

Company Registration No. 02846149

CSC Computer Sciences (Middle East) Limited

Annual Report and Financial Statements

For the financial year from 1 April 2018 to 31 March 2019



CSC Computer Sciences (Middle East) Limited

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CSC Computer Sciences (Middle East) Limited

Officers and professional advisers

Directors

S A De La Harpe
T A Gough
M C Woodfine

Registered office

Royal Pavilion
Wellesley Road
Aldershot,
Hampshire
GU11 1PZ

Principal bankers

Saudi British Bank (SABB)
Central Province Management Office
Riyadh, Saudi Arabia
11461

Principal legal adviser

Baker & McKenzie LLP
100 New Bridge Street
London
EC4V 6JA

Auditor

Deloitte LLP
Statutory Auditor
1 Station Square
Cambridge
CB1 2GA
United Kingdom

CSC Computer Sciences (Middle East) Limited

Strategic report

The directors present their Strategic report on the Company for the financial year ended 31 March 2019. In preparing the Strategic report, the directors have complied with s414c of the Companies Act 2006.

CSC Computer Sciences (Middle East) Limited ("the Company") is a private Company, incorporated in the United Kingdom Limited by shares under the Companies Act 2006 and registered in England and Wales. The Company's registered and principal address is Royal Pavilion, Wellesley Road, Aldershot, Hampshire, GU11 1PZ.

The Company is an indirect subsidiary of DXC Technology Company (DXC), a public listed Company incorporated in the United States of America and listed on the New York Stock Exchange.

The financial statements for the financial year 1 April 2018 to 31 March 2019 are set out on pages 9 to 27. A loss for the financial year of £1,017,000 (2018: Profit of £65,000) has been transferred from reserves.

Business review

The Company is a next-generation global provider of information technology (IT) services and solutions. We help lead clients through their digital transformations to meet new business demands and customer expectations in a market of escalating complexity, interconnectivity, mobility and opportunity.

During the financial year ended 31 March 2019, DXC would develop client and partner relationships, strengthening its position in the marketplace and solidifying the Company's long-term growth strategy. Key transactions taking place during the financial year ended 31 March 2019 are as follows:

Revenue declined by 35% from £2,781,000 in the previous year to £1,806,000 in the current year due to decrease in customer contracts. The Company is expected to be rationalized and no new contracts are expected in the upcoming years.

Further, the Company has issued an intercompany loan of £500,000 to CSC Middle East Saudi branch on 20 July 2018 and £6,800,000 on 8 November 2018 loan to DXC Technology Middle East FZ LLC - Abu Dhabi Branch funded through external bank overdrafts to cover the business requirements of which £3,800,000 was paid on 24 January 2019 by DXC Technology Middle East FZ LLC - Abu Dhabi in the current year. Remaining balance of £3,000,000 is due to be paid before November 2020.

Risk management, objectives and policies

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

- **Foreign currency risk**

As a global business, the Company faces exposure to adverse movements in foreign currency exchange rates. In the normal course of business, the Company enters into certain sales and supply/service contracts denominated in foreign currency. Potential foreign currency exposures arising from these contracts are analysed during the bidding process. The Company generally manages these contracts by incurring costs in the same currency in which the revenue is received, and any related short-term contract financing requirements are met by borrowing in the same currency.

- **Credit risk**

The scale of some of the Company's projects mean that credit exposure to individual clients can at times be significant. It has a wide spread of clients across countries and across the public and private sectors, although most of the group's operations are undertaken in the UK on behalf of UK based organisations. Policies are in place to ensure that contracts are only undertaken with clients having an appropriate financial standing and, on a basis, that gives rise to a commercially appropriate cash flow profile.

- **Liquidity risk**

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

Cash flow forecasting is performed at the 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.

CSC Computer Sciences (Middle East) Limited

Strategic report (continued)

Risk management, objectives and policies (continued)

On 23rd June 2016, a referendum in the United Kingdom returned a result in favour of leaving the European Union. Whilst the longer term political and economic effects of these events are yet unclear, the announcement of the referendum result immediately triggered a significant amount of market turbulence, including sterling falling against both the U.S. dollar and Euro. 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.

While a new Brexit deadline of January 31, 2020 has been set, the UK government is working towards an exit with a deal before that date. The situation is being actively monitored 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 final date and shape of Brexit is determined.

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 2019, which are available to the public and may be obtained from www.dxc.technology

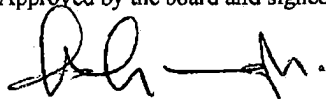
Future developments

It is the intention of the directors to continue the Company's principal activities. The Company expects to report a reduced gross margin over the coming financial year as a result of changes to margins applied to intercompany sales, based on wider instruction across the DXC group.

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 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:



T A Gough
Director

18/12/2019

Registered Office

Royal Pavilion
Wellesley Road
Aldershot,
Hampshire
GU11 1PZ

CSC Computer Sciences (Middle East) Limited

Directors' report

The directors present the Annual Report on the affairs of the Company, together with the audited financial statements for the financial year 1 April 2018 to 31 March 2019.

Principal activity

The Company continues to provide computer consultancy, systems integration and computer outsourcing throughout the financial period under review.

Future developments

Future developments have been detailed in the Strategic report on page 2 and form part of this report by cross reference.

Events since the reporting date

There were no material or significant events that occurred in the period from 31 March 2019 to the date of reporting that would require adjustment to or disclosure in the financial statements.

Research and development

No research and development costs were incurred during the financial period (2018: £nil).

Branches outside the UK

The Company has a branch, located in Saudi Arabia.

Financial risk management, objective and policies

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

Dividends

No dividend was declared or paid during the financial year and up to date of approval of this report (2018: £nil).

Directors

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

S A De La Harpe
T A Gough
M C Woodfine

No qualifying third party indemnity provisions were made by the Company during the year for the benefit of its directors.

Political contribution

The Company made no political donations during the financial year (2018: £nil).

Going concern

The Company is loss making but reports net current assets, thus the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Confirmation has been provided by the parent Company that it will continue to support the operations going forward. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

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

Employees

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

At DXC all aspects of diversity are valued among its employees. The Company understands that a variety of employee perspectives enables it to thrive, to innovate and to be creative bringing better solutions and services to their clients. Therefore, the Company ensures the recognition and contribution all employees regardless of gender, race and ethnicity, mental or physical abilities or religious and LGBTQ+ cultures. This is supported by an Equal Opportunities Policy and the UKI Diversity Steering Group.

The Company's investment in employees is fundamental to a successful workplace and feedback is encouraged. 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.

CSC Computer Sciences (Middle East) Limited

Directors' report (continued)

Employees (continued)

The Company recognises the importance of providing a safe working environment for all employees and others who may be affected by the Company's activities. DXC will protect the health and safety of its employees and all other stakeholders through; implementing robust risk management processes, maintaining a safe work environment, reducing occupational injury and illness risks and promoting employee health and well-being, developing appropriate emergency preparedness and response plans, and providing appropriate health and safety training; information and supervision. This is supported by the DXC Environment, Health & Safety Policy.

Auditors

Deloitte LLP have indicated their willingness to be reappointed for another term. The Company has elected to dispense with the obligation to appoint an auditor annually under the provisions of section 485 to 488 of the Companies Act 2006 and appropriate arrangements have been put in place for them to be deemed reappointed in the absence of an Annual General Meeting.

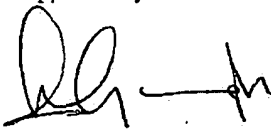
Disclosure of information to auditor

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 are unaware; and
- 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:



T A Gough
Director

18/12/2019

Registered Office
Royal Pavilion
Wellesley Road
Aldershot,
Hampshire
GU11 1PZ

CSC Computer Sciences (Middle East) Limited

Directors' responsibilities statement

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.

Independent auditor's report for CSC Computer Sciences (Middle East) Limited

For the financial year 1 April 2018 to 31 March 2019

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of CSC Computer Science (Middle East) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss 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 comprehensive income;
- the Statement of financial position;
- the Statement of changes in equity; and
- the related notes 1 to 18.

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

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 for CSC Computer Sciences (Middle East) Limited (continued)

For the financial year 1 April 2018 to 31 March 2019

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 Financial Reporting Council's (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.

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.



Lee Welham FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom

20 December 2019

CSC Computer Sciences (Middle East) Limited

Statement of profit and loss

For the financial year 1 April 2018 to 31 March 2019

	Note	Financial year 1 April 2018 to 31 March 2019 £'000	Financial year 1 April 2017 to 31 March 2018 £'000
Revenue	4	1,806	2,781
Cost of sales		(2,142)	(2,340)
Gross (loss)/profit		(336)	441
Administrative expenses		(643)	(365)
Impairment of investments		-	(45)
Other operating income		(124)	34
Operating (loss)/profit	5	(1,103)	65
Finance income	7	50	-
(Loss)/profit before taxation		(1,053)	65
Tax credit on (loss)/profit	8	36	-
(Loss)/profit for the financial year		(1,017)	65

The above results are wholly attributable to continuing activities.

The notes on pages 13 to 27 form part of these financial statements.

CSC Computer Sciences (Middle East) Limited

Statement of comprehensive income

For the financial year 1 April 2018 to 31 March 2019

	Financial year 1 April 2018 to 31 March 2019 £'000	Financial year 1 April 2017 to 31 March 2018 £'000
(Loss)/profit for the financial year	(1,017)	65
Other comprehensive income: items that will not be reclassified to profit or loss:		
Effects of changes in foreign currency	4	-
Total comprehensive (loss)/profit for the year	(1,013)	65

The notes on pages 13 to 27 form part of these financial statements.

CSC Computer Sciences (Middle East) Limited

Statement of financial position As at 31 March 2019

	Note	At 31 March 2019 £'000	At 31 March 2018 £'000
Assets			
Non-current assets			
Property, plant and equipment	9	2	5
Investments	10	246	246
Deferred taxation asset	8	37	1
Trade and other receivables	12	3,000	-
Total non-current assets		3,285	252
Current assets			
Trade and other receivables	11	9,339	9,454
Cash at bank and in hand		369	555
Total current assets		9,708	10,009
Total assets		12,993	10,261
Liabilities			
Current liabilities			
Trade and other payables	13	(5,299)	(1,566)
Total current liabilities		(5,299)	(1,566)
Net current assets		4,409	8,443
Total assets less current liabilities		7,694	8,695
Net assets		7,694	8,695
Equity			
Share capital	15	200	200
Foreign exchange translation reserve		(4)	-
Profit and loss account		7,498	8,495
Total equity		7,694	8,695

The notes on pages 13 to 27 form part of these financial statements.

The financial statements of CSC Computer Sciences (Middle East) Limited (No. 02846149) on pages 9 to 27 were approved and authorised for issue by the board on 18/12/2019 and signed on its behalf by:



T A Gough
Director

CSC Computer Sciences (Middle East) Limited

Statement of changes in equity

For the financial year 1 April 2018 to 31 March 2019

	Ordinary share capital	Profit and loss account	Foreign exchange translation reserve	Total
	(Note 15)			
	£'000	£'000	£'000	£'000
Balance as at 1 April 2017	200	8,430	-	8,630
Profit and total comprehensive income for the financial year	-	65	-	65
Balance as at 31 March 2018	200	8,495	-	8,695
Loss for the financial year	-	(1,017)	-	(1,017)
Changes in accounting policy	-	16	-	16
Other comprehensive expense for the financial year	-	4	(4)	-
Total comprehensive loss for the financial year	-	(997)	(4)	(1,001)
Balance as at 31 March 2019	200	7,498	(4)	7,694

The notes on pages 13 to 27 form part of these financial statements.

Profit and loss account reserve represents accumulated retained earnings.

Foreign exchange translation reserve represents the effects of changes in rate of foreign currency pertaining to the branch situated outside the United Kingdom.

CSC Computer Sciences (Middle East) Limited

Notes to the financial statements

For the financial year 1 April 2018 to 31 March 2019

1) Basis of accounting and general information

CSC Computer Sciences (Middle East) Limited ("the Company") provides computer consultancy, systems integration and computer outsourcing activities. The Company provides its services mainly in the Saudi Arabia, the Company contracts its business through an overseas branch in Saudi Arabia.

The Company is a private company and is 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.

2) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial periods presented, unless otherwise stated.

Basis of preparation

The financial statements of the Company 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 the ultimate parent company, DXC Technology Company ("DXC"), in relation to:

- the disclosure exemptions from IFRS 7 "Financial Instruments: Disclosures";
- the disclosure exemptions from IFRS 13 "Fair Value Measurement" to the extent that they apply to financial instruments;
- the disclosure exemptions from paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- the disclosure exemptions from paragraph 45(b) and 46-52 of IFRS 2 "Share based payment";
- the disclosure exemptions from paragraphs 134 to 136 of IAS 1 "Presentation of Financial Statements";
- the disclosure exemptions of IFRS 3 "Business combinations";
- the requirements of IAS 7 "Statement of Cash Flows";
- the disclosure exemptions from paragraphs 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";
- the requirements of paragraphs 17 and 18A of IAS 24 "Related Party Disclosures";
- the requirements of IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transactions is wholly owned by such a member; and
- the requirements of IAS 36 "Impairment of Assets".

Going concern

The Company's business activities, together with the factors likely to affect its future development, principal risks and uncertainties, performance and position.

The Company meets its day-to-day working capital requirements through a combination of intercompany loans from its parent and other group companies. Assurance has been given by the ultimate parent Company 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.

The directors have a reasonable expectation that the Company, Group 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.

CSC Computer Sciences (Middle East) Limited

Notes to the financial statements (continued) For the financial year 1 April 2018 to 31 March 2019

2) Summary of significant accounting policies (continued)

New standards, amendments and IFRIC interpretations

In the current year the Company has applied IFRS 15, Revenue from Contract with Customers (as amended in April 2016) and IFRS 9, Financial Instruments, which are effective for an annual period that begins on or after 1 January 2018.

IFRS 15 - Revenue from Contract with Customers

IFRS 15 introduced a 5-step approach to revenue recognition. More prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

IFRS 15 uses the terms “contract asset” and “contract liability” to describe what might more commonly be known as “accrued revenue” and “deferred revenue” and included in prior year account categories within “amounts recoverable on contracts” and “deferred contract revenue”.

Previously termed “deferred costs” changes to “contract costs”. This includes both costs capitalised to obtain a contract and to fulfil a contract. These are amortised over the contract life and subject to annual impairment testing.

The Company has adopted the terminology used in IFRS 15 to describe such balances in the financial statements from this year.

The Company’s policy for revenue recognition is included in the revenue recognition section of this note.

IFRS 9 - Financial Instruments

In the current year, the Company have applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018.

IFRS 9 introduced new requirements for:

- the classification and measurement of financial assets and financial liabilities;
- impairment of financial assets; and
- general hedge accounting.

IFRS 9 modifies the classification and measurement of certain classes of financial assets and liabilities and requires the Company to reassess the classification of financial assets from four to three primary categories (amortised cost, fair value through profit and loss (FVTPL), fair value through other comprehensive income), reflecting the business model in which assets are managed and their cash flow characteristics. Financial liabilities continue to be measured at either fair value through profit and loss or amortised cost.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. (a) Classification and measurement of financial assets. The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 April 2018. Based on the facts and circumstances that existed at that date it has been concluded that the initial application of IFRS 9 has not had a material impact on the Company’s Financial Statements. There is no adjustment to opening retained earnings arising from the adoption of IFRS 9 and the prior period has not been restated.

Impairment of assets

IFRS 9 requires an expected credit loss (ECL) model to be applied to financial assets rather than the incurred credit loss model required under IAS 39. The ECL is calculated by considering the probability of default and exposure at default. The probability of default is an estimate of the likelihood of default over the expected lifetime of the debt. The assessment of credit risk and the estimation of ECL are required to be unbiased, probability weighted and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. IFRS 9 requires credit risk to be considered on initial recognition of the financial asset and then subsequently at each balance sheet date. The forward-looking aspect of IFRS 9 requires considerable judgement as to how changes in economic factors affect ECLs.

CSC Computer Sciences (Middle East) Limited

Notes to the financial statements (continued)

For the financial year 1 April 2018 to 31 March 2019

2) Summary of significant accounting policies (continued)

New standards, amendments and IFRIC interpretations(continued)

General hedge accounting

The new general hedge accounting requirements retain the three types of hedging which were available under IAS 39; fair value hedges, cash flow hedges and net investment hedges. The Company do not enter into any forward currency contracts, therefore requirements of IFRS 9 related to general hedge accounting has no impact to the Company's Financial Statements.

The Company's policy for financial assets and financial liabilities are included in the financial asset, financial liabilities and equity section of this note.

Full details of the impact of the adoption of these standards can be found in note 18, Adoption of new and revised standards.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2019 have had a material impact on the Company.

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 Company, 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 Company are available from 1775 Tysons Blvd, Tysons, VA 22102, USA.

Foreign currency translation

Foreign currency transactions are translated into the presentational 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. All other foreign exchange gains and losses are presented in the Statement of profit and loss within 'Other operating income/expenses'.

The Company has a Saudi branch which meets the definition of a foreign operation under IAS 21. The functional currency of the branch is Saudi Riyal as that is the currency of the primary economic environment in which it operates. The branch's transactions are translated to the Company's functional currency of GBP at the average rate for the year and balances are translated at the prevailing rate on the balance sheet date and foreign exchange translation are posted through reserves.

Revenue recognition

Revenue, including intercompany revenue, is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

CSC Computer Sciences (Middle East) Limited

Notes to the financial statements (continued)

For the financial year 1 April 2018 to 31 March 2019

2) Summary of significant accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate contract liability.

Software (sold as part of contract package)

Revenue from perpetual (one-time charge) licensed software is recognised at the inception of the license term. Revenue from term (monthly license charge) arrangements is recognised on a subscription basis over the period that the client is using the license. Revenue from maintenance, unspecified upgrades and technical support is recognised over the period such items are delivered.

Services

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

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

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

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

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

In some of the Company's services contracts the Company bills the client prior to performing the services. These balances are held as contract liabilities in the Statement of financial position until the service is performed. In other services contracts the Company performs the services prior to billing the client. These balances are held as amounts recoverable on contracts in the Statement of financial position until the client is billed. Billings usually occur in the month after the Company performs the services or in accordance with specific contractual provisions.

CSC Computer Sciences (Middle East) Limited

Notes to the financial statements (continued)

For the financial year 1 April 2018 to 31 March 2019

2) Summary of significant accounting policies (continued)

Revenue recognition (continued)

Multiple-element arrangements

The Company enters into multiple-element software and non-software related revenue arrangements, which may include any combination of services and software. A multiple-element arrangement is separated into more than one unit of accounting if all of the following criteria are met:

Software related revenue arrangements

- The functionality of the delivered elements is not dependent on the undelivered elements.
- There is a fair value to the undelivered elements.
- Delivery of the delivered elements represents the culmination of the earnings process for those elements.

Non-software related Revenue arrangements

- The delivered items have value to the client on a standalone basis.
- There is objective and reliable evidence of the fair value of the undelivered items.

Interest income

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

Current and deferred taxation

The tax expense for the financial year comprises current and deferred 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.

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 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 reporting 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.

CSC Computer Sciences (Middle East) Limited

Notes to the financial statements (continued) For the financial year 1 April 2018 to 31 March 2019

2) Summary of significant accounting policies (continued)

Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

Land is not depreciated, and assets under construction are not depreciated until ready for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost amount to their residual values over their estimated useful lives, as follows:

Furniture and fittings	Five to ten years
Computer and related equipment	Three to five years or useful life

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of profit and loss.

Investments

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 instruments

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

Financial assets

Trade and other receivables

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

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group 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 period. 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.

CSC Computer Sciences (Middle East) Limited

Notes to the financial statements (continued)

For the financial year 1 April 2018 to 31 March 2019

2) Summary of significant accounting policies (continued)

Financial assets (continued)

Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained, or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Impairment of financial assets

The Company assesses at the end of each reporting period 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 collateralised borrowing for the proceeds received.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. In the Statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

Financial liabilities and equity

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

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company for goods and services prior to the end of the financial year and are yet to be paid.

Finance costs and debt

Finance costs of debt are recognised in the 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 financial year.

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.

Retirement benefits

Retirement benefits to employees of the Company are funded by contributions from the Company and employees.

Defined contribution plan

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

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

CSC Computer Sciences (Middle East) Limited

Notes to the financial statements (continued)

For the financial year 1 April 2018 to 31 March 2019

3) Critical accounting judgments and key sources of estimation uncertainty

Certain accounting policies are considered to be critical. An accounting policy is considered to be 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.

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

Critical accounting policies and judgements

i) Revenue recognition

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

Percentage-of-completion method

Certain software development projects and all long-term construction-type contracts require the use of estimates at completion in the application of the percentage-of-completion accounting method, whereby the determination of revenues and costs on a contract through its completion can require significant judgment and estimation. Under this method, and subject to the effects of changes in estimates, revenue is recognised using an estimated margin at completion as contract milestones or other input or output-based measures are achieved.

The percentage-of-completion method requires estimates of revenues, costs and profits over the entire term of the contract, including estimates of resources and costs necessary to complete performance. Any change to these estimates would result in a change to the revenues, costs and profits recognised in the Statement of profit and loss.

Multiple-element arrangements

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

Software sales

If significant customisation is required in the delivery of a proprietary software product, and the fair value can be reasonably determined to support accounting for the software as a separate unit of account, the software is determined to be delivered as the customisation services are performed and revenue is recognised in accordance with the percentage-of-completion method described above. In such cases, cost and profit estimates are required over the life of the project, and changes in such estimates can have a material effect on results. Changes in judgments on these assumptions and estimates could materially impact the timing of revenue recognition.

ii) Taxation

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

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

CSC Computer Sciences (Middle East) Limited

Notes to the financial statements (continued)

For the financial year 1 April 2018 to 31 March 2019

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

Critical accounting policies and judgements (continued)

iii) Recoverability of Trade receivables

Management regularly reviews the recoverability of trade receivables with reference to available economic information specific to each receivable. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Specific provisions are recognised for balances considered to be irrecoverable.

Key sources of estimation uncertainty

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

4) Revenue

An analysis of revenue by geographical market is given below:

	Financial year 1 April 2018 to 31 March 2019 £'000	Financial year 1 April 2017 to 31 March 2018 £'000
Kingdom of Saudi Arabia	1,806	2,781

All the revenue reported above is derived from providing services.

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 period. Remaining performance obligation estimates are subject to change are affected by several factors, including terminations, changes in scope of contracts, periodic revalidations, adjustments for revenue that has not materialised and adjustments for currency.

Contract Balances

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

	As at 31 March 2019 £'000	As at 31 March 2018 £'000
Trade receivables, net	363	572
Contract assets	400	-
Contract liability	355	397

Revenue recognised in relation to contract liabilities:

The following table shows how much of the revenue recognised in the current reporting period relates to carried forward contract liabilities.

	1 April 2018 to 31 March 2019 £'000	1 April 2017 to 31 March 2018 £'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	397	*

*Management have not estimated the figures for prior period

CSC Computer Sciences (Middle East) Limited

Notes to the financial statements (continued)

For the financial year 1 April 2018 to 31 March 2019

4) Revenue (continued)

Revenue recognized in relation to prior periods:

No revenue has been recognized in the current reporting period relating to prior periods.

5) Operating (loss) / profit

	Financial year 1 April 2018 To 31 March 2019 £'000	Financial year 1 April 2017 to 31 March 2018 £'000
Operating (loss) / profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment - owned assets	2	3
Foreign currency exchange losses/(gain)	124	(34)
Impairment of receivables	474	473

The auditors' remuneration is borne by a fellow group undertaking within the DXC group. The allocated fees payable to the Company's auditors for the audit of the Company's financial statements is £20,000 (2018: £20,000). There were no non-audit services (2018: £nil).

6) Employees and directors

Employees

Employee costs during the financial year (including directors):

	Financial year 1 April 2018 To 31 March 2019 £'000	Financial year 1 April 2017 to 31 March 2018 £'000
Wages and salaries	475	488
Social welfare costs	104	56
Retirement benefit costs (Note 14)	26	44
	<u>605</u>	<u>588</u>

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

	Financial year 1 April 2018 To 31 March 2019 No.	Financial year 1 April 2017 to 31 March 2018 No.
Sales and operational	12	14

Directors

Total remuneration borne by other entities

The total amounts paid to the directors amounts to £858,502 which is borne by CSC Computer Sciences International Limited and EntServ UK Limited.

Highest paid director

The highest paid director was paid through EntServ UK Limited. As noted above, it is not possible to apportion their payment between the Company and other entities for which they provide services.

CSC Computer Sciences (Middle East) Limited

Notes to the financial statements (continued)

For the financial year 1 April 2018 to 31 March 2019

7) Finance income and expenses

Finance income

	Financial year 1 April 2018 to 31 March 2019 £'000	Financial year 1 April 2017 to 31 March 2018 £'000
Interest receivable on loans to group undertakings	50	-
	<u>50</u>	<u>-</u>

8) Taxation

	Financial year 1 April 2018 to 31 March 2019 £'000	Financial year 1 April 2017 to 31 March 2018 £'000
<i>Current Tax</i>		
UK corporation tax on (loss)/profit for the year 19% (2018- 19%)	-	-
Adjustment in respect of prior financial periods	-	-
Overseas tax	-	-
Total current tax	<u>-</u>	<u>-</u>
<i>Deferred Tax</i>		
Adjustments in respect of prior financial periods	-	-
Origination and reversal of timing differences	(36)	-
Impact of change in tax rate	-	-
Total deferred tax	<u>(36)</u>	<u>-</u>
Tax credit on (loss)/profit	<u>-</u>	<u>-</u>
Reconciliation to total current tax:		
(Loss)/profit before taxation	(1,053)	65
(Loss)/profit multiplied by the standard rate of tax in the United Kingdom of 19% (2018: 19%)	(200)	12
- Expenses not deductible for tax purposes	1	9
- Origination and reversal of timing differences	4	-
- Transfer pricing adjustment	12	-
- Group relief surrendered/(received)	147	(21)
Total tax credit	<u>(36)</u>	<u>-</u>

The tax rate for the current period remains unchanged from the prior period of 19%.

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

CSC Computer Sciences (Middle East) Limited

Notes to the financial statements (continued)
For the financial year 1 April 2018 to 31 March 2019

8) Taxation (continued)

Deferred tax asset

	Recognised 2019 £'000	Un-recognised 2019 £'000	Recognised 2018 £'000	Un-recognised 2018 £'000
Fixed Asset timing Difference	1	-	1	-
Short term timing Differences	36	-	-	-
	<u>37</u>	<u>-</u>	<u>1</u>	<u>-</u>

9) Property, plant and equipment

	Furniture and fittings £'000	Computer and related equipment £'000	Total £'000
Cost			
At 1 April 2018	4	17	21
Additions	-	-	-
At 31 March 2019	<u>4</u>	<u>17</u>	<u>21</u>
Accumulated depreciation			
At 1 April 2018	2	14	16
Charge for the year	1	2	3
At 31 March 2019	<u>3</u>	<u>16</u>	<u>19</u>
Net book value			
At 31 March 2019	<u>1</u>	<u>1</u>	<u>2</u>
At 31 March 2018	<u>2</u>	<u>3</u>	<u>5</u>

CSC Computer Sciences (Middle East) Limited

Notes to the financial statements (continued)

For the financial year 1 April 2018 to 31 March 2019

10) Investments

£'000

Subsidiary undertakings:

Cost

At 31 March 2019 and at 31 March 2018

352

Provisions for impairment:

At 1 April 2018

(106)

At 31 March 2019

(106)

Net book value at 31 March 2019

246

Net book value at 31 March 2018

246

Further information on ordinary shares held in group undertakings is as follows:

Name	Country of Incorporation and Principle place of business	Activity	Proportion of ownership interest and voting rights held	
			2019	2018
Direct investments				
CSC Computer Sciences (Middle East) FZ LLC	United Arab Emirates 201, 2nd floor, Pfizer Building Dubai Media city PO Box 500020 Dubai	Computer services	100%	100%
CSC Computer Science Middle East Limited	Qatar PO Box 24139 Doha State of Qatar	Computer services	100%	100%

11) Trade and other receivables: disclosed as current assets

	At 31 March 2019 £'000	At 31 March 2018 £'000
Trade receivables	363	572
Contract assets	400	-
Amounts owed by other fellow group undertakings	27	-
Amounts owed by parent company	8,473	8,524
Other debtors	33	3
Prepayments	43	323
Amounts recoverable on contracts	-	32
	<u>9,339</u>	<u>9,454</u>

All other intercompany receivables are unsecured, interest free and repayable on demand.

Trade receivables, contract assets and amounts recoverable on contracts are stated after providing for impairment of £948,068 (2018: £473,637)

CSC Computer Sciences (Middle East) Limited

Notes to the financial statements (continued) For the financial year 1 April 2018 to 31 March 2019

12) Trade and other receivable: disclosed as non - current assets

	At 31 March 2019 £'000	At 31 March 2018 £'000
Amounts owed by other fellow group undertakings	3,000	-
	<u>3,000</u>	<u>-</u>

The amounts owed by fellow group undertaking contains a loan of £6,800,000 given to DXC Technology Middle East FZ LLC- Abu Dhabi at an interest of 2.46% p.a. on 8 November 2018 to cover the business requirements. The borrower has repaid a sum of £3,800,000 on 24 January 2019. The amount outstanding as at 31 March 2019 is £3,000,000 (2018: £nil) at an interest of 2.46% and is due to be paid before November 2020.

13) Trade and other payables: disclosed as current liabilities

	At 31 March 2019 £'000	At 31 March 2018 (restated) £'000
Bank overdraft	3,020	-
Amounts owed to other fellow group undertakings	767	201
Amounts owed to subsidiaries	420	382
Social security and other taxes	29	172
Accruals	674	414
Contract liability	355	397
Trade payables	34	-
	<u>5,299</u>	<u>1,566</u>

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

The contract liability balances as stated above is reclassified from deferred income which was reported in the previous year.

14) Retirement benefit costs

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

The pension charge in the Statement of profit and loss in respect of the defined contribution section of the scheme amounts to £26,024 (2018: £44,366) relating to directors and other employees. There is a pension liability within accruals of £14,397 (2018: £10,999) relating to pension contributions not paid over by the financial year end.

15) Share capital

	At 31 March 2019 Number	At 1 April 2018 Number	At 31 March 2019 £'000	At 31 March 2018 £'000
Authorized, allotted, called-up and fully paid:				
"A" ordinary shares of £1- each	50,000	50,000	50	50
"B" ordinary shares of £1- each	150,000	150,000	150	150
	<u>200,000</u>	<u>200,000</u>	<u>200</u>	<u>200</u>

"A" and "B" ordinary shares are entitled to 0.1% and 99.9% respectively of any distribution of profits by way of dividend and to 0.1% and 99.9% respectively of the assets available for distribution to members on a liquidation or reduction of capital.

"A" ordinary shares entitle the holder to four votes for each "A" ordinary share held. "B" ordinary shares entitle the holder to one vote for each "B" ordinary shares held.

The holders of the "A" ordinary shares may from time to time appoint two persons to be directors and the holders of the "B" ordinary shares may from time to time appoint two persons to be directors.

In all other respects the "A" and "B" ordinary shares are identical and rank pari passu.

CSC Computer Sciences (Middle East) Limited

Notes to the financial statements (continued)

For the financial year 1 April 2018 to 31 March 2019

16) Controlling parties

The ultimate parent Company and controlling entity is DXC Technology Company, 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 Company are available from 1775 Tysons Blvd, Tysons, VA 22102, USA.

The immediate parent Company of CSC Computer Sciences (Middle East) Limited is CSC Computer Sciences Limited, a Company incorporated in United Kingdom and registered in England and Wales with its registered office situated at Royal Pavilion, Wellesley Road, Aldershot, Hampshire, GU11 1PZ.

17) Events after the reporting period

There were no material or significant events that occurred in the period from 31 March 2019 to the date of reporting that would require adjustment to or disclosure in the financial statements.

18) Adoption of new and revised standards

a) IFRS 15 Revenue from contracts with customers

The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 April 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in IFRS 15. In summary, the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application 1 April 2018:

	Note	IAS 18 carrying amount 31 March 2018 £'000	Reclassification £'000	IFRS 15 carrying amount 1 April 2018 £'000
Contract liabilities	13	-	397	397
Deferred income	13	397	(397)	-

Incremental Costs of Obtaining a Contract

Certain sales commissions earned by the company's sales force are considered incremental and recoverable costs of obtaining a contract with a customer. These costs are deferred and amortised on a straight-line basis over five years which approximates to the contract terms they relate to.

Capitalised sales commissions costs are classified within current assets. The outstanding balance as at 31 March 2019 is £20,973.

Impact on opening retained earnings as at 1 April 2018 relating to sales commission as a result of implementation of IFRS 15 is as follows:

	1 April 2018 £'000
Customer acquisition and fulfilment costs	16
Impact on opening retained earnings as at 1 April 2018	16

b) IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Company adopted IFRS 9 Financial Instruments from 1 April 2018. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. The transitional provisions do not impact future periods.

Adoption of IFRS 9 have an impact of £948,068 in the financial statements of the Company and the same is recorded in the current year profit and loss as impairment on trade receivables.