

Registration No: 02810403

LONDON PROCESSING CENTRE LIMITED

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

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LONDON PROCESSING CENTRE LIMITED

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

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LONDON PROCESSING CENTRE LIMITED

Officers and Professional advisers

Directors

Dave John Matcham

David Howard Gittings

Daljeet Singh Juttla

Gilles Alex Maxime Bonvarlet

Steve Andre Anthony Jules

Royston Hoggarth

Darren John Temple

Dr Indranil Nath

Resigned on 31 May 2020

John Barry Taylor

Resigned on 5 October 2020

Derek Alan Allison

Appointed on 31 May 2020

Kerry Jane Rainer

Appointed on 5 October 2020

Company Secretary

Vistra Company Secretaries Limited

10 Temple Back,

Bristol,

BS1 6FL,

United Kingdom.

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

Royal Bank of Scotland

RBS Ground Floor,

250 Bishopsgate,

London,

EC2M 4RB,

United Kingdom.

LONDON PROCESSING CENTRE 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.

London Processing Centre Limited is a private company incorporated in the United Kingdom under the Companies Act 2006, limited by shares and registered in England and Wales. The Company's registered and principal address is Royal Pavilion, Wellesley Road, Aldershot, Hampshire, GU11 1PZ, United Kingdom.

The Company is owned by Ins-sure Holdings Limited which is incorporated in the United Kingdom. The ultimate Parent Company and controlling entity is DXC Technology (DXC), a Company incorporated in the United States of America.

The financial statements for the year ended 31 March 2020 are set out on pages 12 to 30.

Principal activities

The principal activity of the Company is to provide insurance processing administration services for domestic and international clients. The focus within administrative services is on processing and settlement services to companies operating in the London insurance market.

Results and dividends

The Company's net profit for the year ended 31 March 2020 was £3,572,000 (2019: £2,641,000). No interim or final dividend was paid during the year ended 31 March 2020 (2019: £nil).

Review of the business and future development

During the year ended 31 March 2020, the Company's revenue increased to £16,510,000 from £15,978,000 (2019). Net profit for the year ended 31 March 2020 has increased from £2,641,000 (2019) to £3,572,000.

Increase in revenue and net profit is attributed to marginal increase in core volumes of premium transactions processed and lower employee costs during the year. Net assets of the Company increased from £12,044,000 (2019) to £13,089,000 as at 31 March 2020. Increase in net assets is due to profit generated from the revenues recognised during the year.

The focus for 2021 will be to continue to grow our elective business in London insurance market.

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

Principal risks and uncertainties

Management reviews risk proactively and endeavor to keep the Company at an acceptable level of overall business risk. The Director of Risk & Compliance oversees an active Governance, Risk & Compliance program, and assurance is provided through effective controls with review & assessment by the Internal Audit Function. The execution of the above strategy is subject to a number of financial and non-financial risks which are recorded and monitored in the Company's risk register, including:

Strategic risks:

- Failure to meet evolving customer demands for new and existing e-processing services.

Service delivery risks:

- Catastrophic loss of environment or IT services; and
- Failure to comply with UK, EU and/or international sanctions.

Implementation risks:

- Failure to deliver market development projects in line with agreed timelines and budgets.

People risk:

- Loss of key staff or skills.

Legal, compliance and regulatory risk:

- Failure to maintain an appropriate control environment; and
- Failure to detect and report suspicious activities.

LONDON PROCESSING CENTRE LIMITED

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

Principal risks and uncertainties (continued)

Financial risk:

- Unrecognised liabilities may crystallise from the Group's defined benefit pension scheme;
- Failure to maintain a robust information technology security policy; and
- Unidentified weaknesses in business continuity systems.

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 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.

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 continue 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.

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.

Financial risk management

Given the size of the Group, (consists of Ins-sure Services Limited, LPSO Limited and London Processing Centre Limited) the Directors have not delegated the responsibilities of monitoring financial risks. The policies set by the board of Directors are implemented by the finance department.

Exposure to variety of financial risks are reviewed on a regular basis in order to limit the adverse effects on the financial performance. These are set out as follows:

(i) Foreign exchange risk:

The Group has limited foreign exchange risk as the majority of trade is within the UK and is not denominated in a foreign currency.

(ii) Credit risk:

Credit risk is managed on a Group basis. Credit risk arises from cash and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group's bank, Royal Bank of Scotland has a rating of A-, hence the risk of holding cash with Royal Bank of Scotland is considered acceptable. The Group's credit risk with customers is limited as a significant proportion of annual income is either collected in advance via annual subscription or by direct settlement in the month following that when the service was provided. Where customers are provided with credit, regular credit control reviews are performed to monitor the collection of the debt and risk assessments are carried out for new customers.

LONDON PROCESSING CENTRE LIMITED

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

Financial risk management (continued)

(iii) Liquidity risk:

The Group actively monitors that it has sufficient funds for operations and any planned expansion.

(iv) Capital management risk:

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(v) VAT risk:

The UK is currently reviewing VAT rules on financial and insurance services; with a view to modernise and standardise across the UK. This may lead to some currently exempt services provided by the Ins-Sure Holdings Group becoming non-exempt. Any resulting change is not expected to take effect before the end of 2020. We continue to track these legislative developments, assess their likely impact and seek to mitigate.

(vi) Interest rate risk:

The Group has no interest-bearing liabilities. The Group does not use derivative financial instruments as exposure levels are not material.

LONDON PROCESSING CENTRE LIMITED

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

Key performance indicators

The board measures progress based on the KPIs below:

	31 March 2020	31 March 2019	Definition and method of calculation
Revenue (£'000)	16,510	15,978	Increase in revenue is attributed to marginal increase in core volumes of premium transactions processed.
Change in revenue (%)	3.33	(8.33)	Year on year revenue increase/(decrease) expressed as a percentage.
Gross profit (£'000)	6,878	5,874	Increase in net profit is attributed to marginal increase in core volumes of premium transactions processed and lower employee costs during the year.
Profit after tax (£'000)	3,572	2,641	
Profit margin (%)	21.63	16.53	Profit margin is the ratio of profit after tax to revenue expressed as a percentage.
Volume processed (million)	0.49	0.44	Volume of transaction processed during the year.
Employees (numbers)	28	31	Average number of permanent staff employed during the year.

On behalf of the board:



Daljeet Singh Juttla
Director

LONDON PROCESSING CENTRE 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

Principal activity has been disclosed in page 2 of Strategic report.

Future developments

The future development has been disclosed in page 2 of Strategic report.

Financial risk management

The financial risk management has been disclosed in page 3 of Strategic report.

Dividends

No dividend was paid during the year ended 31 March 2020 and up to date of approval of this report. (2019: £nil).

Political contributions

The Company made no political contributions during the financial year ended 31 March 2020 (2019: £nil).

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate based on projections for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements. The projections were subjected to sensitivity analysis over a range of scenarios and considered the liquidity of the business as well as profitability. The business has been able to maintain operations and business activity throughout government-imposed restrictions on movement in response to the current pandemic and expects to continue to do so. Assurance 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.

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 Company. 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.

Donations

No charitable donations have been made for the year ended 31 March 2020 (2019: £nil).

Directors

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

Dave John Matcham

David Howard Gittings

Daljeet Singh Juttla

Gilles Alex Maxime Bonvarlet

Steve Andre Anthony Jules

Royston Hoggarth

Darren John Temple

Dr Indranil Nath

Resigned on 31 May 2020

John Barry Taylor

Resigned on 5 October 2020

Derek Alan Allison

Appointed on 31 May 2020

Kerry Jane Rainer

Appointed on 5 October 2020

LONDON PROCESSING CENTRE LIMITED

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

Research and development

The Company did not incur any research and development expense during the financial year ended 31 March 2020 (2019: £nil).

Events since the reporting date

Details of significant events since the balance sheet date are contained in Note 17 to the financial statements.

Employees

Details of the number of employees and related costs can be found in note 6 to the financial statements.

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

The Company recognises the importance of providing a safe working environment for all employees and others who may be affected by the Company's activities. A pro-active Safety Management Programme is in place, supported by all levels of management, safety officers, safety champions and the Health and Safety Team. All of the activities have been assessed to identify significant hazards, which are then controlled and managed. The Safety Programme has been externally verified and approved by Lloyd's Register Quality Assurance to the OHSAS 18001 specification.

The Company's investment in employees is fundamental to a successful workplace and feedback is encouraged. The UK Employee Forum (UKEF) is the Company's chosen forum for informing and consulting with the UK workforce as a whole. This Forum enables the Company to properly inform and involve employees in decision making and problem-solving increasing collaboration, creativity and innovation through dialogue and exchange of views. The Company encourages the involvement of employee's by means of two-way communication on an internal website, regular forums and update meetings.

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.

Branches outside the UK

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

Independent Auditor

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

Disclosure of information to auditor

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

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he/she has taken all steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Approved by the Board and signed on its behalf by:



Daljeet Singh Juttla
Director

LONDON PROCESSING CENTRE 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 United Kingdom Accounting Standards, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

LONDON PROCESSING CENTRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON PROCESSING CENTRE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of London Processing Centre 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 income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

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

Basis for opinion

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

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

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.

LONDON PROCESSING CENTRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON PROCESSING CENTRE LIMITED (continued)

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.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

LONDON PROCESSING CENTRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON PROCESSING CENTRE LIMITED (continued)

Matters on which we are required to report by exception

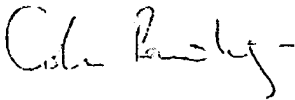
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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

15 December 2020

LONDON PROCESSING CENTRE LIMITED

Income statement for the year ended 31 March 2020

		31 March 2020 £'000	31 March 2019 £'000
	Note		
Continuing operations:			
Revenue	4	16,510	15,978
Cost of providing services		(9,632)	(10,104)
Gross profit		6,878	5,874
Administrative expenses		(2,487)	(2,582)
Operating profit	5	4,391	3,292
Finance costs	7	(15)	(31)
Profit before income tax		4,376	3,261
Income tax expense	8	(804)	(620)
Profit for the year		3,572	2,641

The results are wholly attributable to continuing activities.

Notes 1 to 17 form an integral part of these financial statements.

LONDON PROCESSING CENTRE LIMITED

Statement of comprehensive income for the year ended 31 March 2020

	Note	31 March 2020 £'000	31 March 2019 £'000
Profit for the year		3,572	2,641
Other comprehensive expense not classified to profit and loss			
Re-measurements of retirement benefit obligations	13	(3,120)	(617)
Tax credit relating to these items	8	593	105
Other comprehensive expense for the year		(2,527)	(512)
Total comprehensive income for the year		1,045	2,129

Notes 1 to 17 form an integral part of these financial statements.

LONDON PROCESSING CENTRE LIMITED

Balance sheet as at 31 March 2020

	Note	31 March 2020 £'000	31 March 2019 £'000
Assets			
Non-current assets			
Deferred tax assets	12	574	233
Total non-current assets		<u>574</u>	<u>233</u>
Current assets			
Trade and other receivables	10	11,629	27,218
Cash and cash equivalents		19,280	11,176
Total current assets		<u>30,909</u>	<u>38,394</u>
Total assets		<u>31,483</u>	<u>38,627</u>
Liabilities			
Non-current liabilities			
Retirement benefit obligation	13	(3,011)	(1,362)
Total non-current liabilities		<u>(3,011)</u>	<u>(1,362)</u>
Current liabilities			
Trade and other payables	11	(15,383)	(24,400)
Current income tax liabilities		-	(821)
Total current liabilities		<u>(15,383)</u>	<u>(25,221)</u>
Total liabilities		<u>(18,394)</u>	<u>(26,583)</u>
Net assets		<u>13,089</u>	<u>12,044</u>
Equity			
Share capital	14	230	230
Retained earnings	14	12,859	11,814
Total equity		<u>13,089</u>	<u>12,044</u>

Notes 1 to 17 form an integral part of these financial statements.

For a description of the nature and purpose of each reserve within shareholders' equity refer to note 14.

The financial statements of London Processing Centre Limited (Registration number: 02810403) on pages 12 to 30 were authorised by the board of Directors on 15th December 2020 and were signed on its behalf by:



Daljeet Singh Juttla
Director

Registered number: 02810403

LONDON PROCESSING CENTRE LIMITED

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

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
Total equity at 1 April 2018		230	9,685	9,915
Profit for the year		-	2,641	2,641
Other comprehensive expense		-	(512)	(512)
Total comprehensive income for the year		-	2,129	2,129
Transactions with owners in their capacity as owners:				
Dividend paid	9	-	-	-
Balance at 31 March 2019		230	11,814	12,044
Profit for the year		-	3,572	3,572
Other comprehensive expense		-	(2,527)	(2,527)
Total comprehensive income for the year		-	1,045	1,045
Transactions with owners in their capacity of owners:				
Dividend paid	9	-	-	-
Balance at 31 March 2020		230	12,859	13,089

Notes 1 to 17 form an integral part of these financial statements.

LONDON PROCESSING CENTRE LIMITED

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

1 General information

The principal activity of London Processing Centre Limited, registered company 02810403, is the provision of insurance processing, administration services for domestic and international clients. The focus within administrative services is on processing and settlement services to companies operating in the London insurance market. London Processing Centre Limited is a private company incorporated in the United Kingdom under the Companies Act 2006, limited by shares and registered in England and Wales.

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 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 London Processing Centre Limited have been prepared in accordance with Financial Reporting Standards 101, 'Reduced Disclosure Framework' (IFRS) as adopted by the European Union (EU), and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to few items, viz., business combinations, financial instruments, capital management, revenue from contracts with customers, related party disclosures, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, impairment of assets, accounting policies, changes in accounting estimates and errors.

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.

Where relevant, equivalent disclosures have been given in the Group accounts of Ins-sure Holdings Limited. The Group accounts of Ins-sure Holdings Limited are available in the Companies House.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate based on projections for the foreseeable future being a period of at least 12 months from the date of approval of these financial statements. The projections were subjected to sensitivity analysis over a range of scenarios and considered the liquidity of the business as well as profitability. The business has been able to maintain operations and business activity throughout government-imposed restrictions on movement in response to the current pandemic and expects to continue to do so. Assurance 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.

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 Company. 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 Company, and DXC, 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.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all 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.

LONDON PROCESSING CENTRE LIMITED

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

2 Summary of significant accounting policies (continued)

New or amended Accounting Standards and Interpretations adopted (continued)

The following Accounting Standards and Interpretations are most relevant to the Company:

IFRS 16 Leases

The Company has adopted IFRS 16 from 1 April 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the balance sheet. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. There is no impact of the adoption of this standard in the financial statements.

There are no other 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.

Foreign currency translation

(a) Functional and presentation currency

The financial statements of the Company are presented in the currency of the primary economic environment in which London Processing Centre Limited operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Revenue

Revenue is stated exclusive of value added tax. Revenue in respect of administration services includes subscription fees and transaction charges. Subscription fees are recognised in the income statement on a straight-line basis according to the year to which they relate. Transactional revenue for these services is recognised in the year in which the transaction takes place.

Revenue in respect of Business Process Services contracts is divided into an implementation phase and a service provision phase. Revenue and attributable profit are accordingly recognised on a percentage completion basis. Revenue in respect of the provision of post-implementation administration services to Business Process Services customers is recognised in the year to which the service relates.

Revenue in relation to repetitive service contracts is recognised on a straight-line basis over the period to which the contract relates. Payment for services is not due from the customer until the services are complete and therefore a contract asset is recognised over the period in which the services are performed representing the entity's right to consideration for the services performed to date. A contract liability is recognised for revenue relating to the services for which payment is received at the time of the initial sales transaction and is released over the service period.

Time and Materials contracts: Revenue is recognised over time at agreed-upon billing rates when services are provided.

Unit-price contracts: Revenue is recognised over time based on unit metrics (i.e. quantity mechanism subject to a quarterly minimum volume commitment [lower threshold] and maximum volume banding [upper threshold] of the baseline volume) multiplied by the agreed upon contract unit price, or when services are delivered.

Fixed-price contracts: For certain fixed-price contracts, including (but not limited to) Transition Services for a period, revenue is recognised over time using a method that measures the extent of progress towards completion of a performance obligation, generally using a cost-input method. This is referred to as the percentage-of-completion cost-to-cost method.

LONDON PROCESSING CENTRE LIMITED

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

2 Summary of significant accounting policies (continued)

Revenue (continued)

Under the percentage-of-completion cost-to-cost method, revenue is recognized based on the proportion of 'Total Cost Incurred' to 'Estimated Total Costs at Completion'. A performance obligation's Estimated Cost at Completion includes all direct costs such as materials, labour, subcontractor costs, overhead, and a ratable portion of general and administrative costs. If output or input measures are not available or cannot be reasonably estimated, revenue is deferred until progress can be measured. Costs are not deferred unless they meet the criteria for capitalisation.

Under the percentage-of-completion cost-to-cost method, progress towards completion is measured based on either achievement of specified contract milestones, costs incurred as a proportion of estimated total costs, or other measures of progress when appropriate. Profit in a given period is reported at the estimated profit margin to be achieved on the overall contract.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using effective interest method, less any appropriate provision for impairment. The Company applies the IFRS 9 simplified approach to measure the expected credit loss which uses a lifetime expected loss allowance for all trade receivables and contract assets.

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

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

Contract assets

Contract assets are recognised when the Company has transferred goods or services to the customer but where the Company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Impairment of financial assets

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

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 collateralized borrowing for the proceeds received.

Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank.

Financial liability

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers

LONDON PROCESSING CENTRE LIMITED

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

2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liability (continued)

Contract liabilities

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

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Retirement benefits

The Company operates various retirement schemes, including both defined benefit and defined contribution pension plans.

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

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset/liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting year less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. An asset is recognised to the extent that the Company has the right to a refund once all plan liabilities have been settled.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the year in which they arise.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset.

Past-service costs are recognised immediately in the income statement.

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

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.

Current and deferred income tax

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

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

LONDON PROCESSING CENTRE LIMITED

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

2 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

3 Significant accounting judgements, estimates and assumptions

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

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

Critical judgements in applying the Company's accounting policies:

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

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

LONDON PROCESSING CENTRE LIMITED

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

3 Significant accounting judgements, estimates and assumptions (continued)

Critical judgements in applying the Company's accounting policies (continued)

Revenue recognition

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

Key sources of estimation uncertainty

The key assumption concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below.

Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

Details of the Company's defined benefit pension schemes are set out in note 13, including tables showing the sensitivity of the pension scheme obligations and assets to different actuarial assumptions. The effects of changes in the actuarial assumptions underlying the benefit obligation and discount rates and the differences between expected and actual returns on the schemes' assets are classified as actuarial gains and losses.

LONDON PROCESSING CENTRE LIMITED

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

4 Revenue

The tables below present revenue from continuing operations by the geographical location of customers and by category:

Revenue by geographical location:

	31 March 2020 £'000	31 March 2019 £'000
United Kingdom	15,390	14,692
Continental Europe	824	983
Bermuda	128	124
South East Asia	166	162
USA	2	17
Total Revenue	16,510	15,978

Analysis of revenue by category:

	31 March 2020 £'000	31 March 2019 £'000
Rendering of services	16,510	15,978
Total Revenue	16,510	15,978

Remaining performance obligations

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

Contract balances

The table below provides information about the balances of the Company's trade receivables and contract assets and contract liabilities:

	31 March 2020 £'000	31 March 2019 £'000
Trade receivables, net	449	843
Contract assets	-	-
Contract liabilities – short term	3,172	3,059
Contract liabilities – long term	108	-

Revenue recognised in relation to contract liabilities

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

	31 March 2020 £'000	31 March 2019 £'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	3,059	2,987

Revenue recognised in relation to prior years

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

LONDON PROCESSING CENTRE LIMITED

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

5 Operating profit

Operating profit is stated after expensing/(crediting)

	31 March 2020	31 March 2019
	£'000	£'000
Royalty cost	825	846
Operating lease expense	23	137
Audit fees payable to the Company's auditors	10	10
Impairment of trade receivables	(94)	(93)

6 Directors and employees

Directors

During the current year, total amount paid to Directors amounts to £1,339,000 which was borne by CSC Computer Sciences Limited & Ins-Sure Services Limited.

Employees

The average monthly number of persons (including Executive Directors) employed by the Company during the year was:

	31 March 2020 Number	31 March 2019 Number
By activity		
Service delivery	28	31
Total	28	31

	31 March 2020 £'000	31 March 2019 £'000
Wages and salaries	1,030	1,199
Social security costs	127	132
Other pension costs (note 13)	701	1,372
Direct staff costs	1,858	2,703

Other pension cost includes £529,000 for defined benefit scheme and the remaining £173,000 relates to defined contribution scheme.

7 Finance costs

	31 March 2020 £'000	31 March 2019 £'000
Finance costs		
Interest expense on income tax	3	-
Interest expense on defined benefit pension schemes (note 13)	12	31
Total finance costs	15	31

LONDON PROCESSING CENTRE LIMITED

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

8 Income tax

	31 March 2020 £'000	31 March 2019 £'000
Tax expense included in profit and loss:		
Current tax:		
UK Corporation tax expense on profit for the year	552	494
Adjustments in respect of prior years	-	(3)
Total current tax expense	552	491
Deferred tax:		
Origination and reversal of timing differences	279	129
Impact of change in tax rate	(27)	-
Total deferred tax expense	252	129
Income tax expense	804	620
Tax income included in other comprehensive income		
Origination and reversal of timing differences	(593)	(105)
Total tax income included in other comprehensive income	(593)	(105)

The tax expense for the year is lower (2019: higher) 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 in the following table:

	31 March 2020 £'000	31 March 2019 £'000
Profit before tax	4,376	3,261
Profit multiplied by the standard rate of tax in the UK of 19% (2019: 19%)	831	620
Effects of:		
Re-measurement of deferred tax- rate differential CT v DT	(27)	(3)
Adjustments in respect of prior years	-	(3)
Amounts charged directly to other comprehensive income	-	(12)
Expenses not deductible for tax purposes	-	(4)
Transfer pricing adjustment	-	22
Income tax expense	804	620

Finance Bill 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 March 2019 had been calculated at this rate. 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 and accordingly the deferred tax balances have been re-calculated to 19% at the year ended 31 March 2020.

9 Equity Dividend

No dividend was paid during the year ended 31 March 2020 (2019: £nil).

LONDON PROCESSING CENTRE LIMITED

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

	31 March 2020 £'000	31 March 2019 £'000
10 Trade and other receivables		
Trade receivables	458	881
Less provision for impairment of trade receivables	(9)	(38)
Net trade receivables	449	843
Amounts owed by Group undertakings	8,590	24,100
Other receivables	338	291
Prepayments and contract assets	2,252	1,944
Group relief receivable	-	40
Total current trade and other receivables	11,629	27,218

The Directors consider that the carrying amount of trade receivables approximates their fair value.

Amounts owed by Group (entities controlled directly or indirectly by the ultimate Parent Company) undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The table details the risk profile of trade receivables:

As at 31 March 2020	Expected credit loss rate	Lifetime credit loss rate £'000
Trade receivables	%	
Current	0.30%	6
1-30 Days	0.90%	3
		9

The above figure includes an amount of £10,159 towards COVID-19 risk impact on trade receivables.

As at 31 March 2019	31 March 2019 £'000
Trade receivables	
Over 180 Days	38
	38

11 Trade and other payables

	31 March 2020 £'000	31 March 2019 £'000
Current trade and other payables		
Trade payables	443	311
Amounts owed to Group undertakings	3,501	15,532
Taxation and social security	30	69
Other payables	4,173	2,670
Accruals and contract liabilities	3,436	3,201
Group relief payable	3,800	2,617
Total current trade and other payables	15,383	24,400

Amounts owed to Group (entities controlled directly or indirectly by the ultimate Parent Company) undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

LONDON PROCESSING CENTRE LIMITED

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

12 Deferred tax

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

	31 March 2020 £'000	31 March 2019 £'000
Deferred tax assets	574	233
Total	574	233

	31 March 2020 £'000	31 March 2019 £'000
Deferred tax assets due within 12 months	572	231
Deferred tax assets due after more than 12 months	2	2
Total deferred tax assets	574	233

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

	Accelerated tax depreciation £'000	Retirement benefit obligation £'000	Total assets £'000
Deferred tax assets			
At 1 April 2018	2	256	258
Charged to the income Statement	-	(130)	(130)
Charged directly to other comprehensive expense	-	105	105
At 31 March 2019	2	231	233
Charged to the income statement	-	(252)	(252)
Credited directly to other comprehensive expense	-	593	593
At 31 March 2020	2	572	574

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

13 Retirement benefit

The Company provides retirement benefits to certain employees through defined contribution scheme and defined benefit scheme.

The pension charge in the Income statement in respect of the defined contribution section of the scheme includes £173,000 (2019: £182,000).

For certain employees, the Company operates a defined benefit pension scheme with assets held in a separately administered fund.

LONDON PROCESSING CENTRE LIMITED

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

13 Retirement benefit (continued)

The London Processing Centre Limited Retirement & Death Benefits Scheme (the 'LPC Scheme')

The LPC scheme holds assets in a separately administered fund. The schemes provide retirement benefits on the basis of members' final salary. On 31 December 2015, the scheme was closed to future accrual. At the same time, the Company established a defined contribution scheme to provide benefits to new employees.

Plan assets held in the fund are governed by local regulations and practice in the United Kingdom. Responsibility for the governance of the plan including investment decisions and contribution schedules lies jointly with the Company and the board of Directors of the fund.

The risks of the scheme are as follows:

(a) Asset volatility:

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plan holds a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

(b) Changes in bond yields:

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

(c) Life expectancy:

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

(d) Inflation risk:

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

The balance held on Statement of financial position as at 31 March 2020.

	Pension asset	Pension liability
	£'000	£'000
LPC Scheme	58,248	(61,259)
	<u>58,248</u>	<u>(61,259)</u>

As at 31 March 2020, deferred tax asset outstanding of £572,000 (2019: £231,000) arises in relation to the net defined benefit pension scheme deficit of £3,011,000 (2019: £1,362,000)

A comprehensive actuarial valuation of the Company pension scheme, using the projected unit basis, was carried out at 30 June 2016 by LCP, independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	31 March 2020	31 March 2019
Discount rate	2.45%	2.44%
Rate of inflation	2.49%	3.21%

LONDON PROCESSING CENTRE LIMITED

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

13 Retirement benefit (continued)

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in the UK. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65.

	31 March 2020	31 March 2019
	Years	Years
Longevity of age 65 for current pensioners:		
-Men	21.8	21.7
-Women	23.9	23.7
Longevity at age 45 for future pensioners:		
-Men	23.1	23.0
-Women	25.4	25.2

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

	Change in assumption	Increase in Assumption £'000	Decrease in assumption £'000
Increase in life expectancy	1 year	2,021	-
Discount rate	0.5%	4,608	(5,182)
Inflation rate	0.5%	(2,210)	2,146

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied as when calculating the pension liability recognised within the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The assets of the pension scheme, along with the expected rates of return on scheme assets are shown below:

	2020	2020	2019	2019
	£'000	%	£'000	%
Corporate bonds	9,940	17.07%	9,860	15.91%
Multi Asset Credit	17,320	29.73%	9,100	14.69%
Cash	5,878	10.09%	13,198	21.29%
Global equities	14,700	25.24%	18,400	29.69%
Liquidity driven investments	10,410	17.87%	11,410	18.42%
Total assets	58,248	100.0%	61,968	100.0%

Movements in the actuarial value of scheme assets & liabilities for the year ended 31 March 2019 are:

	Assets £'000	Liabilities £'000	Total £'000
At 1 April 2018	59,447	(60,949)	(1,502)
Benefits paid/(received)	(1,950)	1,950	-
Employer contributions	1,977	-	1,977
Current service cost	-	(250)	(250)
Past service cost	-	(939)	(939)
Administration (cost)/income	(529)	529	-
Interest income/(cost)	1,397	(1,428)	(31)
Remeasurement gains/(loss)	1,626	(2,243)	(617)
At 31 March 2019	61,968	(63,330)	(1,362)

LONDON PROCESSING CENTRE LIMITED

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

13 Retirement benefit (continued)

Movements in the actuarial value of scheme assets & liabilities for the year ended 31 March 2020 are:

	Assets £'000	Liabilities £'000	Total £'000
At 1 April 2019	61,968	(63,330)	(1,362)
Benefits paid/(received)	(2,207)	2,207	-
Employer contributions	2,012	-	2,012
Current service cost	-	(529)	(529)
Administration (cost)/income	(347)	347	-
Interest income/(cost)	1,312	(1,324)	(12)
Remeasurement (loss)/gains	(4,490)	1,370	(3,120)
At 31 March 2020	58,248	(61,259)	(3,011)

Total expense recognised in the income statement:

	2020 £'000	2019 £'000
Current service cost	529	250
Past service cost	-	939
Interest cost	12	31
Total cost recognised in the income statement	541	1,220

14 Reserves

Share capital

	31 March 2020 £'000	31 March 2019 £'000
Allotted, Issued and fully paid-up		
114,735 (2019: 114,735) ordinary "A" shares at £1 each	115	115
114,735 (2019: 114,735) ordinary "B" shares at £1 each	115	115
Total	230	230

Each class of shares above carries the same rights and privileges and rank pari passu in all respects.

Retained earnings

	£'000
At 31 March 2019	11,814
Profit for the year	3,572
Remeasurement of retirement benefits	(2,527)
At 31 March 2020	12,859

Retained earnings comprises the accumulation of the Company's net profits retained within the business, remeasurement of retirement benefits and the payment/declaring of any dividends.

LONDON PROCESSING CENTRE LIMITED

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

15 Related party transactions

London Processing Centre Limited is a subsidiary of the Group "Ins-sure Holdings Limited", a Company incorporated in the United Kingdom. Ins-sure Holdings Limited is the Parent Company of the smallest group to consolidate these financial statements.

The following companies are considered to be related parties of the Group as they hold non-controlling shareholdings in a number of the subsidiaries of the group or are a joint venture of the Group:

- The Corporation of Lloyd's held a 25.0% interest in Ins-sure Holdings Limited for the year ended 31 March 2020. Some of the Directors of Ins-sure Holdings Limited are employees of the Corporation of Lloyd's. The emoluments of these Directors were borne by the Corporation of Lloyd's; and
- The International Underwriting Association held a 25.0% interest in Ins-sure Holdings Limited for the year ended 31 March 2020.

There is no transaction with related parties during the year (2019: £nil) and no receivable or payable balance at 31 March 2020 (2019: £nil).

Transactions with the related parties are carried out at arm's length price.

16 Parent undertaking and ultimate controlling party

London Processing Centre Limited is a subsidiary of Ins-sure Holdings Limited, a Company incorporated in the United Kingdom. Ins-sure Holdings Limited is the Parent Company of the smallest group to consolidate these financial statements.

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

17 Events after the end of the reporting year

There were no material or significant events that occurred in the period from 31 March 2020 to the date of reporting that would require adjustment to or disclosure in the financial statements.