493)	(1,581)
Gross profit		**1,455**	1,183
Administrative expenses		(318)	(673)
Operating profit	5	**1,137**	510
Finance costs	7	(96)	(100)
Profit before taxation		**1,041**	410
Tax expense	8	(1)	-
Profit for the year		**1,040**	410

The above results are wholly attributable to discontinued activities.

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

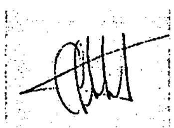
The notes on pages 13 to 20 forms part of these financial statements.

Statement of financial position as at 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
Assets			
Current assets			
Trade and other receivables	9	546	1,866
Cash at bank and in hand		1,011	1,168
Total current assets		**1,557**	**3,034**
Total assets		**1,557**	**3,034**
Liabilities			
Current liabilities			
Trade and other payables	10	(355)	(8,110)
Bank overdrafts		(9,930)	(4,692)
Total current liabilities		**(10,285)**	**(12,802)**
Net current liabilities		**(8,728)**	**(9,768)**
Net liabilities		**(8,728)**	**(9,768)**
Equity			
Share capital	12	-	-
Retained loss		(8,728)	(9,768)
Total equity		**(8,728)**	**(9,768)**

The notes on pages 13 to 20 forms part of these financial statements.

These financial statements of Xchanging Procurement Services Limited (registered number 04220043) were authorised and approved for issue by the board of Directors on 9 December 2021 and signed on its behalf by:



Christopher Neal Halbard
Director

Xchanging Procurement Services Limited

Statement of changes in equity for the year ended 31 March 2021

	Share capital £'000	Retained loss £'000	Total £'000
Balance as at 1 April 2019	-	**(10,169)**	**(10,169)**
Profit for the year and other comprehensive income	-	410	410
Notional equity on intercompany receivable written off*	-	(9)	(9)
Total comprehensive income for the year	-	**401**	**401**
Balance as at 31 March 2020	-	**(9,768)**	**(9,768)**
Profit for the year and other comprehensive income	-	1,040	1,040
Total comprehensive income for the year	-	**1,040**	**1,040**
Balance as at 31 March 2021	-	**(8,728)**	**(8,728)**

The notes on pages 13 to 20 forms part of these financial statements.

* The net amount due from certain fellow Group undertakings have been written off on account of Group restructuring and this is treated as notional equity reduction.

1) Basis of financial statements

Xchanging Procurement Services Limited ("the Company") provides procurement services for indirect spend categories under long term contracts. The Company provides its services in the United Kingdom.

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 address of the registered office is Royal Pavilion, Wellesley Road, Aldershot, Hampshire, United Kingdom, GU 11 1PZ.

2) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated. 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 Xchanging Procurement Services 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 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 DXC Technology Company in relation to:

- the disclosure exemptions from IFRS 7 "Financial Instruments: Disclosures";
- the disclosure exemptions from IFRS 13 "Fair Value Measurement" to the extent that they apply to financial instruments;
- the disclosure 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 134 to 136 of IAS 1 "Presentation of Financial Statements";
- the requirements of IAS 7 "Statement of Cash Flows";
- the requirements 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".

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Financial Reporting Council ('FRC') that are mandatory for the current reporting 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 IAS8- 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.

2) Summary of significant accounting policies (continued)

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 Group, 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;
- 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 Group in future years except as noted below:

IAS 37- Onerous Contracts - Cost of fulfilling a Contract. This applies to the contracts for which the Group 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.

Going concern

The Company is profit making and reports net current liabilities as a result of amounts due to Group and bank overdraft. Following a Group restructuring, the Directors do not consider the Company will remain as a going concern and intend to liquidate the Company within 12 months. 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 that of a going concern.

Operating profit

Operating profit is arrived at after crediting revenue and other income and expensing cost of sales, administration expenses.

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 account, except when deferred in other comprehensive income as qualifying cash flow hedges. The foreign exchange gains and losses are presented in the statement of profit and loss account 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.

Intercompany

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

2) Summary of significant accounting policies (continued)

Revenue recognition (continued)

Services

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

Revenue from application management services, technology infrastructure and system maintenance, and web hosting contracts is recognised on a straight-line basis over the term of the contract.

Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred. Revenue related to extended warranty and product maintenance contracts is deferred and recognised on a straight-line basis over the delivery period.

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

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

Finance costs

Finance costs of debt, including interest are charged to the Statement of profit and loss in the year in which they fall due.

Current taxation

Tax is recognised in the Statement of profit and loss account, 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 expense 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.

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 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.

2) Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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 collaterised borrowing for the proceeds received.

Cash and cash equivalents

Cash and cash equivalents includes cash in bank and bank overdrafts. In the Statement of financial position, bank overdrafts are shown separately under 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 year.

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.

Contract liabilities

Contract liabilities represent the Company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Company has transferred the goods or services to the customer.

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.

Retirement benefits

Retirement benefits to employees of the Company are funded by contributions from the Company and employees. The Company participates in a defined contribution scheme.

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 financial years.

For defined contribution plans, the Company pays contributions to 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.

3) Critical accounting judgments and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting year. The estimates and associated judgements are based on historical experience and other factors that are considered to be relevant. Actual outcomes may differ from these judgements, estimates and assumptions. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Critical accounting policies and judgements

Critical judgement, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements is given below:

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 judgements, including contracts subject to percentage-of-completion accounting and contracts subject to software accounting guidance. These judgements are made on a contract by contract basis and a different assessment would result in a change to the amount of revenue recognised.

Key sources of estimation uncertainty

Having performed an assessment, the Directors have concluded that there is no critical accounting judgement and no areas for which 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, in relation to these financial statements.

4) Revenue

An analysis of revenue by geographical market is given below:

	2021 £'000	2020 £'000
United Kingdom	2,948	2,764
	2,948	2,764

Analysis of revenue by category:

	2021 £'000	2020 £'000
Services	2,948	2,764
	2,948	2,764

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 year. 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.

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.

4) Revenue (continued)

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current 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	123	136

5) Operating profit

	2021 £'000	2020 £'000
Operating profit is stated after expensing/(crediting):		
Foreign exchange loss/(gains)	13	(46)
Depreciation on Right to use assets	-	23

The auditor's remuneration is borne by a fellow Group undertaking within the DXC Technology. The allocated fee payable to the Company's auditor for the audit of the Company's financial statements is £30,000 (2020: £30,000).

6) Employees and Directors

Employees

Employee costs during the year:

	2021 £'000	2020 £'000
Staff costs during the year		
Wages and salaries	936	817
Social security costs	86	77
Other pension costs	84	77
Total staff costs	**1,106**	971

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

	No.	No.
Average number of persons employed		
Managerial and professional	18	17
Sales and operations staff	14	13
	32	30

Directors

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

7) Finance costs

	2021 £'000	2020 £'000
Interest payable on bank overdrafts	96	99
Interest expense on lease liabilities	-	1
	96	100

8) Taxation

Current taxation

	2021 £'000	2020 £'000
Current tax		
UK corporation tax on profits for the year 19% (2020:19%)	1	-
Total current tax charge	1	-
Deferred tax		
Adjustment in respect of prior years	-	-
Total deferred tax charge	-	-
Total	**1**	**-**

The tax expense for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for the year ended 31 March 2021 of 19% (2020:19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit before tax	**1,040**	410
Profit multiplied by the standard rate of tax in UK of 19% (2020:19%)	198	78
Effects of:		
- Expenses not deductible for tax purposes	-	2
- Transfer pricing adjustment	-	(5)
- Group relief claim	(140)	(7)
- Deferred tax not recognised	(57)	(68)
Total	**1**	**-**

The tax rate for the current year is the same as the prior year.

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

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

9) Trade and other receivables

	At 31 March 2021 £'000	At 31 March 2020 £'000
Trade receivables	385	457
Amount owed by fellow Group undertaking	93	1,202
Prepayments	68	116
Accrued income	-	91
	546	**1,866**

The amounts owed by fellow Group undertakings are unsecured, interest free and are repayable on demand.

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

10) Trade and other payables

	At 31 March 2021 £'000	At 31 March 2020 £'000
Trade payables	1	26
Amounts owed to fellow Group undertakings	45	1,451
Taxation and social security	91	36
Other creditors	-	7
Accruals	65	51
Contract liability	134	123
Provisions#	19	13
Group relief payable	-	6,403
	355	8,110

The amounts owed to fellow Group undertakings are unsecured, interest free and repayable on demand.

Provision pertains to employee compensated absence.

11) Retirement benefit obligations

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

Pension costs charged against the result for the year were £83,618 (2020: £76,958). Outstanding contributions at the balance sheet date were £nil (2020: £6,665).

12) Share capital

	At 31 March 2021 £	At 31 March 2020 £
Authorised, allotted, issued, and fully paid:		
1 share (2020:1) of £1 each	1	1

13) 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 Procurement Services Limited is DXC UK International Operations Limited, a company incorporated in United Kingdom, and registered at same address as the Company.

14) Contingent Liabilities

The Company had entered into an employee transfer agreement with BAE Systems PLC on 25 October 2001. Three employees that were part of this agreement were seconded but they have subsequently left the service.

On 9 June 2020, BAE Systems Pension Funds Trustees Limited has approached DXC Technology for an employer debt due under Section 75 of the Pensions Act 1995.

DXC Technology is currently evaluating as to whether it is protected from paying these employer debts both under the indemnity clauses within the employee transfer agreement and, in respect of orphan liabilities, within the Rules of the pension plans.

15) Events after the end of the reporting year

With effect from 1 October 2021, 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.

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.