Celerant Consulting Acquisitions Limited

Report and Financial Statements

31 March 2020

Registered No: 05804408

Directors
D Brindle
E Gifon (appointed 22 September 2020)

Secretary
S Goodman

Auditor
Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office
Fifth Floor
Forum
St Paul's Gutter Lane
London EC2V 8AS

Strategic report

The directors of Celerant Consulting Acquisitions Limited (''the company'') present their strategic report of the company for the year ended 31 March 2020, with comparative figures for the year ended 31 March 2019.

Principal activity and review of the business

The company's principal activity is that of an investment holding company.

The company's immediate parent undertaking is Celerant Consulting Investments Limited. The company's ultimate parent undertaking is Hitachi, Ltd. Hitachi Consulting UK Limited, a subsidiary of Hitachi, Ltd acquired the entire share capital of Celerant Consulting Investments Limited on 21 March 2019.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are broadly grouped as – economic, competitive, legislative and financial instrument risk.

Economic risks

In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. As of now, COVID-19 has spread to over 200 countries worldwide, and on 11 March 2020 the World Health Organisation ("WHO") declared COVID-19 a pandemic.

The spread of the COVID-19 outbreak has caused severe disruptions in the UK and global economy and financial markets and could potentially create widespread business continuity issues of an as yet unknown magnitude and duration. Many countries, including the UK, reacted by instituting quarantines, mandating business and school closures and restricting travel. Many experts predict that the outbreak will trigger a period of global economic slowdown or a global recession.

We are closely monitoring the potential impact of COVID-19 on our future financial results and cashflows and have prepared detailed risk assessments and are constantly reviewing projections for the business. Our top priority remains the health and safety of our staff and customers across the Hitachi group.

We expect that the most significant potential impact on our financial results and cashflows resulting from COVID-19 would be in relation to our subsidiaries, particularly those entities that are subject to economic risk. The impact of COVID-19 and the measures being taken to mitigate any potential impact have been described in detail in the financial statements of the subsidiary companies.

Competitive risks

The group operates within a competitive marketplace. However, the group benefits from a number of competitive advantages, not least the strong investment in innovative products from the parent company, and the convergence of different offerings within the Hitachi group into a combined service for clients. Competitive risk has been further mitigated by refining the group's management information and business intelligence tools, to have better and faster visibility of a variety of relevant metrics.

Legislative risks

The group operates within a global marketplace. Therefore, it is subject to the risk of changes in government regulations, both foreign and domestic, which might impede or greatly increase the cost of providing services across the globe. The level of legislative risk is not considered significant at the current time but continues to be monitored closely.

Exposure to liquidity and cash flow risk

The company is exposed to a variety of financial risks that include the effects of liquidity risk and interest rate risk. The company seeks to limit the adverse effects on the financial performance of the company by monitoring these risks.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the directors are implemented by the company's financial department.

Strategic report (continued)

Liquidity risk

The company maintains short-term funding arrangements. The company does not require working capital for operations as it is a holding company only.

Interest rate cash flow risk

The company has from time to time both interest bearing assets and interest-bearing liabilities. Interest bearing assets are cash balances and interest-bearing liabilities are bank loans and overdrafts. Interest rate contracts are utilised where appropriate to minimise any perceived risk. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

On behalf of the Board

E. Gifon

E Gifon
Director
Date: 12/10/2020

Directors' report

The directors of Celerant Consulting Acquisitions Limited (''the company'') present their report and financial statements of the company for the year ended 31 March 2020, with comparative figures for the year ended 31 March 2019.

Results and dividends

The result for the year after taxation amounted to £nil (2019: £nil) and is dealt with as shown in the profit and loss account.

On 29 August 2019, Celerant Consulting Investments Limited, immediate parent undertaking, contributed by way of assignment to the company, a receivable loan of £2,700,000, in exchange for the issue of one share of £1 in the share capital of the company, at a premium of £2,699,999.

On 29 August 2019, Celerant Consulting Investments Limited, immediate parent undertaking, agreed to release the company from its receivable loan of £31,732,832.58, in exchange for the issue of one share of £1 in the share capital of the company, at a premium of £31,732,831.58.

On 29 August 2019 the company reduced its share capital from £63,991,520.21 to £1, under Sections 642 to 644 of the Companies Act 2006.

On 12 December 2019, the company declared a dividend in specie of £29,558,686.63 to Celerant Consulting Investments Limited, in exchange for the immediate assignment of a receivable loan of the same value. (2019: Nil)

Future developments

The directors are satisfied with the results for the year. It is proposed to continue with the existing corporate structure for the foreseeable future.

In December 2019, a novel strain of coronavirus spread around the world, resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organisation on 30 January 2020. The extent to which the coronavirus may impact business activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others. As of the issuance of these financial statements, the company is fully operational, and its subsidiaries continue to provide essential services to customers. Employees in all subsidiaries are working remotely and only accessing client sites if essential. Discussions have been held with major customers and suppliers and there is not deemed to be an impact in obtaining products from suppliers or orders from customers.

Based on this Celerant Consulting Acquisitions Limited has not been materially impacted by the coronavirus and does not foresee it impacting our financial operations and results. The company will continue to monitor the situation closely as we progress throughout the year.

Events since the balance sheet date

On 4 August 2020, the company received a dividend in specie of £3,915,784.58 from Celerant Consulting Holdings Limited, in exchange for the entire issued share capital of Hitachi Consulting (UAE) Limited (£11,000), the entire issued share capital of Celerant Consulting Netherlands Holdings BV (£3,371,521.41), the entire issued share capital of Hitachi Consulting Canada Corporation (£521,370.35), the entire issued share capital of Celerant Consulting Russia Limited (£2), the entire issued share capital of Celerant Netherlands BV (£11,367), the 1% shareholding in Hitachi Consulting Belgium BVBA (£523.64), and the 1% quota holding in Hitachi Consulting Brasil Services ds Consultoria em Gestao Empresarial Ltda (£0.18).

Directors' report (continued)

Events since the balance sheet date (continued)

On 5 August 2020, the company declared a dividend in specie of £3,915,784.58 to Celerant Consulting Investments Limited, in exchange for the entire issued share capital of Hitachi Consulting (UAE) Limited (£11,000), the entire issued share capital of Celerant Consulting Netherlands Holdings BV (£3,371,521.41), the entire issued share capital of Hitachi Consulting Canada Corporation (£521,370.35), the entire issued share capital of Celerant Consulting Russia Limited (£2), the entire issued share capital of Celerant Netherlands BV (£11,367), the 1% shareholding in Hitachi Consulting Belgium BVBA (£523.64), and the 1% quota holding in Hitachi Consulting Brasil Services ds Consultoria em Gestao Empresarial Ltda (£0.18).

Going concern

The financial statements of the company have been prepared on a going concern basis, which the directors believe to be appropriate for the following reasons. Hitachi Limited, the ultimate parent company, has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, they will continue to make available such funds as are needed by the company. This will enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as and when they fall due for payment. In making this assessment the Directors have considered the available cash on the balance sheet of Hitachi Limited which was approximate £6bn as at 31 March 2020. Based on this undertaking, the directors believe it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

The Directors have considered the impact of the COVID-19 pandemic to going concern. The company is fully operational, and its subsidiaries continue to provide services to customers and generate revenues and there is currently no indication this will change in the foreseeable future. There is no material impact on suppliers delivering products or customers making orders and as such there have been no adjustments to forecasts or projections as a result. It is our view, to the best of our current knowledge, that COVID-19 will not have a material adverse impact on the company's ability to continue as a going concern.

Directors

The directors who served during the year and subsequently are as follows:

A P Lynn (resigned 22 September 2020)
D Brindle
E Gifon (appointed 22 September 2020)

Company secretary:
S Goodman

Directors' indemnities

Hitachi Consulting Corporation, intermediate parent undertaking, maintains liability insurance for the company's directors and officers.

Auditor

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Directors' report (continued)

Disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditor, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board

E Gifon
Director
Date: 12/10/2020

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 FRS101 Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 Celerant Consulting Acquisitions Limited

Opinion

We have audited the financial statements of Celerant Consulting Acquisitions Limited for the year ended 31 March 2020 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2020 and of its result for the year then ended;
- 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.

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 below. 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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 Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Ernst + Young LLP

Louise Pennell (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
12/10/2020

Income statement

for the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Impairment of investments		–	–
Loss on ordinary activities before taxation		–	–
Tax	5	–	–
Loss for the financial year		–	–

All amounts in the year relate to continuing activities.

Statement of comprehensive income

for the year ended 31 March 2020

	2020 £'000	2019 £'000
Loss for the financial year	–	–
Other comprehensive income for the year	–	–
Total comprehensive income for the year	–	–

Statement of changes in equity

for the year ended 31 March 2020

	Share capital £'000	*Share premium £'000*	*Retained earnings £'000*	*Total equity £'000*
At 1 April 2018	–	–	(23,483)	(23,483)
Loss for the financial year	–	–	–	–
Shares issued for premium during year	–	29,559	–	29,559
Total comprehensive income for the year	–	29,559	–	29,559
At 31 March 2019	–	29,559	(23,483)	6,076
Loss for the financial year	–	–	–	–
Dividend paid during year	–	–	(29,559)	(29,559)
Shares issued for premium during year	–	34,433	–	34,433
Capital reduction carried out during year	–	(63,992)	63,992	–
Total comprehensive income for the year	–	(29,559)	34,433	4,874
At 31 March 2020	–	–	10,950	10,950

Balance Sheet

at 31 March 2020

Company number: 05804408

	Notes	*2020* *£'000*	*2019* *£'000*
Fixed assets			
Investments	6	10,950	8,250
Long term assets			
Amounts owed by group undertakings		–	29,559
Creditors: amounts falling due within one year			
Amounts owed to group undertakings		–	(31,733)
Net current liabilities		–	(31,733)
Net assets		10,950	6,076
Capital and Reserves			
Share capital	7	–	–
Share premium account		–	29,559
Retained profits / (losses)		10,950	(23,483)
Total equity		10,950	6,076

The financial statements were authorised by the board of directors and were signed on its behalf by:

E. Gifon

E Gifon
Director
Date 12/10/2020

Notes to the financial statements

at 31 March 2020

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Celerant Consulting Acquisitions Limited (the "Company") for the year ended 31 March 2020 were authorised for issue by the board of directors on 12 October 2020 and the balance sheet was signed on the board's behalf by E Gifon.

The company is a limited liability company incorporated and domiciled in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare group financial statements as its subsidiary undertakings are included by full consolidation in the group financial statements of its parent, Hitachi Limited, a company incorporated in Japan. Copies of its group financial statements, which include the company and those of Hitachi Limited, are available from 6-6, Marunouchi l-chome, Chiyoda-ku, Tokyo, 100-8280, Japan.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2020.

The company has taken advantage of the following disclosure exemptions under FRS 101:

(a) The requirements of IFRS 7 Financial Instruments: Disclosures;

(b) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;

(c) The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:

- (i) paragraph 79 (a) (iv) of IAS 1
- (ii) paragraph 73 (e) of IAS 16 Property, Plant and Equipment
- (iii) paragraph 118 (e) of IAS 38 Intangible Assets
- (iv) paragraphs 76 and 79 (d) of IAS 40 Investment Property;

(d) The requirements of paragraphs 10 (d), 10 (f), 39 (c), and 134 – 136 of IAS 1 Presentation of Financial Statements;

(e) The requirements of IAS 7 Statement of Cash Flows;

(f) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

(g) The requirements of paragraph 17 of IAS 24 Related Party Disclosures;

(h) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and

(i) The requirements of paragraphs 130 (f) (ii), 130 (f) (iii), 134 (d) – 134 (f), and 135 (c) – 135 (e) of IAS 36 Impairment of Assets.

Notes to the financial statements (continued)

at 31 March 2020

2. Accounting policies (continued)

Standards issued but not yet effective:

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these standards, if applicable, when they become effective. These standards are not expected to have a material impact on the company's financial statements.

Effective for annual periods beginning on or after 1 January 2020

- Definition of a Business – Amendments to IFRS 3
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7
- Definition of Material – Amendments to IAS 1 and IAS 8
- The Conceptual Framework for Financial Reporting

Effective for annual periods beginning on or after 1 January 2021

- IFRS 17 Insurance Contracts

2.2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 6.

Impairment of non-financial assets

Where there are indicators of impairment of non-financial assets, the Company performs impairment tests based on a value in use calculation. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet permitted to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

2.3 Significant accounting policies

(a) Foreign currency translation

The Company's financial statements are presented in sterling, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Notes to the financial statements (continued)

at 31 March 2020

2. Accounting policies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(b) Investments

Investments in subsidiaries, associates and joint ventures are held at historical cost less any applicable provision for impairment.

(c) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less cost of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

(d) Financial Instruments

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs.

Derecognition of financial assets

A financial asset is derecognised when (a) the rights to receive cash flows from the asset have expired or (b) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (ie, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, with the amount of the loss recognised in administration costs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Notes to the financial statements (continued)

at 31 March 2020

2. Accounting policies (continued)

ii) Financial liabilities

Initial recognition and measurement

All of the Company's financial liabilities are classified as loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

iv) Fair values

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

(e) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Notes to the financial statements (continued)

at 31 March 2020

2. Accounting policies (continued)

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

(f) Going concern

The financial statements of the company have been prepared on a going concern basis, which the directors believe to be appropriate for the following reasons. Hitachi Limited, the ultimate parent company, has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, they will continue to make available such funds as are needed by the company. This will enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as and when they fall due for payment. In making this assessment the Directors have considered the available cash on the balance sheet of Hitachi Limited which was approximate £6bn as at 31 March 2020. Based on this undertaking, the directors believe it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

The Directors have considered the impact of the COVID-19 pandemic to going concern. The company is fully operational, and its subsidiaries continue to provide services to customers and generate revenues and there is currently no indication this will change in the foreseeable future. There is no material impact on suppliers delivering products or customers making orders and as such there have been no adjustments to forecasts or projections as a result. It is our view, to the best of our current knowledge, that COVID-19 will not have a material adverse impact on the company's ability to continue as a going concern.

3. Operating loss

Operating loss is stated after charging/(crediting):

	2020	*2019*
	£'000	*£'000*
Auditor's remuneration*	–	–
Provision for impairment against investments	–	–

*The audit fees were borne by another group undertaking.

Notes to the financial statements (continued)

at 31 March 2020

4. Directors and employees

	2020 £000	2019 £000
Directors' emoluments:		
Aggregate emoluments (excluding pension contributions)	–	–

Two directors (2019: three) of the UK companies were paid by Hitachi Consulting UK Limited, and are disclosed in that company's financial statements for the current year.

	2020 £000	2019 £000
Pension entitlements:		
Pension contributions in respect of directors	–	–

During the year, two directors (2019: two) participated in the company's defined contribution pension scheme. The pension scheme is managed by another UK group company, and has been disclosed in that company's financial statements.

The company has no employees.

5. Taxation

(a) Tax on (loss)/profit on ordinary activities

	2020 £'000	2019 £'000
The tax charge is made up as follows:		
UK Corporation tax at 19% (2019 – 19%)	–	–

(b) Factors affecting tax charge for the year

The tax assessed on the profit on ordinary activities for the year differs to the standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are reconciled as follows:

	2020 £'000	2019 £'000
Loss on ordinary activities before tax	–	–
Loss on ordinary activities at standard rate of corporation tax in the UK of 19% (2019 – 19%)	–	–
Non deductible items	–	–
Losses unutilised	–	–
	–	–

Notes to the financial statements (continued)

at 31 March 2020

5. Taxation (continued)

(c) Deferred tax

No deferred tax has been provided in either 2020 or 2019. Unprovided deferred tax assets at 31 March 2020 amount to £nil (31 March 2019 – £nil).

(d) Factors affecting future tax charge

The main rate of corporation tax has been reduced to 19% from April 2017 and was expected to reduce further to 17% from 1 April 2020. However, it was announced at Budget 2020 that the main rate of corporation tax would remain at 19% for the years beginning 1 April 2020 and 2021.

6. Investments

	Interest in subsidiary undertakings *£'000*
Cost and carrying amount:	
At 1 April 2018	43,078
Provision for impairment in prior years	(34,828)
At 31 March 2019	8,250
Additions	2,700
Provision for impairment during the year	–
At 31 March 2020	10,950

On 29 August 2019, the company agreed to release Celerant Consulting Holdings Limited from its payable loan of £2,700,000, in exchange for the issue of one share of £0.20 in the share capital of the subsidiary, at a premium of £2,699,999.80.

Investments in subsidiary undertakings are stated at cost less any impairment required

The directors believe that the carrying value of the investments is supported by their underlying net assets. The provision for impairment of £34.8m in 2019 was considered necessary due to the decision by a parent company (Hitachi Consulting Corporation) to move away from 'operational consulting' activities, which have traditionally formed the core business of a number of the subsidiaries invested in by the Company. The carrying amount of investments at 31 March 2019 and 31 March 2020 has therefore been reduced to reflect the underlying net recoverable asset position of its subsidiaries.

Notes to the financial statements (continued)

at 31 March 2020

6. Investments (continued)

The company holds the equity share capital of the following principal subsidiaries:

Name of company	*Country of registration (or incorporation) and operation*	*Holdings*	*Proportion of voting rights and shares held*	*Nature of business*
Directly owned subsidiary				
Celerant Consulting Holdings Limited	England	Ordinary	100%	Strategic and Operational Management
Indirectly owned subsidiaries through Celerant Consulting Holdings Limited				
Celerant Consulting (Canada) Limited	Canada	Ordinary	100%	Management consultancy
Hitachi Consulting (UAE) Limited	England	Ordinary	100%	Management consultancy
Celerant Consulting Netherlands Holdings BV	Netherlands	Ordinary	100%	Intermediate parent undertaking
Celerant Consulting Russia Limited	England	Ordinary	100%	Intermediate parent undertaking
Indirectly owned subsidiaries through Celerant Consulting Netherlands Holdings BV:				
Celerant Consulting GmbH	Germany	Ordinary	100%	Management consultancy
Celerant Consulting SAS	France	Ordinary	100%	Management consultancy
Celerant Consulting Nordic AS	Norway	Ordinary	100%	Management consultancy
Celerant Consulting BVBA	Belgium	Ordinary	100%	Management consultancy
Celerant Consulting AB	Sweden	Ordinary	100%	Management consultancy
Indirectly owned subsidiary through Celerant Consulting Russia Limited:				
Celerant Netherlands BV	Netherlands	Ordinary	100%	Intermediate parent undertaking
Indirectly owned subsidiary through Celerant Netherlands BV:				
Celerant Brasil Servicos de Consultoria em Gestao Empresarial Ltda	Brazil	Ordinary	100%	Management consultancy
Indirectly owned subsidiary through Hitachi Consulting (UAE) Limited				
Celerant Management Consultancy LLC	Oman	Ordinary	70%	Management consultancy

Notes to the financial statements (continued)

at 31 March 2020

7. Issued share capital

	2020	2019
Authorised share capital:	*No.*	*No.*
Ordinary shares of £1 each	4	2

	31 March 2020		31 March 2019	
	No.		*No.*	
Allotted, called up and fully paid:	*£0.25 each*	*£*	*£1 each*	*£*
At beginning and end of financial year	4	1	2	2

On 15 March 2019, the company allotted and issued one additional share of £1, at a premium of £29,558,685.63, to the parent company, Celerant Consulting Investments Limited, in exchange for the assignment of a receivable loan of £29,558,686.63.

On 29 August 2019, Celerant Consulting Investments Limited, immediate parent undertaking, contributed by way of assignment to the company, a receivable loan of £2,700,000, in exchange for the issue of one share of £1 in the share capital of the company, at a premium of £2,699,999.

On 29 August 2019, Celerant Consulting Investments Limited, immediate parent undertaking, agreed to release the company from its receivable loan of £31,732,832.58, in exchange for the issue of one share of £1 in the share capital of the company, at a premium of £31,732,831.58.

On 29 August 2019 the company reduced the aggregate nominal value of its share capital to £1, under Sections 642 to 644 of the Companies Act 2006.

8. Capital commitments

The company had no capital commitment at 31 March 2020 and 31 March 2019.

9. Contingent liabilities

The company had no contingent liabilities at 31 March 2020 and 31 March 2019.

10. Post balance sheet events

On 4 August 2020, the company received a dividend in specie of £3,915,784.58 from Celerant Consulting Holdings Limited, in exchange for the entire issued share capital of Hitachi Consulting (UAE) Limited (£11,000), the entire issued share capital of Celerant Consulting Netherlands Holdings BV (£3,371,521.41), the entire issued share capital of Hitachi Consulting Canada Corporation (£521,370.35), the entire issued share capital of Celerant Consulting Russia Limited (£2), the entire issued share capital of Celerant Netherlands BV (£11,367), the 1% shareholding in Hitachi Consulting Belgium BVBA (£523.64), and the 1% quotaholding in Hitachi Consulting Brasil Services ds Consultoria em Gestao Empresarial Ltda (£0.18).

Notes to the financial statements (continued)

at 31 *March* 2020

10. Post balance sheet events (continued)

On 5 August 2020, the company declared a dividend in specie of £3,915,784.58 to Celerant Consulting Investments Limited, in exchange for the entire issued share capital of Hitachi Consulting (UAE) Limited (£11,000), the entire issued share capital of Celerant Consulting Netherlands Holdings BV (£3,371,521.41), the entire issued share capital of Hitachi Consulting Canada Corporation (£521,370.35), the entire issued share capital of Celerant Consulting Russia Limited (£2), the entire issued share capital of Celerant Netherlands BV (£11,367), the 1% shareholding in Hitachi Consulting Belgium BVBA (£523.64), and the 1% quotaholding in Hitachi Consulting Brasil Services ds Consultoria em Gestao Empresarial Ltda (£0.18).

11. Related party transactions

The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries of Hitachi Limited.

12. Immediate and ultimate parent undertaking

The company's immediate parent undertaking is Celerant Consulting Investments Limited, a company incorporated in England and Wales. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare group financial statements as its subsidiary undertakings are included by full consolidation in the group financial statements of its parent, Hitachi Limited, a company incorporated in Japan.

The ultimate parent undertaking and controlling party of the company, and largest in whose financial statements the company is consolidated as at 31 March 2020 is Hitachi Limited. Copies of its group financial statements, which include the company and those of Hitachi Limited, are available from 6-6, Marunouchi l-chome, Chiyoda-ku, Tokyo, 100-8280, Japan.