

Company Registration No. 05983022

XCHANGING HOLDINGS LIMITED

**Annual report and financial statements
for the year ended 31 March 2020**



Xchanging Holdings Limited

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Xchanging Holdings Limited

Officers and Professional advisers

Directors

Michael Charles Woodfine	
Christopher Neal Halbard	Appointed 7 April 2020
Steven James Turpie	Appointed 4 March 2020
Tina Anne Gough	Resigned 7 April 2020
Maruf Ahmad Majed	Resigned 26 February 2020

Registered office

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

Independent Auditor

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

Principal Banker

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

Xchanging Holdings Limited

Strategic report for the year ended 31 March 2020

The Directors present their Strategic report on the Company for the year ended 31 March 2020. In preparing the Strategic report, the Directors have complied with s414c of the Companies Act 2006.

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

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

The financial statements for the year ended 31 March 2020 are set out on pages 9 to 26.

Business review

The Company is a holding Company and does not trade.

During the year, the Company recognised profit of £128,210,000 (2019: loss of £2,104,000). The increase in profit is mainly attributed to dividends of £134,764,922 received from its subsidiaries that is partly offset by increase in foreign currency revaluation loss.

The dividends are made up of £9,094 from Xchange Limited, £255,828 from Spikes Cavell Analytics Limited, £130,000,000 from Xchanging BV and £4,500,000 from Xchanging Software Europe Limited during the year ended 31 March 2020. (2019: dividend of £2,875,000 received from Xchanging Software Bermuda Limited).

In addition to the above, there was an impairment provision of £300,000 against the investment with Spikes Cavell Analytic Limited, one of the subsidiaries that was placed into liquidation (2019: £225,000 against the investment with Xchanging (SEA) Pte Limited and £1,000 against the investment with Xchanging Software (Regional Hub) Limited).

The Company has net assets of £128,557,000 (2019: net assets £130,347,000) and net current liabilities of £345,097,000 (2019: £343,305,000). Movement in net assets is on account of interest accrued on intercompany loans with Xchanging UK limited and decrease in bank balances. The performance for the year is in line with management's expectations.

DXC determined that it would develop client and partner relationships to strengthen its position in the marketplace and solidify the long-term growth strategy of the Group's subsidiaries.

On 16 January 2020, the immediate Parent Company of Xchanging holdings limited changed from Xchanging Limited to CSC Computer Sciences International Operations Limited, which is under the control of DXC Technology, the ultimate Parent Company. On 3 April 2020 the name of CSC Computer Sciences International Operations Limited was changed to DXC UK International Operations Limited.

Principal risks and uncertainties and financial risk management

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

Foreign currency risk:

As a global business, the Company faces exposure to adverse movements in foreign currency exchange rates due to intercompany balances. The Company is not involved in trading, but the FX gain or loss is arising due to the valuation of Intercompany loans and other payables or receivables. Also, the costs on loan denominated in foreign currency needs to be incurred in foreign currency.

Liquidity risk:

The Company manages liquidity risk with availability of funds from the Parent undertaking and it also has access to wider group funds within DXC if required. Cash flow forecasting is performed at the DXC UK Group level by the treasury team, which monitors the rolling forecasts of the liquidity requirement to ensure it has sufficient cash to meet operational needs, while maintaining sufficient headroom on its cash pool facilities at all times so that the Company does not breach the borrowing limits.

On 23 June 2016, a referendum in the United Kingdom returned a result in favour of leaving the European Union. The United Kingdom formally left the EU in 31 January 2020, entering into a transition period until 31 December 2020. During this period the UK becomes a rule taker within the EU – with new legislation passed in the EU applied to the UK for the duration of the transition period. Whilst the longer term political and economic effects of Brexit after the transition period ends are not easily predicted, 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. These impacts have since stabilised as other world events have risen in importance for investors. However, as negotiations continue between the EU and the UK, and with the transition period deadline approaches, further economic impacts cannot be ruled out – both as the transition period ends and immediately after.

Xchanging Holdings Limited

Strategic report for the year ended 31 March 2020 (continued)

Principal risks and uncertainties and financial risk management (continued)

DXC has been actively planning for various Brexit scenarios since September 2018, with regular reporting to Senior Managers from a dedicated Brexit readiness team. Significant mitigation has already put in place to reduce the organisation's exposure in a number of key areas. The progress of EU / UK negotiations is likely to be a matter of significant speculation and markets are likely to react to any material news emerging from the negotiation process. DXC is monitoring these negotiations closely – both in order to prepare the business for any market reaction and to ensure its preparations for the end of the transition period remain adequate and proportionate. The situation continues to be monitored actively by subject matter experts on a daily basis and the Directors shall review whether there has been any impact of changes to the foreign exchange on the financial statements after the future trading environment between the EU and UK becomes clear.

In relation to COVID-19, management continues to monitor the effects of the outbreak globally and the potential impact on the business. The outbreak increases uncertainty about the future prospect of the Company. However, senior leadership in DXC is actively managing the Company's response through a COVID-19 Response Team that meets daily to deal with all operational issues as and when they arise. Management is actively taking steps to ensure the protection and retention of staff and the associated corporate memory that are crucial to the Company's ability to remain operationally resilient to weather this crisis and to rebuild when the opportunity arises.

Impairment and valuation risk of investments is dependent on the performance of the underlying group. The Directors therefore perform annual impairment assessments on investment balances.

Further details on other business risks and uncertainties can be found in section 1A of the DXC's consolidated financial statements for the year ended 31 March 2020 which are available to the public and may be obtained from the Company's website www.dxc.technology.

Future developments

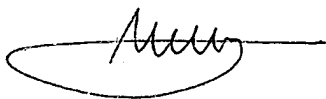
The Company intends to continue to hold investments in its subsidiary companies. At the date of the annual report, the Directors are not aware of any changes in the Company's activities in the foreseeable future.

In relation to COVID-19, management recognises the degree of uncertainty created by the resulting economic impact and is continuously monitoring the situation.

Key performance indicators

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

Approved by the board and signed on its behalf by:



Michael Charles Woodfine
Director
26 November 2020

Xchanging Holdings Limited

Directors' report for the year ended 31 March 2020

The Directors present the annual report on the affairs of the Company, together with the audited financial statements for the year ended 31 March 2020.

Principal activity

Xchanging Holdings Limited is a holding Company and does not trade.

Future development

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

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

Dividends

Dividend of £130,000,000 was paid to Xchanging Ltd during the year (2019: £nil).

Dividend of £134,764,922 was received from its subsidiaries which comprises of £9,094 from Xchange Limited, £255,828 from Spikes Cavell Analytics Limited, £130,000,000 from Xchanging BV and £4,500,000 from Xchanging Software Europe Limited during the financial year ended 31 March 2020 (2019: £2,875,000 received from Xchanging software Bermuda Limited).

On 17 November 2020, dividend of £14,841,084 was received from Total objects Limited at time of the liquidation.

No dividend is declared or paid subsequent to the year-end and up to the date of approval of this report.

Events since the reporting date

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

Political contribution

No political donations were made during the year (2019 - £nil).

Going concern

The Company made a profit during the year ended 31 March 2020 and reports net current liabilities as a result of amounts due to other group companies. Confirmation has been obtained from the ultimate Parent Company by way of letter of support, 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.

In relation to COVID-19, management is continuously monitoring the position and taking all necessary steps to protect its employees, customers and stakeholders. A going concern impact assessment has been completed that analysed DXC's current and future cash resources, access to existing and new financing facilities, including revolving facilities, the government support measures that have been announced and the customer base of the Group. As a result, management has a reasonable expectation of the Company's viability over the period of assessment and has concluded that there are currently no impediments of identifying the Company other than as a going concern.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 2, forming part of notes to financial statements.

Directors

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

Michael Charles Woodfine	
Christopher Neal Halbard	Appointed 7 April 2020
Steven James Turpie	Appointed 4 March 2020
Tina Anne Gough	Resigned 7 April 2020
Maruf Ahmad Majed	Resigned 26 February 2020

Research and development

The Company did not undertake any research and development activities in current or previous year.

Branches outside the UK

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

Xchanging Holdings Limited

Directors' report for the year ended 31 March 2020 (continued)

Financial risk management objectives and policies

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

Auditor

Deloitte LLP have been appointed as auditor for the year ended 31 March 2020 and has indicated their willingness to continue in the office.

Directors' liabilities

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

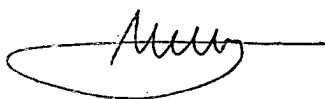
Disclosure of information to auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

1. so far as the Directors are aware, there is no relevant audit information of which the Company's auditor 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 section 418(2) of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Michael', is written over a horizontal line that forms part of an oval shape.

Michael Charles Woodfine
Director

26 November 2020

Xchanging Holdings Limited

Statement of Directors' responsibilities

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

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 Auditor's report to the members of Xchanging Holdings Limited for the year ended 31 March 2020

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit and loss;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 15.

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

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

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

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 this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent Auditor's report to the members of Xchanging Holdings Limited for the year ended 31 March 2020 (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

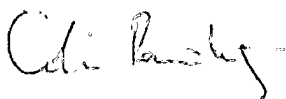
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Colin Rawlings FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

26 November 2020

Xchanging Holdings Limited

Statement of profit and loss for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Dividend income	4	134,765	2,875
Impairment of investment	10	(300)	(226)
Foreign exchange (loss)/gains		(150)	79
Other expenses		(5)	(80)
Operating profit	5	134,310	2,648
Finance income	7	10	3
Finance costs	8	(6,110)	(5,921)
Profit/(loss) before tax		128,210	(3,270)
Tax credit for the year	9	-	1,166
Profit/(loss) for the year		128,210	(2,104)

The above results are wholly attributable to continuing activities.

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

The notes on pages 12 to 26 form part of these financial statements.

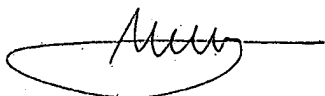
Xchanging Holdings Limited

Statement of financial position as at 31 March 2020

	Note	At 31 March 2020 £'000	At 31 March 2019 £'000
Assets			
Non-current assets			
Investments	10	473,654	473,652
Total non-current assets		473,654	473,652
Current assets			
Receivables	11	5,338	5,352
Cash and cash equivalents		272	600
Total current assets		5,610	5,952
Total assets		479,264	479,604
Liabilities			
Current liabilities			
Payables	12	(350,707)	(349,257)
Total current liabilities		(350,707)	(349,257)
Net current liabilities		(345,097)	(343,305)
Total assets less current liabilities		128,557	130,347
Total liabilities		(350,707)	(349,257)
Net assets		128,557	130,347
Equity			
Share capital	13	1,000	1,000
Share premium		1,621	1,621
Other reserves		360,000	490,000
Retained loss		(234,064)	(362,274)
Total equity		128,557	130,347

The notes on pages 12 to 26 form part of these financial statements.

These financial statements of Xchanging Holdings Limited (registered number 05983022) were approved and authorised for issue by the board of directors on 26 November 2020 and signed on its behalf by:



Michael Charles Woodfine
Director

Xchanging Holdings Limited

Statement of changes in equity for the year ended 31 March 2020

	Note	Share capital £'000	Share premium £'000	Other reserves* £'000	Retained loss £'000	Total £'000
Balance as at 1 April 2018		1,000	1,621	490,000	(360,170)	132,451
Loss for the year and other comprehensive expense		-	-	-	(2,104)	(2,104)
Total comprehensive expense for the year		-	-	-	(2,104)	(2,104)
Balance as at 31 March 2019		1,000	1,621	490,000	(362,274)	130,347
Profit for the year and other comprehensive income		-	-	-	128,210	128,210
Total comprehensive income for the year		-	-	-	128,210	128,210
Dividend paid**		-	-	(130,000)	-	(130,000)
Balance as at 31 March 2020	13	<u>1,000</u>	<u>1,621</u>	<u>360,000</u>	<u>(234,064)</u>	<u>128,557</u>

The notes on pages 12 to 26 form part of these financial statements.

*During financial year 2007, a capital reduction of £350 million was made by reducing the par value of share from £1 to £0.125 each for 400,000,000 shares. In addition, during 2018, the Board approved 392,000,000 shares of par value of £0.125 each amounting to £49 million to be cancelled and a reduction in share premium by £91 million.

** The dividend of £1.624 per share (approx.) aggregating to £130,000,000 was paid to Xchanging Limited, the immediate Parent Company vide board resolution dated 27 November 2019.

Xchanging Holdings Limited

Notes to the financial statement for the year ended 31 March 2020

1) Basis of accounting and general information

Xchanging Holdings Limited ("the Company") is a holding Company and does not trade.

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

2) Summary of significant accounting policies

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

Basis of preparation

The financial statements of Xchanging Holdings 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 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 from paragraphs 10 and 31 of IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors";
- the requirements of IAS 7 "Statement of Cash Flows";
- the disclosure exemptions from paragraphs 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";
- the requirements of IAS 24 "Related Parties" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transactions is wholly owned by such a member; and
- the requirements of IAS 36 "Impairment of Assets".

New or amended Accounting Standards and Interpretations adopted

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

- IFRS 16 – Leases
- IFRIC 23 Uncertainty over Income Tax Treatments
- Annual Improvements to IFRS Standards 2015–2017 Cycle IAS 12 Income Taxes and IAS 23 Borrowing Costs
- Amendments to IFRS 9 Prepayment Features with Negative Compensation

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

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2020 have had a material impact on the Company.

Xchanging Holdings Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

2) Summary of significant accounting policies (continued)

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 financial requirements through a combination of intercompany loans from its parent and other group companies. Assurance has been given by the ultimate Parent Company by way of letter of support that it will continue to support the operations of the Company for a minimum of twelve months from the date of signing these financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

In relation to COVID-19, Management is continuously monitoring the position and taking all necessary steps to protect its employees, customers and stakeholders. A Going Concern impact assessment has been completed that analysed DXC's current and future cash resources, access to existing and new financing facilities, including revolving facilities, the government support measures that have been announced and the customer base of the Group. As a result, Management have a reasonable expectation of the company's viability over the period of assessment and has concluded that there are currently no impediments of identifying the company other than as a going concern.

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.

Consolidation

The Company has taken advantage of the exemption under s401 to the Companies Act 2006 from the requirement to produce consolidated financial statements since the Company itself is a wholly owned subsidiary undertaking of DXC Technology, a company registered in the United States of America, which itself prepares consolidated financial statements. The financial statements therefore present information as an individual undertaking and not as a group. Copies of the Group financial statements of DXC Technology are available from 1775 Tysons Blvd, Tysons, VA 22102, USA which is the registered office address.

Foreign currency

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

Operating profit

Operating profit is arrived at after expensing exceptional costs, other expenses, impairment of investment and after crediting foreign exchange gain and income from subsidiary.

Income from shares

Dividend income is recognised when the right to receive the payment is established.

Dividend distribution

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

Interest income

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

Current taxation

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

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

Xchanging Holdings Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

2) Summary of significant accounting policies (continued)

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost, less, where appropriate, allowances for impairment.

Impairment of investments

At each reporting date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

Financial assets:

Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using effective interest method, less any appropriate provision for impairment.

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

Derecognition of a financial asset

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

Cash and cash equivalents

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

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year.

Finance costs and debt

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

Derecognition of financial liabilities

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

3) Critical accounting judgements and key sources of estimation uncertainty

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

Xchanging Holdings Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

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

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

Below is a summary of areas in which estimation is applied primarily in the context of applying critical accounting policies and judgements.

Key sources of estimation of uncertainty

Areas for which there are major sources of estimation uncertainty at the reporting year end that have a significant risk of causing a material adjustment to be made to the carrying value amounts of assets and liabilities are discussed below.

Impairment of investments in subsidiaries

Determining whether Company's investment in subsidiaries have been impaired requires estimation of net asset value of subsidiaries. If net asset value is less than the investment carrying value then value in use is considered. The value in use calculations require entity to estimate future cash flows expected to arise from investments and suitable discount rates in order to calculate discount rates in order to calculate present values. The carrying amount of investment in subsidiaries in the Statement of Financial Position was £473,654,000 (2019: £473,652,000) with an impairment loss of £300,000 (2019: £226,000) recognised during the year. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the affected asset or liability.

Critical judgements in applying the Company's accounting policies

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

4) Dividend income

	2020 £'000	2019 £'000
Dividend income	134,765	2,875
	<u>134,765</u>	<u>2,875</u>

Dividend of £134,764,922 was received from subsidiaries which comprises of £9,094 from Xchange Limited, £255,828 from Spikes Cavell Analytics Limited, £130,000,000 from Xchanging BV and £4,500,000 from Xchanging Software Europe Limited for the financial year ended 31 March 2020.

5) Operating profit

	2020 £'000	2019 £'000
Dividend income (note 4)	134,765	2,875
Foreign exchange (loss)/gain	(150)	79
Impairment of investment	(300)	(226)
Audit fees	-	(20)
Other expenses	(5)	(60)
	<u>134,310</u>	<u>2,648</u>

During the year, Auditor's remuneration is borne by a fellow Group undertaking within DXC Technology. The allocated fee payable to the Company's auditor for the audit of the financial statements is £3,000 (2019: £20,000).

6) Employees and Directors

Employees

There were no employees of the Company during the current year or previous year.

Directors

The total amount paid to the Directors amounts to £1,356,879 which is borne by DXC UK International Limited, EntServ UK Limited and DXC Technology Singapore Pte Limited.

Xchanging Holdings Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

7) Finance income

	2020 £'000	2019 £'000
Bank interest	10	3

8) Finance costs

	2020 £'000	2019 £'000
Interest payable on loans from fellow Group undertakings	6,110	5,921
	<u>6,110</u>	<u>5,921</u>

9) Taxation

	2020 £'000	2019 £'000
Current taxation		
UK corporation tax on loss for the year	-	-
Adjustments in respect of prior periods	-	(1,166)
Total current tax credit	<u>-</u>	<u>(1,166)</u>
Deferred tax		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	-
Impact of change in tax rate	-	-
Total deferred tax credit	<u>-</u>	<u>-</u>

The tax expense for the year is lower (2019: lower) than the standard rate of corporation tax in the UK for the year ended 31 March 2020 of 19 % (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Profit/(loss) before tax	128,210	(3,270)
Results multiplied by the standard rate of tax in the UK of 19% (2019: 19%)	24,360	(621)
Effects of:		
- Expenses not deductible for tax purposes	57	55
- Income not subject to tax	(25,605)	(546)
- Group relief	1,353	1,112
- Transfer pricing adjustment	(165)	-
- Adjustments to tax in respect of prior years	-	(1,166)
Tax credit for the year	<u>-</u>	<u>(1,166)</u>

Finance Bill 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020, budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020.

Xchanging Holdings Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

10) Investments

	Investments in subsidiaries £'000
Cost	
At 31 March 2019	592,158
Additions*	302
Disposals***	(360)
At 31 March 2020	592,100
Provision for impairment	
At 31 March 2019	(118,506)
Charge for the year**	(300)
Reversals***	360
At 31 March 2020	(118,446)
Net book value	
At 31 March 2020	473,654
At 31 March 2019	473,652

Investments in subsidiaries are all stated at cost less allowance for impairment.

*During the year, an amount of £300,000 was paid towards equity capital injection in Spikes Cavell Analytic Limited and £2,328 paid towards the purchase of "BTO Group LLC" from Total objects Limited as part Group restructuring.

**Impairment provision of £300,000 is recognised against the equity injection of £300,000 made in Spikes Cavell Analytic Limited as the entity's business has been transferred to eBECs Ltd as part of Group restructuring.

***The cost of investment and related impairment provision against the subsidiaries of Xchanging Switzerland AG, Xchanging Procurement Services Belgium S.A, Xchanging Mexico S.de R.L., Xchanging Turkey Yazilim Hizmetleri Limited and Xchanging do Brasil Servicos Ltd is written off on account of liquidation happened during prior years.

Xchanging Holdings Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

10) Investments (continued)

Further information on shares held by the Company as at 31 March 2020 are below:

Direct subsidiaries

Name	Country of incorporation and principal place of business	Principal activity	Effective interest and proportion of ordinary shares held	
			2020	2019
Xchange Limited	United Kingdom Hill House 1, Little New Street London EC4A 3TR	In liquidation	100%	100%
Xchanging EMEA Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Procurement	66%	66%
Total Objects Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Technology	100%	100%
Spikes Cavell Analytic Limited	United Kingdom Hill House 1, Little New Street London EC4A 3TR	In liquidation	100%	100%
Xchanging Software Europe (Regional Hub) Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Computer Services	100%	100%
Xchanging B.V.	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Holding company	100%	100%

Xchanging Holdings Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

10) Investments (continued)

Direct subsidiaries (continued)

Name	Country of incorporation and principal place of business	Principal activity	Effective interest and proportion of ordinary shares held	
			2020	2019
Xchanging (SEA) Pte Limited	Singapore 13, International Business Singapore 609932	In liquidation	100%	100%
Xchanging Software Europe Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Technology	100%	100%
BTO Group LLC	Russia 61, Vyborgskaya embarkment St.Petersburg, 197342	Computer services	100%	100%

Indirect Subsidiaries

Xpanse No 2 Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Corporate	100%	100%
Xchanging Procurement Services (Holdco)	United Kingdom Hill House 1 Little New Street London EC4A 3TR	In liquidation	100%	100%

Xchanging Holdings Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

10) Investments (continued)

Indirect subsidiaries (continued)

Name	Country of incorporation and principal place of business	Principal activity	Effective interest and proportion of ordinary shares held	
			2020	2019
Xchanging (Mauritius) Limited	Mauritius C/o Abax Corporate services 6th Floor, Tower A1 Cyber city, Ebene 1	Corporate	100%	100%
Xpanse Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Corporate	100%	100%
Xchanging UK Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Corporate	100%	100%
Xchanging Europe Holdco Limited	United Kingdom Hill House 1 Little New Street London EC4A 3TR	In liquidation	100%	100%
Xchanging Italy Holding S.r.L.	Italy Via Della chiusa 2 via della Milan I-20213	Holding company	100%	100%
Xlpro Limited	United Kingdom Hill House 1 Little New Street London EC4A 3TR	In liquidation	100%	100%
Xchanging Italy S.p.A.	Italy Via della Chiusa 2 Milano 20123 Italy	IT services	100%	100%

Xchanging Holdings Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

10) Investments (continued)

Indirect subsidiaries (continued)

Name	Country of incorporation and principal place of business	Principal activity	Effective interest and proportion of ordinary shares held	
			2020	2019
XUK Holdco (No. 2) Limited	United Kingdom Hill House 1 Little New Street London EC4A 3TR	In liquidation	100%	100%
HR Holdco Limited	United Kingdom Hill House 1 Little New Street London EC4A 3TR	In liquidation	100%	100%
Xchanging Claims Services Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Insurance services	50%	50%
LCO Marine Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Insurance services	50%	50%
LCO Non-Marine and Aviation Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Insurance services	50%	50%
Xchanging Solutions Limited	India SJR I Park Plot number 13,14,15 EPIP Industrial area Whitefield Bengaluru 66	Computer Services	75%	75%
Xchanging Technology Services India Pvt	India 33, Coconut grove 1A Cross 6th Block, 18th Main road Koramangala Bengaluru 95	Computer Services	100%	100%

Xchanging Holdings Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

10) Investments (continued)

Indirect subsidiaries (continued)

Name	Country of incorporation and principal place of business	Principal activity	Effective interest and proportion of ordinary shares held	
			2020	2019
Xchanging Solutions (USA), Inc.	Delaware Corporation Trust centre 1209, Orange street Wilmington DE 19801	Procurement	100%	100%
Xchanging Solutions (Europe) Limited	United Kingdom Hill House 1 Little New Street London EC4A 3TR	In liquidation	75%	75%
Xchanging Solutions (Singapore) Pte Limited	Singapore 13 International Business park #06-01 Singapore, 609932	Computer services	100%	100%
Nexplicit Infotech India Private Limited	India Auriga Block, The V block Plot no 17 Software units layout Hyderabad 81	Computer services	100%	100%
Xchanging Solutions (Malaysia) Sdn Bhd	Malaysia Level 9, Tower 3, Avenue 7 The Horizon Bangsar South No 8, Jalan Kerinchi Kuala Lumpur	Computer services	100%	100%
Xchanging Builders (India) Private Limited	India SJR I Park Plot number 13,14,15 EPIP Industrial area Whitefield, Bengaluru 66	Computer services	100%	100%
Xchanging Outsourcing Private Limited	India SJR I Park Plot number 13,14,15 EPIP Industrial area Whitefield Bengaluru 66	Computer services	100%	100%
Ins-Sure Holdings Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Insurance services	50%	50%

Xchanging Holdings Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

10) Investments (continued)

Indirect subsidiaries (continued)

Name	Country of incorporation and principal place of business	Principal activity	Effective interest and proportion of ordinary shares held	
			2020	2019
Xchanging Broking Services Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Computer services	100%	100%
Xchanging (Rebus) Pension Trustees Limited	United Kingdom The Walbrook Building 25 Walbrook London EC4N 8AQ	Technology	100%	100%
Xchanging Resourcing Services Limited	United Kingdom Hill House 1 Little New Street London EC4A 3TR	In liquidation	100%	100%
Xchanging Global Insurance Systems Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Technology	100%	100%
Ins-Sure Services Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Insurance services	50%	50%
LPSO Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Insurance services	50%	50%
London Processing Centre Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Insurance services	50%	50%

Xchanging Holdings Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

10) Investments (continued)

Indirect subsidiaries (continued)

Name	Country of incorporation and principal place of business	Principal activity	Effective interest and proportion of ordinary shares held	
			2020	2019
Dasure Holdings Limited	United Kingdom Hill House 1 Little new street London EC4A 3TR	In liquidation	100%	100%
Xchanging International Limited	United Kingdom Hill House 1 Little new street London EC4A 3TR	In liquidation	100%	100%
Xchanging Global Insurance Solutions Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Technology	100%	100%
Data Integration Limited	United Kingdom Hill House 1 Little new street London EC4A 3TR	In liquidation	100%	100%
Xchanging Asia Pacific Sdn Bhd	Malaysia HP Global Center, Persiaran Rimba Permai Cyber 8, 63000, Cyberjaya, Selangor Darul Ehsan	Computer services	100%	100%
Xchanging Technology Services Limited	United Kingdom Hill House, 1 Little New Street London, EC4A 3TR	In liquidation	100%	100%

Xchanging Holdings Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

10) Investments (continued)

Indirect subsidiaries (continued)

Name	Country of incorporation and principal place of business	Principal activity	Effective interest and proportion of ordinary shares held	
			2020	2019
Xchanging US Funding Limited	United Kingdom Hill House, 1 Little New Street London, EC4A 3TR	In liquidation	100%	100%

11) Receivables

	At 31 March 2020 £'000	At 31 March 2019 £'000
Amounts owed by subsidiary undertakings	641	2,241
Amounts owed by fellow Group undertaking	3,097	3,111
Group relief tax receivable*	1,600	-
	<u>5,338</u>	<u>5,352</u>

Amounts owed by Group undertakings are subject to normal DXC intercompany trading terms of payment which are unsecured, interest free and are repayable on demand.

*The prior year comparatives relating to Group relief tax receivable was grouped under amount owed by subsidiary undertakings and it is reclassified in the current year for presentational purpose.

12) Payables

	At 31 March 2020 £'000	At 31 March 2019 £'000
Amounts owed to Parent undertaking	183,509	241,706
Loan payable to subsidiary undertaking	162,059	102,419
Amounts owed to subsidiary undertakings	5,139	5,132
	<u>350,707</u>	<u>349,257</u>

Amounts owed to Group undertakings are subject to normal DXC intercompany trading terms of payment which are unsecured interest free and are repayable on demand.

On account of Group restructuring, out of total loan amount of £241.7m payable to Xchanging Limited, an amount of £183.5m was assigned to DXC UK International Operations Limited (formerly known as CSC Computer Sciences International Operations Limited), which is interest free and the balance loan amount of £58.2m was assigned to Xchanging UK Limited, bearing an interest rate of Bank of England rate plus 3.25%. These loans are unsecured and repayable on demand.

The remaining loan amounts are payable to subsidiary undertaking bearing interest rate of LIBOR plus 3.5%, unsecured and repayable on demand.

Xchanging Holdings Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

13) Share capital

	At 31 March 2020 £'000	At 31 March 2019 £'000
Authorised, allotted, issued and fully paid: 8,000,003 (2019: 8,000,003) ordinary shares of £0.125 each	<u>1,000</u>	<u>1,000</u>

14) Controlling parties

The ultimate Parent Company and controlling entity is DXC Technology, a company incorporated in the United States of America. It is 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 year ended 31 March 2020. Copies of the Group financial statements of DXC Technology is available from 1775 Tysons Blvd, Tysons, VA 22102, USA which is the registered office address.

On 16 January 2020, the immediate Parent Company changed from Xchanging Limited to CSC Computer Sciences International Operations Limited, which is under control of DXC Technology. On 3 April 2020, the name of CSC Computer Sciences International Operations Limited changed to DXC UK International Operations Limited.

15) Events after the end of reporting date

The Directors are not aware of any events after the end of reporting date which require disclosure or adjustment in the financial statements.