

Company Registration No. 04917291

**Spikes Cavell Analytic Limited**

**Report and financial statements**

**For the financial period from 1 January 2016 to 31 March 2017**



## **Spikes Cavell Analytic Limited**

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## **Spikes Cavell Analytic Limited**

### **Officers and Professional Advisers**

#### **Directors**

A M Bolden  
T A Gough - appointed 9 June 2017  
L J Spikes  
N A Wilson - appointed 9 June 2017  
M C Woodfine - appointed 23 May 2016  
T L Croom – resigned 23 May 2016

#### **Registered Office**

The Walbrook Building  
25 Walbrook  
London  
EC4N 8AQ  
United Kingdom

#### **Principal Banker**

HSBC  
6 Northbrook street  
Newbury  
Berkshire  
RG14 1 DJ

#### **Independent Auditor**

Deloitte LLP  
Statutory Auditor  
2 New Street Square, London  
EC4A 3BZ  
United Kingdom

## Spikes Cavell Analytic Limited

### Strategic report

The directors present their Strategic report on the Company for the financial period ended 31 March 2017. In preparing the Strategic report, the directors have complied with s414c of the Companies Act 2006.

Spikes Cavell Analytic Limited ("the Company") is a private company, limited by shares and registered in England and Wales. The Company's registered and principal address is The Walbrook Building, 25 Walbrook, London, EC4N 8AQ, United Kingdom.

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.

The Financial Statements for the financial period 1 Jun 2016 to 31 Mar 2017 are set out on pages 9 to 22.

### Business review

Spikes Cavell Analytic Limited is a trading company.

On 5 May 2016, Xchanging group was acquired by DXC Technology Company (DXC) and the ultimate parent company of Spikes Cavell Analytic Limited is DXC, a company incorporated in the United States of America and as a consequence the company has changed its year end to 31 March and reports a fifteen-month accounting period.

During the period the Company had a loss for the financial period of £1,305,000 (FY2015: £1,225,000). The Company has net liabilities of £1,539,000 (2015: £234,000) and net current liabilities of £1,736,000 (2015: £255,000). The performance for the year is in line with management's expectations.

### Key performance indicators

The Company is managed by the UK management team along with other UK DXC entities. The performance and results for all UK 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.

Further details on other business risks and uncertainties can be found in section 1A of the DXC's consolidated financial statements for the financial period ended 31 March 2017 which are available to the public and may be obtained from the Company's website [www.dxc.technology](http://www.dxc.technology).

Approved by the board and signed on its behalf by:



T A Gough  
Director

29 May 2018

## **Spikes Cavell Analytic Limited**

### **Directors' report**

The directors present the report on the affairs of the Company, together with the audited financial statements and auditor's report for the period 1 January 2016 to 31 March 2017.

#### **Principal activity**

Spikes Cavell Analytic Limited is a trading company, involved in data processing, hosting and related activities.

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

Following the acquisition of Xchanging Plc by Computer Science Corporation (CSC), the year end for all Xchanging entities changed from December 2016 to March 2017, so an extended financial period from January 2016 to March 2017 has been presented.

On 1 April 2017 Computer Sciences Corporation merged with the Enterprise Services segment of Hewlett Packard Enterprise (HPE) and formed a new company DXC Technology company.

#### **Future Developments**

The company will continue to trade in its principal activities.

#### **Dividends**

No dividend was declared or paid during the financial period (2015: £nil).

#### **Political contribution**

The Company made no political donations during the financial period (2015: £nil).

#### **Going concern**

The Company is loss making and reports net liabilities as a result of amounts due to other group companies. Assurance has been obtained from the parent company that it will continue to provide financial support to enable the Company to meet its financial obligations for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 2, forming part of notes to financial statements.

#### **Directors**

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

A M Bolden

T A Gough - appointed 9 June 2017

L J Spikes

N A Wilson - appointed 9 June 2017

M C Woodfine - appointed 23 May 2016

T L Croom – resigned 23 May 2016

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 did not incur any research and development expense during the financial period (2015: £nil).

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

The company has no branches outside UK as defined in section 1046(3) of Companies act 2006.

#### **Financial risk management**

Performance and finance risk management is an integral part of the Company's management processes. Policies designed to identify, manage and limit both existing and possible risks are applied at various management levels. The principal 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.

## Spikes Cavell Analytic Limited

### Directors' report (continued)

- Credit risk

The Company generally has no significant concentrations of client credit risk; although the scale of some of the Company's projects mean that credit exposure to individual clients can at times be significant. It has a wide spread of clients across countries and across the public and private sectors, although a majority of the group's operations are undertaken in the UK on behalf of UK based organisations. Policies are in place to ensure that contracts are only undertaken with clients having an appropriate financial standing and on a basis, that gives rise to a commercially appropriate cash flow profile.

- Liquidity risk

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

On 23<sup>rd</sup> 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 as 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.

Further details on other business risks and uncertainties can be found in Section 1A of the DXC's consolidated financial statements for the period ended 31 March 2017, which are available to the public and may be obtained from [www.dxc.technology.com](http://www.dxc.technology.com).

### Employees

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

The Company's Equal Opportunities Policy ensures that decisions concerning all aspects of employment, recruitment, reward mechanisms, career progression and training are made exclusively on the basis of merit and the requirements of the role, and that no person is treated less favorably because of age, sex, sexual orientation, marital status, race, nationality, ethnic origin, disability, religious beliefs, or membership or non-membership of a trade union. CSC has an Equal Opportunities Policy and a Diversity Policy.

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. A pro-active Safety Management Programme is in place, supported by all levels of management, safety officers, safety champions and the Group H&S Team. All of the activities have been assessed to identify significant hazards, which are then controlled and managed. The Safety Programme has been externally verified and approved by Lloyd's Register Quality Assurance to the OHSAS 18001 specification.

The Company's investment in employees is fundamental to a successful workplace and feedback is encouraged. The UK Employee Forum (UKEF) is the Company's chosen forum for informing and consulting with the UK workforce as a whole. This Forum enables the Company to properly inform and involve employees in decision making and problem solving increasing collaboration, creativity and innovation through dialogue and exchange of views.

### Auditor

The erstwhile auditors PricewaterhouseCoopers have resigned during the financial year 2017 and hence Deloitte LLP has been appointed as an auditor for the period 1 Jan 2016 to 31 March 2017 under the provisions of section 489 of the Companies Act 2006.

## Spikes Cavell Analytic Limited

### Directors' report (continued)

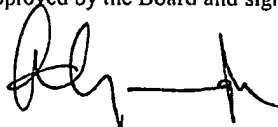
#### Disclosure of information to auditor

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 are 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:



T A Gough  
Director

29 May 2018

## **Spikes Cavell Analytic 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 period. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Generally Accepted Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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.



## **Independent auditors' report to the members of Spikes Cavell Analytic Limited For the period from 1 January 2016 to 31 March 2017**

We have audited the financial statements of Spikes Cavell Analytic Limited for the period from 1 January 2016 to 31 March 2017 which comprise the Income statement, Statement of financial position, the Statement of changes in equity and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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.

### **Respective responsibilities of directors and auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

### **Basis for qualified opinion of Financial Statement**

Following the acquisition of the company by CSC, the audit evidence available to us with respect to income statement transactions for the current period was limited because sufficient accounting records and documentation relating to the period prior to the change in ownership were not available due to changes to processes and staff following the acquisition. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence concerning the income statement transactions.

### **Opinion on financial statements**

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion on financial statements paragraph, the financial statements:

- give a true and fair view of the state of the Company affairs as at 31 March 2017 and of the loss for the financial period from 1 January 2016 to 31 March 2017;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter 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 period 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 and the Directors' Report.

**Independent auditors' report to the members of Spikes Cavell Analytic Limited (continued)**  
**For the period from 1 January 2016 to 31 March 2017**

**Matters on which we are required to report by exception**

In respect solely of the limitation on our work relating to income statement transactions, described 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 had been kept.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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."



**Sonya Butters FCA (Senior Statutory Auditor)**

**for and on behalf of Deloitte LLP**

Statutory Auditor

London, United Kingdom

29 May 2018

# Spikes Cavell Analytic Limited

## Income statement

For the financial period 1 January 2016 to 31 March 2017

|  | Notes | Financial period<br>1 January 2016<br>to 31 March<br>2017<br>£'000 | Financial year<br>1 January 2015<br>to 31 December<br>2015<br>£'000 |
|--|-------|--|---|
| Revenue                                    | 5     | 2,000  | 1,628   |
| Cost of Sales                              |       | (2,307)  | (1,335)   |
| <b>Gross (loss)/profit</b>                 |       | <b>(307)</b>   | <b>293</b>  |
| Administrative expenses                    |       | (645)  | (754)   |
| Exceptional costs                          | 6     | -  | (1,052)   |
| <b>Operating loss</b>                      | 7     | <b>(952)</b>   | <b>(1,513)</b>  |
| Finance expense                            | 9     | (47)   | (23)  |
| <b>Loss before taxation</b>                |       | <b>(999)</b>   | <b>(1,536)</b>  |
| Tax (expense)/credit for the period/year   | 10    | (306)  | 311   |
| <b>Loss for the financial period/ year</b> |       | <b>(1,305)</b>   | <b>(1,225)</b>  |

The above results are wholly attributable to continuing activities.

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

The notes on pages 12 to 22 form part of these financial statements.

**Spikes Cavell Analytic Limited**

**Statement of financial position  
As at 31 March 2017**

|  | Notes | At 31 March<br>2017<br>£'000 | At 31 December<br>2015<br>£'000 |
|--|-------|------------------------------|---------------------------------|
| <b>Assets</b>                                |       |                              |                                 |
| <b>Non-current assets</b>                    |       |                              |                                 |
| Intangible assets                            | 11    | 191                          | 15                              |
| Property, Plant & Equipment                  | 12    | 6                            | 28                              |
| <b>Total non-current assets</b>              |       | <u>197</u>                   | <u>43</u>                       |
| <b>Current assets</b>                        |       |                              |                                 |
| Trade and other receivables                  | 13    | 142                          | 485                             |
| Deferred tax                                 |       | 5                            | -                               |
| Cash and cash equivalents                    |       | 24                           | 47                              |
| <b>Total current assets</b>                  |       | <u>171</u>                   | <u>532</u>                      |
| <b>Total assets</b>                          |       | <u><u>368</u></u>            | <u><u>575</u></u>               |
| <b>Liabilities</b>                           |       |                              |                                 |
| <b>Current liabilities</b>                   |       |                              |                                 |
| Trade and other payables                     | 14    | (1,907)                      | (787)                           |
| <b>Total Current liabilities</b>             |       | <u>(1,907)</u>               | <u>(787)</u>                    |
| <b>Net Current liabilities</b>               |       | <u>(1,736)</u>               | <u>(255)</u>                    |
| <b>Non-current liabilities</b>               |       |                              |                                 |
| Trade and other payables                     | 15    | -                            | (22)                            |
| <b>Total liabilities</b>                     |       | <u>(1,907)</u>               | <u>(809)</u>                    |
| <b>Total assets less current liabilities</b> |       | <u>(1,539)</u>               | <u>(234)</u>                    |
| <b>Net liabilities</b>                       |       | <u><u>(1,539)</u></u>        | <u><u>(234)</u></u>             |
| <b>Equity</b>                                |       |                              |                                 |
| Share capital                                | 16    | 434                          | 434                             |
| Share premium                                |       | 3,814                        | 3,814                           |
| Deficit                                      |       | (5,787)                      | (4,482)                         |
| <b>Total equity</b>                          |       | <u>(1,539)</u>               | <u>(234)</u>                    |

The notes on pages 12 to 22 form part of these financial statements.

These financial statements of Spikes Cavell Analytic Limited (registered number 04917291) were approved and authorised for issue by the board of directors on 27 May 2018 and signed on its behalf by:



T A Gough  
Director

# Spikes Cavell Analytic Limited

## Statement of changes in equity

For the financial period 01 January 2016 to 31 March 2017

|   | Share capital | Share Premium | Deficit | Total   |
|---|---------------|---------------|---------|---------|
|   | £'000         | £'000         | £'000   | £'000   |
| Balance as at 1 January 2015                      | 231           | 3,776         | (3,257) | 750     |
| Loss for the financial year                       | -             | -             | (1,225) | (1,225) |
| Other comprehensive income for the financial year | -             | -             | -       | -       |
| Total comprehensive income for the year           | -             | -             | (1,225) | (1,225) |
| Shares issued                                     | 203           | 38            | -       | 241     |
| Balance as at 31 December 2015                    | 434           | 3,814         | (4,482) | (234)   |
| Loss for the financial period                     | -             | -             | (1,305) | (1,305) |
| Other comprehensive income for the financial year | -             | -             | -       | -       |
| Total comprehensive income for the period         | -             | -             | (1,305) | (1,305) |
| Balance as at 31 March 2017                       | 434           | 3,814         | (5,787) | (1,539) |

The notes on pages 12 to 22 form part of these financial statements.

## **Spikes Cavell Analytic Limited**

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

**For the financial period 01 January 2016 to 31 March 2017**

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

Spikes Cavell Analytic Limited is a trading company.

The Spikes Cavell Analytic Limited is a private company and is incorporated and domiciled in the United Kingdom. The address of the registered office is The Walbrook Building, 25 Walbrook, London, EC4N 8AQ.

#### **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 periods presented, unless otherwise stated.

##### **Basis of preparation**

The financial statements of Spikes Cavell Analytic 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 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 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".

##### **Going concern**

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

The company meets its day-to-day working capital requirements through a combination of intercompany loans from its parent and other group companies as well as uncommitted money market facilities which are due for renewal at various different times in the future.

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

##### **Functional currency**

The functional and presentation currency is in GBP.

## **Spikes Cavell Analytic Limited**

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

**For the financial period 01 January 2016 to 31 March 2017**

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

##### **Finance expense**

Finance costs of debt, including interest, premiums payable on settlement and direct issue costs are charged to the Income statement in the financial period 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 Income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the Income statement within 'Other operating income'.

##### **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.

The Company recognises revenue only if it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. The Company recognises revenue when it has persuasive evidence of an arrangement, delivery has occurred, the sales price is fixed or determinable and the collectability is reasonably assured. Delivery does not occur until products have been shipped or services have been provided to the client, risk of loss has transferred to the client and the client acceptance has been obtained, client acceptance provisions have lapsed or the Company has objective evidence that the criteria specified in the client acceptance provisions have been satisfied. No revenue is recognised if there are significant uncertainties regarding recovery of consideration due, associated costs or the Company's continuing involvement with goods.

##### **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 impairment losses and other one-off events or transactions.

##### **Intangible assets**

###### **Internally development 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 five years).

##### **Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation and any provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed to the Income statement during the financial period 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 | 25%          |
| Leasehold improvements                   | Over 5 years |
| Computer and related equipment           | 33%          |

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

## **Spikes Cavell Analytic Limited**

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

**For the financial period 01 January 2016 to 31 March 2017**

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

##### **Financial assets:**

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

Trade and other receivables are initially recognised at fair value and subsequently measured at amortized cost, less any appropriate provision for estimated irrecoverable amounts. A provision is made for irrecoverable amounts where there is objective evidence that amounts due will not be collected.

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.

Amounts recoverable on contracts, which are included in current assets are stated at anticipated net sales value of work performed, less amounts received as progress payments on account and after provision for anticipated future contract losses.

###### **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 and equity**

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

###### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity, after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

###### *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 Income statement 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 period and reduced by repayments made in the financial period.

##### **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 periods.

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

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

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

The current income tax 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.

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



## **Spikes Cavell Analytic Limited**

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

**For the financial period 01 January 2016 to 31 March 2017**

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

##### **Current and deferred taxation (continued)**

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### **Adoption of new and revised Standards**

New and amended accounting standards that are mandatorily effective for periods beginning on or after 1 January 2016 did not have a material effect on the financial statements for the current financial period as well as previous year.

#### **3) Critical accounting estimates and judgements**

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

##### **Valuation of intangible assets**

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

##### **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.

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

Certain contracts provide a range of services or elements to our customers, which may include a combination of services, products or both. As a result, significant judgment may be required to determine the appropriate accounting, including whether the elements specified in a multiple-element arrangement should be treated as separate units of accounting for revenue recognition purposes, and, when considered appropriate, how the total estimated revenue should be allocated among the elements and the timing of revenue recognition for each element. Allocation of total contract consideration to each element requires estimating the fair value or selling price of each element on a reasonable basis. Once the total estimated revenue has been allocated to the various contract elements, revenue for each element is recognised based on the relevant revenue recognition method for the services performed or elements delivered if the revenue recognition criteria have been met. Estimates of total revenue at contract inception often differ materially from actual revenue due to volume differences, changes in technology or other factors which may not be foreseen at inception. These estimates and judgements are made on a contract by contract basis and a different assessment would result in a change to the amount of revenue recognised.

## Spikes Cavell Analytic Limited

### 3) Critical accounting estimates and judgements (continued)

#### Taxation

The Company is subject to tax in a number of jurisdictions and judgement is required in determining the provision for income taxes. The Company provides for future liabilities in respect of uncertain tax positions where additional tax may become payable in future financial periods and such provisions are based on management's assessment of exposures.

Deferred tax liabilities are generally provided for in full and deferred tax assets are recognised to the extent that it is judged probable that future taxable profit will arise against which the temporary differences will be utilised.

#### 4) Financial instruments

The Company has no financial assets measured at fair value through the income statement.

#### 5) Revenue

Analysis of revenue by geographical market is given below:

|                   | Financial period<br>1 January 2016<br>to 31 March<br>2017<br>£'000 | Financial year<br>1 January 2015<br>to 31 December<br>2015<br>£'000 |
|-------------------|--|---|
| United Kingdom    | 1,088  | 962   |
| Other Europe      | 33   | -   |
| Rest of the world | 879  | 666   |
|                   | <u>2,000</u>   | <u>1,628</u>  |

#### Analysis of revenue by category

|          | 2017<br>£'000 | 2015<br>£'000 |
|----------|---------------|---------------|
| Services | <u>2,000</u>  | <u>1,628</u>  |

#### 6) Exceptional Costs

|                                 | Financial period<br>1 January 2016<br>to 31 March<br>2017<br>£'000 | Financial year<br>1 January 2015<br>to 31 December<br>2015<br>£'000 |
|---------------------------------|--|---|
| Impairment of intangible assets | -  | 595   |
| Management bonus                | -  | 428   |
| Restructuring costs             | -  | 29  |
|                                 | <u>-</u>   | <u>1,052</u>  |

On 25 February 2015, Spikes Cavell Analytic Limited held software assets with a net book value of £595,000 on its balance sheet. This amount was written off and recorded as an exceptional impairment expense during the year ended 31 December 2015.

Immediately prior to the acquisition, a management bonus of £428,000 was paid to the senior management of Spikes Cavell Analytic Limited. As part of the acquisition arrangements, £29,000 of termination benefits were paid to a former employee of Spikes Cavell Analytic Limited. Both these amounts have been recorded as an exceptional expense during the year ended 31 December 2015.

# Spikes Cavell Analytic Limited

## Notes to the financial statements (continued)

For the financial period 01 January 2016 to 31 March 2017

### 7) Operating loss

Operating loss is stated after (crediting) / expensing:

|                                   | Financial period<br>1 January 2016<br>to 31 March<br>2017<br>£'000 | Financial year<br>1 January 2015<br>to 31 December<br>2015<br>£'000 |
|-----------------------------------|--|---|
| Depreciation:                     |  |   |
| Owned assets                      | 22   | 21  |
| Amortisation of intangible assets | 78   | 47  |
| Auditors remuneration             | 17   | 6   |
| Foreign exchange (gain)/loss      | (31)   | -   |
| Exceptional costs (note 6)        | -  | 1,052   |

### 8) Employees and directors

| Employees                  | Financial period<br>1 January 2016<br>to 31 March<br>2017<br>£'000 | Financial year<br>1 January 2015<br>to 31 December<br>2015<br>£'000 |
|----------------------------|--|---|
| Wages and salaries         | 1,112  | 314   |
| Social security costs      | 105  | 111   |
| Other pension costs        | 19   | 6   |
|                            | 1,236  | 431   |
| Exceptional costs (note 6) | -  | 457   |
| Staff costs                | 1,236  | 888   |

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

|                  | Financial period<br>1 January 2016<br>to 31 March<br>2017<br>No. | Financial year<br>1 January 2015<br>to 31 December<br>2015<br>No. |
|------------------|--|---|
| Production staff | 32   | 27  |
| Management staff | 2  | 3   |
|                  | 34   | 30  |

### Directors

The directors' emoluments were as follows:

|  | Financial period<br>1 January 2016<br>to 31 March<br>2017<br>£'000 | Financial year<br>1 January 2015<br>to 31 December<br>2015<br>£'000 |
|--|--|---|
| Emoluments                                       | 282  | 797   |
| Company contributions to defined benefit schemes | 18   | 22  |
| Compensation for loss of office                  | -  | 25  |
|  | 300  | 844   |

The number of directors who has accrued benefits under money purchase schemes and defined benefit schemes during the period were nil (2015: nil).

# Spikes Cavell Analytic Limited

## Notes to the financial statements (continued)

For the financial period 01 January 2016 to 31 March 2017

### 8) Employees and directors (continued)

#### Highest paid director

The highest paid director's emoluments were as follows:

|  | Financial period<br>1 January 2016<br>to 31 March<br>2017<br>£'000 | Financial year<br>1 January 2015<br>to 31 December<br>2015<br>£'000 |
|--|--|---|
| Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes | 191  | 276   |

### 9) Finance expense

|  | Financial period<br>1 January 2016<br>to 31 March<br>2017<br>£'000 | Financial year<br>1 January 2015<br>to 31 December<br>2015<br>£'000 |
|--|--|---|
| Interest expense on loans group undertakings | 45   | 20  |
| Other interest payable                       | 2  | 3   |
|  | 47   | 23  |

### 10) Taxation

|   | Financial period<br>1 January 2016<br>to 31 March<br>2017<br>£'000 | Financial year<br>1 January 2015<br>to 31 December<br>2015<br>£'000 |
|---|--|---|
| Current tax   |  |   |
| UK corporation tax on results/ profits for the year | -  | (311)   |
| Adjustments in respect of prior years               | 311  | -   |
| Total current tax expense/(credit)                  | 311  | (311)   |
| Deferred tax  |  |   |
| Adjustment in respect of prior financial years      | -  | -   |
| Origination and reversal of temporary differences   | (5)  | -   |
| Total deferred tax credit                           | (5)  | -   |
| Tax expense/(credit)                                | 306  | (311)   |

# Spikes Cavell Analytic Limited

## Notes to the financial statements (continued)

For the financial period 01 January 2016 to 31 March 2017

### 10) Taxation (continued)

The tax expense for the period higher (2015: higher) than the standard rate of corporation tax in the UK for the period ended 31 March 2017 of 20% (2015: 20.25%). The differences are explained below:

|  | Financial period<br>1 January 2016<br>to 31 March<br>2017<br>£'000 | Financial year<br>1 January 2015<br>to 31 December<br>2015<br>£'000 |
|--|--|---|
| Results before taxation  | (999)  | (1,536)   |
| Results multiplied by the standard rate of tax in the UK of 20% (2015: 20.25%) | (200)  | (311)   |
| Effects of:  |  |   |
| - Adjustments to tax expense in respect of prior periods                       | 311  | -   |
| - Group relief surrender   | 197  | -   |
| - Remeasurement of deferred tax - change in UK tax rate                        | 28   | -   |
| - Deferred tax not recognised  | (30)   | -   |
| Current tax expense/(credit)   | 306  | (311)   |

### Factors affecting future tax expenses

The tax rate for the current period is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015.

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

### Deferred taxation

The provision for deferred tax consists of the following deferred tax assets

|  | Financial period<br>1 January 2016<br>to 31 March<br>2017<br>£'000 | Financial year<br>1 January 2015<br>to 31 December<br>2015<br>£'000 |
|--|--|---|
| Deferred tax assets due within 12 months | 5  | -   |
| Total deferred tax asset                 | 5  | -   |

### Movement in the financial period

|                                  | Accelerated Capital allowance<br>£'000 |
|----------------------------------|--|
| At 31 December 2015              | -                                      |
| expensed/to the Income statement | 5                                      |
| 31 March 2017                    | 5                                      |

# Spikes Cavell Analytic Limited

## Notes to the financial statements (continued)

For the financial period 01 January 2016 to 31 March 2017

### 11) Intangible assets

|   | Development costs<br>£'000 | Total<br>£'000 |
|---|----------------------------|----------------|
| Cost                                    |                            |                |
| At 31 December 2015                     | 2,437                      | 2,437          |
| Additions                               | 254                        | 254            |
| Disposals                               | -                          | -              |
| At 31 March 2017                        | 2,691                      | 2,691          |
| Accumulated amortisation and impairment |                            |                |
| At 31 December 2015                     | 2,422                      | 2,422          |
| Expense for the financial period        | 78                         | 78             |
| Impairment                              | -                          | -              |
| At 31 March 2017                        | 2,500                      | 2,500          |
| Net book value                          |                            |                |
| At 31 March 2017                        | 191                        | 191            |
| At 31 December 2015                     | 15                         | 15             |

Intangible assets amortisation is recorded in administrative expenses in the income statement and impairment is nil for the period.

Additions are related to internally generated assets.

### 12) Property plant and equipment

|                                  | Leasehold improvements<br>£'000 | Computer equipment & Fixtures & fittings and Office equipment<br>£'000 | Total<br>£'000 |
|----------------------------------|---------------------------------|--|----------------|
| Cost                             |                                 |  |                |
| At 31 December 2015              | 60                              | 484  | 544            |
| Additions                        | -                               | -  | -              |
| At 31 March 2017                 | 60                              | 484  | 544            |
| Accumulated depreciation         |                                 |  |                |
| At 31 December 2015              | 60                              | 456  | 516            |
| Expense for the financial period | -                               | 22   | 22             |
| Disposals                        | -                               | -  | -              |
| At 31 March 2017                 | 60                              | 478  | 538            |
| Net book value                   |                                 |  |                |
| At 31 March 2017                 | -                               | 6  | 6              |
| At 31 December 2015              | -                               | 28   | 28             |

The net carrying amount of assets held under finance leases included in plant and machinery is £1,661 (2015: £18,461).

# Spikes Cavell Analytic Limited

## Notes to the financial statements (continued)

For the financial period 01 January 2016 to 31 March 2017

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

|   | At 31 March<br>2017<br>£'000 | At 31 December<br>2015<br>£'000 |
|---|------------------------------|---------------------------------|
| Trade receivables                                 | 19                           | 31                              |
| Amounts receivable from fellow group undertakings | 86                           | 85                              |
| Prepayments                                       | 37                           | 48                              |
| Accrued income                                    | -                            | 10                              |
| Corporation tax receivable                        | -                            | 311                             |
|   | <u>142</u>                   | <u>485</u>                      |

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

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

|  | At 31 March<br>2017<br>£'000 | At 31 December<br>2015<br>£'000 |
|--|------------------------------|---------------------------------|
| Trade payables                               | 86                           | 36                              |
| Amounts payable to fellow group undertakings | 429                          | 48                              |
| Loan payable to fellow group undertakings    | 1,176                        | 612                             |
| Other taxes and social security costs        | 41                           | 44                              |
| Accruals                                     | 42                           | 38                              |
| Deferred income                              | 131                          | 8                               |
| Obligation of finance lease                  | 2                            | -                               |
|  | <u>1,907</u>                 | <u>787</u>                      |

Amounts owed to group undertakings are unsecured and have no fixed date of repayment and are repayable on demand.

### 15) Trade and other payables: disclosed as non-current liabilities

|                             | At 31 March<br>2017<br>£'000 | At 31 December<br>2015<br>£'000 |
|-----------------------------|------------------------------|---------------------------------|
| Obligation of finance lease | -                            | 22                              |

### 16) Share Capital

|  | At 31 March<br>2017<br>£'000 | At 31 December<br>2015<br>£'000 |
|--|------------------------------|---------------------------------|
| Authorised<br>43,400,893,303 (2015: 43,400,893,303) ordinary shares of 0.00001p (2015: .00001p) each                       | 434                          | 434                             |
| Allotted, issued and fully paid:<br>43,400,712,473 (2015: 43,400,712,473) ordinary shares of 0.00001p (2015: .00001p) each | 434                          | 434                             |

Authorised share capital (43,400,893,303) includes treasury shares of 180,830 ordinary shares of 0.00001p (2015: .00001p) each.

## **Spikes Cavell Analytic Limited**

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

**For the financial period 01 January 2016 to 31 March 2017**

#### **17) Controlling parties**

Further to the merger on 1 April 2017 the ultimate parent Company and controlling entity is DXC Technology Company, a Company incorporated in the United States of America. At the reporting date Computer Sciences Corporation was the ultimate parent company and controlling entity. It was the parent undertaking of both the smallest and the largest group which includes the Company and for which group financial statements are prepared for the financial period ended 31 March 2017. Copies of the group financial statements of DXC Technology Company are available from 1775 Tysons Blvd, Tysons, VA 22102, USA which is the registered address.

The immediate parent Company of Spikes Cavell Analytic Limited is Xchanging Holdings Limited, a Company incorporated in UK and registered in England and Wales.

#### **18) Events after the end of the reporting period**

The previously announced merger of Computer Sciences Corporation and the Enterprise Services business of Hewlett Packard Enterprise completed on 1 April 2017, to form DXC Technology Company, ending a 10-month process to bring Computer Sciences Corporation and HPE Enterprise Services together to focus the combined entity on stabilising revenue, next-generation talent, and driving digital transformation.