

**Company Registration No. 05460456**

**Fixnetix Limited**

**Annual report and financial statements**

For the financial year from 1 April 2019 to 31 March 2020

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## **Fixnetix Limited**

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## **Fixnetix Limited**

### **Officers and professional advisors**

#### **Directors**

M C Woodfine

C N Halbard                      Appointed on 7 April 2020

S J Turpie                        Appointed on 4 March 2020

M A Majed                      Resigned on 26 February 2020

T A Gough                       Resigned on 7 April 2020

#### **Company secretary**

M C Woodfine

#### **Registered office**

Royal Pavilion

Wellesley Road

Aldershot

Hampshire

England

GU11 1PZ

#### **Principal bankers**

Barclays Bank Plc

27 Soho Square

London

W1D 3QR

#### **Principal legal advisers**

Vistra Corporate Law Limited

First floor

10, Temple Back

Bristol

BS1 6FL

#### **Auditor**

Deloitte LLP

Statutory Auditor

1 Station Square

Cambridge

CB1 2GA

United Kingdom

## Fixnetix Limited

### Strategic report

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

Fixnetix Limited ("the Company") 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, England GU11 1PZ.

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

The financial statements for the financial year 1 April 2019 to 31 March 2020 are set out on pages 10 to 30.

#### Business review

The Company provides market data, trading and communication services mainly in the UK, with a smaller proportion of its revenue generated by other European markets and United States of America.

During the financial year ended 31 March 2020, DXC determined it would develop client and partner relationships, strengthening its position in the marketplace and solidifying the Company's long-term growth strategy.

#### Results and key performance indicators

A loss for the financial year of £5,842,000 (2019: loss of £2,352,000) has been transferred from reserves.

Details of the financial business results for the period are:

	<i>1 April 2019 to 31 March 2020</i>	<i>1 April 2018 to 31 March 2019</i>	<i>Change</i>
	<i>£'m</i>	<i>£'m</i>	<i>%</i>
Revenue	34.12	38.07	-12
Gross profit	13.52	16.72	-19
Gross profit margin	40.80%	43.92%	-7.1 ppts
Loss before tax	(5.84)	(2.35)	-149

Gross profit margin for the year has decreased in comparison to prior year and is reported at 40.80% (2019: 43.92%).

Revenue has declined by 12% from £38,070,000 in the previous year to £34,175,000 in the current year due to reduction in customer contracts.

Due to IFRS 16 'Leases' impact on the current period, net liabilities were increased by £87,000 (attributable to right-of-use assets, lease liabilities).

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 and regardless of the results of the company, 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.

#### Risk management, objectives and policies

The directors have considered the risks attached to the Company's financial instruments which principally comprise investments and loans to and from group companies. The directors have taken a prudent approach in their consideration of the various risks attached to the financial statements of the Company. The Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements.

**Strategic report (continued)**

**Risk management, objectives and policies (continued)**

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 on 31 January 2020, entering into a transition period until 31 December 2020. During this period the UK becomes a rule taker within the EU – with new legislation passed in the EU applied to the UK for the duration of the transition period. Whilst the longer term political and economic effects of Brexit after the transition period ends are not easily predicted, the announcement of the referendum result immediately triggered a significant amount of market turbulence, including sterling falling against both the U.S. dollar and Euro. These impacts have since stabilised as other world events have risen in importance for investors. However, as negotiations continue between the EU and the UK, and with the transition period deadline approaches, further economic impacts cannot be ruled out – both as the transition period ends and immediately after.

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 been put in place to reduce the organisation's exposure in a number of key areas. The progress of EU / UK negotiations are 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 constantly monitors the effects of the outbreak globally and the potential impact on the business. The outbreak increases uncertainty about the future prospects of the company with key risk areas identified as liquidity, customer's ability to pay and possible operational disruption. As the company is part of the DXC group and has received a letter of support from the ultimate parent Company, this has to be considered as a group level.

The DXC Group has a strong liquidity position that means it will be able to sustain the business throughout this crisis and works to meet all expected and any unexpected cash requirements. The group has taken steps to minimise short term debt and maximise cash which includes the securing of £600million under the UK Government's COVID-19 corporate financing facilities in June 2020.

Customer ability to pay has not had a material impact up to date of signing the accounts and is constantly monitored in case action is required.

Senior leadership in DXC is actively managing response through a COVID-19 Response Team that meets on a regular basis to deal with all operational issues as and when they arise.

There has been minimal operational disruption as IT infrastructure already in place has enabled nearly all office staff to quickly switch to a "working from home" model. Where this has not been possible to meet our customer's requirements steps have been implemented to provide COVID-19 safe workplaces meaning business continues.

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 weather this crisis and to rebuild when the opportunity arises.

Impairment and valuation risk of investments is dependent on the performance of the underlying group. The directors therefore perform annual impairment assessments on investment balances. It was noted that no impairment was required as per the assessment in the current financial year.

The director's policy on hedging is to hedge all financial risks where it is feasible and cost effective to do so. The Company had no hedged transactions during the financial year.

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](http://www.dxc.technology).

## **Fixnetix Limited**

### **Strategic report (continued)**

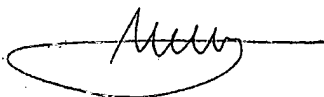
#### **Future developments**

The directors are not aware, at the date of the annual report, of any likely changes in the Company's activities in the next year.

The Company continues to provide computer consultancy, systems integration and computer outsourcing services. The revenue from the service activities is the main income/expenses for the Company and the activities of the Company are expected to remain the same given that the Company has amounts receivable from fellow group undertakings.

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

Approved by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'M C Woodfine', written over a horizontal line.

M C Woodfine  
Director  
11 December 2020

#### **Registered office**

Royal Pavilion  
Wellesley Road  
Aldershot  
Hampshire  
England  
GU11 1PZ

## **Fixnetix 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 2019 to 31 March 2020.

#### **Principal activity**

The Company continues to provide computer consultancy, systems integration and computer outsourcing services.

#### **Future Developments**

Future developments have been detailed in the Strategic report on page 4 and form part of this report by cross reference.

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

Details of significant events since the balance sheet date are contained in note 23 to the financial statements.

#### **Research and development**

The Company continues to invest in research and development in order to extend its product offerings and improve the efficiency of its existing products. During the financial year the Company incurred costs totaling £2,335,574 (2019: £3,911,637).

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

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

#### **Financial risk management objectives and policies**

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

#### **Dividends**

No dividend was declared or paid during the financial year and up to date of approval of this report (2019: £nil).

#### **Directors**

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

M C Woodfine	
C N Halbard	Appointed on 7 April 2020
S J Turpie	Appointed on 4 March 2020
M A Majed	Resigned on 26 February 2020
T A Gough	Resigned on 7 April 2020

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

#### **Political contribution**

The Company made no political donations during the financial year. (2019: £nil).

#### **Going concern**

The Company is loss making and reports net liabilities as a result of amounts due to other group companies. However, the directors have a reasonable expectation that the Company has adequate access to resources to continue in operational existence for the foreseeable future. Confirmation has been obtained from the ultimate parent company that it will continue to provide financial support to enable the Company to meet its financial obligations for at least 12 months from the date of signing these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

In relation to COVID-19, Management is continuously monitoring the position and taking all necessary steps to protect its employees, customers and stakeholders. A Going Concern impact assessment has been completed that analysed DXC's current and future cash resources, access to existing and new financing facilities, including revolving facilities, the government support measures that have been announced and the customer base of the Group. These are set out in detail within Strategic Report.

As a result, Management have a reasonable expectation of the company's and DXC's viability over the period of assessment and obtained letter of support from the ultimate parent company, thus has concluded that there are currently no impediments of identifying the company other than as a going concern.

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

## **Fixnetix Limited**

### **Directors' report (continued)**

#### **Employees**

Details of the number of employees and related costs can be found in note 7 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. Our DXC colleagues are represented by both employee representatives and social stakeholders such as recognised Trade Unions. This 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 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.

#### **Auditor**

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.

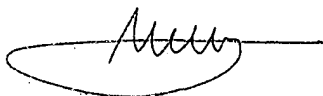
#### **Disclosure of information to auditor**

Each director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are 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 auditors are 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:



M C Woodfine  
Director  
11 December 2020

#### **Registered Office:**

Royal Pavilion  
Wellesley Road  
Aldershot  
Hampshire  
England  
GU11 1PZ



## **Fixnetix 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 Fixnetix Limited**

**For the financial year from 1 April 2019 to 31 March 2020**

### **Report on the audit of the financial statements**

#### **Opinion on financial statements**

In our opinion the financial statements of Fixnetix Limited (the "Company")

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of the loss of the Company for the financial 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 Balance sheet;
- the Statement of changes in equity; and
- the related notes 1 to 23.

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 (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 Fixnetix Limited (continued)**

**For the financial year from 1 April 2019 to 31 March 2020**

### **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 website at: [www.frc.org.uk/auditorsresponsibilities](http://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**

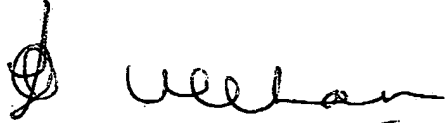
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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

13 December 2020

## Fixnetix Limited

### Statement of profit and loss

For the financial year 1 April 2019 to 31 March 2020

	Notes	Financial year 1 April 2019 to 31 March 2020 £'000	Financial year 1 April 2018 to 31 March 2019 £'000
Revenue	5	34,175	38,070
Cost of sales		(20,651)	(21,355)
<b>Gross profit</b>		<b>13,524</b>	<b>16,715</b>
Administrative expenses		(18,209)	(18,216)
Other operating income/(expense)		64	(175)
<b>Operating loss</b>	6	<b>(4,621)</b>	<b>(1,676)</b>
Finance income	8	113	8
Finance expenses	8	(1,334)	(684)
<b>Loss before taxation</b>		<b>(5,842)</b>	<b>(2,352)</b>
Tax charge	9	-	-
<b>Loss for the financial year</b>		<b>(5,842)</b>	<b>(2,352)</b>

The above results are wholly attributable to continuing activities.

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

The notes on pages 13 to 30 form part of these financial statements.

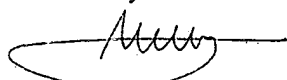
# Fixnetix Limited

## Balance sheet As at 31 March 2020

		At 31 March 2020	At 31 March 2019
Assets	Note	£'000	£'000
<b>Non-current assets</b>			
Intangible assets	10	204	298
Tangible assets	11	4,769	6,070
Right-of-use-assets	12	7,777	-
Trade and other receivables	15	1,614	1,678
<b>Total non-current assets</b>		<b>14,364</b>	<b>8,046</b>
<b>Current assets</b>			
Inventory	13	409	115
Trade and other receivables	14	12,609	12,753
<b>Total current assets</b>		<b>13,018</b>	<b>12,868</b>
<b>Total assets</b>		<b>27,382</b>	<b>20,914</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	(44,944)	(40,590)
Lease liability	17	(464)	(296)
<b>Total current liabilities</b>		<b>(45,408)</b>	<b>(40,886)</b>
<b>Net current liabilities</b>		<b>(32,390)</b>	<b>(28,018)</b>
<b>Total assets less current liabilities</b>		<b>(18,026)</b>	<b>(19,972)</b>
<b>Non-current liabilities</b>			
Lease liability	17	(9,116)	(1,328)
<b>Total non-current liabilities</b>		<b>(9,116)</b>	<b>(1,328)</b>
<b>Total liabilities</b>		<b>(54,524)</b>	<b>(42,214)</b>
<b>Net liabilities</b>		<b>(27,142)</b>	<b>(21,300)</b>
<b>Equity</b>			
Ordinary shares	19	5,890	5,890
Share premium		216	216
Capital contribution		2,787	2,787
Capital redemption reserve		3,579	3,579
Profit and loss account		(39,614)	(33,772)
<b>Total equity</b>		<b>(27,142)</b>	<b>(21,300)</b>

The notes on pages 13 to 30 form part of these financial statements.

These financial statements of Fixnetix Limited (registered number: 05460456) on pages 10 to 30 were approved and authorised for issued by the board of directors on 11 December 2020 and signed on its behalf by:



M C Woodfine  
Director

## Fixnetix Limited

### Statement of changes in equity

For the financial year 1 April 2019 to 31 March 2020

	Share Capital (Note 19) £'000	Share Premium account £'000	Capital redemption reserve £'000	Capital contribution £'000	Profit and loss account £'000	Total £'000
Balance as at 1 April 2018	5,890	216	3,579	2,787	(31,420)	(18,948)
Loss and total comprehensive expense for the financial year	-	-	-	-	(2,352)	(2,352)
Balance as at 31 March 2019	5,890	216	3,579	2,787	(33,772)	(21,300)
Loss and total comprehensive expense for the financial year	-	-	-	-	(5,842)	(5,842)
Balance as at 31 March 2020	5,890	216	3,579	2,787	(39,614)	(27,142)

The notes on pages 13 to 30 form part of these financial statements.

Share premium account represents the excess of the issue price over the par value on shares issued less transaction costs arising on issue.

Capital redemption reserve represents amount transferred from profit and loss account on purchase of own shares by the Company.

Capital contribution reserve represents the introduction of new capital without taking shares in return or creating new debt.

Profit and loss account reserve represents accumulated retained earnings.

## Fixnetix Limited

### Notes to the financial statements

#### For the financial year 1 April 2019 to 31 March 2020

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

Fixnetix Limited ("the Company") provides market data, trading and communication services. The Company provides its services mainly in the UK, with a smaller proportion of its revenue generated by other European markets and United States of America.

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, England GU11 1PZ.

##### 2) Summary of significant accounting policies

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

##### Basis of preparation

The financial statements of Fixnetix Limited have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement 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 3g 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 Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment';
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment and
  - (iii) paragraph 118(e) of IAS 38 Intangible Assets.
- the requirements of the following paragraphs of IAS 1 Presentation of Financial Statements:
  - 10(d) and 111 – a statement of cash flows for the period;
  - 10(f) – a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements;
  - 16 – a statement of compliance with IFRS, which is not applicable since we are adopting FRS 101 rather than following IFRS in full;
  - 38A-D and 40A-D – a third balance sheet, profit and loss and other comprehensive income, statement of changes in equity and other additional comparative information; and
  - 134-136 – disclosure of management of capital.
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q);/(ii), B66 and B67 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".

## **Fixnetix Limited**

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

**For the financial year 1 April 2019 to 31 March 2020**

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

##### **Going concern**

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

The Company is loss making and reports net liabilities as a result of amounts due to other group companies. Confirmation has been obtained from the ultimate parent company, which has provided a letter of support, that it will continue to provide financial support to enable the Company to meet its financial obligations for a minimum of twelve months from the date of signing these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

In relation to COVID-19, Management is continuously monitoring the position and taking all necessary steps to protect its employees, customers and stakeholders. A Going Concern impact assessment has been completed that analysed DXC's current and future cash resources, access to existing and new financing facilities, including revolving facilities, the government support measures that have been announced and the customer base of the Group. These are set out in detail within the Strategic Report.

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 standards, amendments and IFRIC Interpretations adopted**

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Financial Reporting Council ('FRC') that are mandatory for the current reporting period. The adoption of these standards does not have any material impact on the financial statements of the Company which needs to be disclosed.

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

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 using the modified retrospective method of adoption. 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.

Full details of the impact of the adoption of these standards can be found in note 21.

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.

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



**Notes to the financial statements (continued)**  
**For the financial year 1 April 2019 to 31 March 2020**

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

**Revenue recognition**

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 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.

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.

*Hardware (sold as part of contract package)*

Revenue from hardware sales is recognised when the performance obligation is satisfied i.e. when the hardware is shipped to the buyer and when control has been transferred to the buyer. Any cost of warranties and remaining obligations that are inconsequential or perfunctory are accrued when the corresponding revenue is recognised.

*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 input method wherein revenue is recognised over time based on progress measured to satisfaction of performance obligation. This is consistent with provisions of IFRS 15 where performance obligation is satisfied over time. Under this 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 Statement of profit and loss 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.

## **Fixnetix Limited**

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

**For the financial year 1 April 2019 to 31 March 2020**

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

##### **Revenue recognition (continued)**

###### *Services (continued)*

In some of the Company's services contracts the Company bills the client prior to performing the services. These balances are held as contract liability in the Balance sheet 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 Balance sheet until the client is billed. Billings usually occur in the month after the Company performs the services or in accordance with specific contractual provisions.

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

The Company enters into multiple-element software and non-software related revenue arrangements, which may include any combination of services, software and hardware. 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.

##### **Finance costs**

Finance costs of debt, including interest, premiums payable on settlement and direct issue costs are charged to the statement of profit and loss in the financial year in which they fall due.

##### **Income from shares**

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

##### **Dividend distribution**

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

##### **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 shareholders' 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 Balance sheet 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 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. 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.

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.

## Fixnetix Limited

### Notes to the financial statements (continued) For the financial year 1 April 2019 to 31 March 2020

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

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

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.

##### Intangible assets

###### *Internally developed software*

Direct labour and overhead costs incurred in the development of software may be capitalised. Costs incurred to develop commercial software products are capitalised after technological feasibility has been established. Costs incurred to establish technological feasibility are expensed as incurred. Enhancements to software products are capitalised where such enhancements extend the life or significantly expand the marketability of such products.

These costs are amortised on a straight-line basis over their expected useful lives from the date the product enters commercial exploitation (currently three to seven years).

###### *Impairment of intangible assets*

The carrying value of the intangible asset is reviewed for impairment at the end of the first full year following acquisition and in other periods if event or changes in circumstances indicate that the carrying value may not be recoverable.

##### Tangible assets

Tangible assets 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.

During the current financial year, the Group's accounting policy on the useful life of network assets had changed from 5 years to 7 years. There is no impact due to the change in useful life of the assets.

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
Leasehold improvements	Shorter of lease term and ten years
Computer and related equipment	Three to seven years or useful life
Freehold buildings	Forty years
Right-of-use assets	Shorter of lease term and useful life

##### Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

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.

## **Fixnetix Limited**

### **Notes to the financial statements (continued) For the financial year 1 April 2019 to 31 March 2020**

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

##### **Inventories**

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

##### **Long-term contracts**

Costs on outsourcing contracts are generally expensed as incurred. However, certain costs incurred upon the initiation of an outsourcing contract are deferred and expensed on a straight-line basis over the life of the contract. These costs consist of contract acquisition and transition costs, including the costs of due diligence after competitive selection and costs associated with installation of systems and processes. These costs are recorded as contract work in progress on the Balance sheet. Costs incurred for bid and proposal activity are expensed as incurred.

Costs on major fixed price contract projects are deferred as contract work in progress and released to the Statement of profit and loss according to the appropriate stage of completion. Contract provisions for work in progress risks and contingencies are included in provisions for liabilities and charges.

##### **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 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.

###### *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 include cash in hand, deposits held at call with banks and bank overdrafts. In the Balance sheet, bank overdrafts are shown within borrowings in current liabilities.

## **Fixnetix Limited**

### **Notes to the financial statements (continued) For the financial year 1 April 2019 to 31 March 2020**

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

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

##### **Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

##### **Lessor accounting**

Amounts receivable under finance leases are included under finance debtors and represent the total amount outstanding under lease agreements less unearned income. Finance lease income, having been allocated to accounting periods to give a constant periodic rate of return on the net cash investment, is included in interest receivable and similar income.

Customer arrangements may contain embedded leases for equipment used to fulfil services. Where a contract with a customer includes an embedded lease when the company grants the customer a right to control the use of an identified asset for a period of time in exchange for consideration. Embedded leases with customers are typically recognised as a finance lease debtor in which revenue and cost of sales are recognised upon lease commencement. Outstanding amounts are included within finance debtors on the balance sheet.

The interest elements of the rental obligations on both the asset and liability are charged in the profit and loss account over the periods of the leases and represent a constant periodic rate of return on the net cash investment asset and a constant proportion of the balance of capital liability repayments outstanding.

##### **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. The Company operates various post-employment schemes, including defined contribution pension plans:

##### *Defined contribution schemes*

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

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.

**Notes to the financial statements (continued)**  
**For the financial year 1 April 2019 to 31 March 2020**

**3) Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on historical experience and other factors that are considered to be relevant. Actual outcomes may differ from these judgements, estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the 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 years if the revision affects both current and future financial years.

Having performed an assessment, the directors have concluded that there are no critical accounting judgements in relation to these financial statements other than the below areas:

**(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 performance obligations determined under input method of 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.

*Performance obligation satisfied over time (input method)*

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 input method wherein revenue is recognised over time based on progress measured to satisfaction of performance obligation. This is consistent with provisions of IFRS 15 where performance obligation is satisfied over time. Under this 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 Statement of profit and loss in the year in which the circumstances that give rise to the revision become known by management.

*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.

**(ii) 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 (note 14).

**(iii) Lease term**

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

**(iv) Incremental borrowing rate**

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

## Fixnetix Limited

### Notes to the financial statements (continued)

#### For the financial year 1 April 2019 to 31 March 2020

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

##### (v) Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the balance sheet by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

##### 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) Financial Instruments

The Company has no financial assets measured at fair value through profit and loss.

#### 5) Revenue

An analysis of revenue by geographical market is given below:

	Financial year 1 April 2019 to 31 March 2020 £'000	Financial year 1 April 2018 to 31 March 2019 £'000
United Kingdom	26,008	25,499
United States of America	3,584	3,978
Other Europe	971	1,296
Rest of the World	3,612	7,297
	<u>34,175</u>	<u>38,070</u>

An analysis of revenue by category is given below:

	Financial year 1 April 2019 to 31 March 2020 £'000	Financial year 1 April 2018 to 31 March 2019 £'000
Software and services revenue	32,893	32,503
Hardware revenue	1,282	5,567
	<u>34,175</u>	<u>38,070</u>

#### 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 revaluations, 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 2020 £'000	As at 31 March 2019 £'000
Trade receivables, net	5,148	6,604
Amount recoverable on contracts	68	39
Contract liabilities – short term	898	2,181

## Fixnetix Limited

### Notes to the financial statements (continued) For the financial year 1 April 2019 to 31 March 2020

#### 5) Revenue (continued)

##### 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:

	Financial year 1 April 2019 to 31 March 2020 £'000	Financial year 1 April 2018 to 31 March 2019 £'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	2,181	3,956

##### Revenue recognised in relation to prior periods

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

#### 6) Operating loss

	Financial year 1 April 2019 to 31 March 2020 £'000	Financial year 1 April 2018 to 31 March 2019 £'000
<b>Operating loss is stated after charging</b>		
Research and development costs	2,336	3,912
Depreciation:		
-owned assets (Note 11)	2,240	2,140
-Right of use assets (Note 12)	3,860	39
Amortisation of intangible assets (Note 10)	94	85
Write-off relating to internally generated intangible assets	-	149
Foreign exchange (gain)/loss	(64)	175
Impairment of receivables	-	292
Lease payments:		
Minimum lease payments	-	359

The auditors' remuneration is borne by a fellow group undertaking within the DXC Technology Company group. The allocated fees payable to the Company's auditor for the audit of the Company's annual financial statements is £73,500 (2019: £73,500).

#### 7) Employees and directors

##### Employees

Employees costs during the financial year:

	Financial year 1 April 2019 to 31 March 2020 £'000	Financial year 1 April 2018 to 31 March 2019 £'000
<b>Staff cost during the period</b>		
Wages and salaries	6,168	6,577
Social security costs	710	756
Other pension costs (Note 18)	441	274
	<u>7,319</u>	<u>7,607</u>



## Fixnetix Limited

### Notes to the financial statements (continued)

#### For the financial year 1 April 2019 to 31 March 2020

##### 7) Employees and directors (continued)

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

	Financial year 1 April 2019 to 31 March 2020	Financial year 1 April 2018 to 31 March 2019
<b>Average number of persons employed (including directors)</b>		
Managerial and professional	27	27
Sales and operational staff	60	51
	<u>87</u>	<u>78</u>

##### Directors

###### Total remuneration borne by other entities

The total amounts paid to the directors amounts to £1,431,177 which is borne by CSC Computer Sciences Limited, DXC UK International Limited, EntServ UK Limited and DXC Technology Singapore Pte Limited.

###### Highest paid director

The highest paid director was paid through DXC Technology Singapore Pte Limited.

##### 8) Finance income and expense

###### Finance income

	Financial year 1 April 2019 to 31 March 2020 £'000	Financial year 1 April 2018 to 31 March 2019 £'000
Interest on finance leases	113	8
	<u>113</u>	<u>8</u>

###### Finance expense

	Financial year 1 April 2019 to 31 March 2020 £'000	Financial year 1 April 2018 to 31 March 2019 £'000
Interest on loans and overdrafts	1,030	684
Interest on lease liabilities	304	-
	<u>1,334</u>	<u>684</u>

# Fixnetix Limited

## Notes to the financial statements (continued) For the financial year 1 April 2019 to 31 March 2020

### 9) Taxation

#### Current taxation

	Financial year 1 April 2019 to 31 March 2020 £'000	Financial year 1 April 2018 to 31 March 2019 £'000
<b>Current Tax</b>		
UK Corporation tax on loss for the year 19% (2019: 19%)	-	-
Adjustments in respect of prior years	-	-
	<hr/>	<hr/>
Total current tax charge	-	-
	<hr/>	<hr/>
<b>Deferred Tax</b>		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior periods	-	-
Impact of changes in tax rate	-	-
	<hr/>	<hr/>
Total deferred tax charge	-	-
	<hr/>	<hr/>
Tax charge on loss	-	-
	<hr/>	<hr/>

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

	Financial year 1 April 2019 to 31 March 2020 £'000	Financial year 1 April 2018 to 31 March 2019 £'000
Loss before tax	(5,842)	(2,352)
	<hr/>	<hr/>
Loss multiplied by standard rate of tax in the UK of 19% (2019: 19%)	(1,110)	(447)
Effects of:		
- Expenses not deductible for tax purposes	6	52
- Transfer pricing adjustment	(6)	-
- Group relief surrender	1,345	162
- Deferred tax not recognised	(235)	233
	<hr/>	<hr/>
Total charge for the year	-	-
	<hr/>	<hr/>

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.

The rate of 19% (2019: 17%) has been used to calculate deferred tax asset/(liability).

## Fixnetix Limited

### Notes to the financial statements (continued) For the financial year 1 April 2019 to 31 March 2020

#### 9) Taxation (continued)

Deferred tax figures above comprise:

	<b>FY 20 provided £'000</b>	<b>FY 20 unprovided £'000</b>	<b>FY 19 provided £'000</b>	<b>FY 19 unprovided £'000</b>
Fixed asset timing differences	-	1,954	-	1,928
Short term timing differences	-	10	-	50
Losses	-	4,016	-	3,572
<b>Total</b>	<b>-</b>	<b>5,980</b>	<b>-</b>	<b>5,550</b>

Deferred tax assets of £5,979,903 (2019: £5,550,131) have not been recognised as the directors consider there to be insufficient evidence of suitable future taxable income against which to recover them.

#### 10) Intangible assets

	<b>Internally generated software £'000</b>
<b>Cost</b>	
At 1 April 2019	1,585
Additions	-
<b>At 31 March 2020</b>	<b>1,585</b>
<b>Accumulated amortisation and impairment</b>	
At 1 April 2019	1,287
Charge for the financial year	94
Write-off for the financial year	-
<b>At 31 March 2020</b>	<b>1,381</b>
<b>Net book value</b>	
At 31 March 2020	204
At 31 March 2019	298

These relate to internally developed software which will be used to run pre trade-risk checks for the trades which are executed by clients within the capital markets.

# **Fixnetix Limited**

## **Notes to the financial statements (continued)** **For the financial year 1 April 2019 to 31 March 2020**

### **11) Tangible assets**

	<b>Computer and related equipment £'000</b>	<b>Furniture and fittings £'000</b>	<b>Leasehold improvements £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 April 2019	19,392	994	62	20,448
Additions	759	180	-	939
Disposals	(66)	-	-	(66)
<b>At 31 March 2020</b>	<b>20,085</b>	<b>1,174</b>	<b>62</b>	<b>21,321</b>
<b>Accumulated depreciation</b>				
At 1 April 2019	13,619	715	44	14,378
Charge for the year	2,074	160	6	2,240
Disposals	(66)	-	-	(66)
<b>At 31 March 2020</b>	<b>15,627</b>	<b>875</b>	<b>50</b>	<b>16,552</b>
<b>Net book value</b>				
At 31 March 2020	4,458	299	12	4,769
At 31 March 2019	5,773	279	18	6,070

Included in the total net book value of computer equipment is £nil (2019: £nil) in respect of assets held under finance leases. Depreciation for the year on these assets was £nil (2019: £39,486).

Disposals relate to reversal of cost and accumulated depreciation of an asset whose net book value was zero at the beginning of the year.

### **12) Right of use assets**

	<b>£'000</b>
<b>Cost</b>	
At 1 April 2019	11,499
Additions / Lease modifications	-
Disposals	-
Foreign exchange gain/(loss)	138
<b>At 31 March 2020</b>	<b>11,637</b>
<b>Accumulated depreciation</b>	
At 1 April 2019	-
Charge for the year	3,860
Disposals	-
<b>At 31 March 2020</b>	<b>3,860</b>
<b>Net book value</b>	
<b>At 31 March 2020</b>	<b>7,777</b>

The right of use asset represents leased equipment utilised by the company to carry out its contractual services to customers in the course of normal trading activities.

## Fixnetix Limited

### Notes to the financial statements (continued) For the financial year 1 April 2019 to 31 March 2020

#### 13) Inventory

	31 March 2020 £'000	31 March 2019 £'000
Finished goods	8	115
Deferred contract cost	401	-
	<u>409</u>	<u>115</u>

Certain costs incurred upon the initiation of an outsourcing contract are deferred as contract work in progress and expensed on a straight-line basis over the life of the contract. These costs consist of contract acquisition and transition costs, including the costs of due diligence after competitive selection and costs associated with installation of processes and systems.

In addition, other project costs related to major outsource contract have been deferred, as the work in progress have to be in line with the future milestone for revenue recognition. These costs are expected to be expensed over the future life of the contract which is greater than one year.

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

	31 March 2020 £'000	31 March 2019 £'000
Trade receivables	5,148	6,604
Amount recoverable on contracts	68	39
Finance lease debtors	623	384
Amounts owed by fellow group undertakings	2,714	2,284
Other debtors	1,160	773
Prepayments	2,896	2,669
	<u>12,609</u>	<u>12,753</u>

Amounts owed by fellow group undertakings of £2,714,104 (2019: £ 2,283,730) are unsecured, not interest bearing and repayable on demand.

#### 15) Trade and other receivables: disclosed as non-current assets

	31 March 2020 £'000	31 March 2019 £'000
Finance lease receivables	1,614	1,678
	<u>1,614</u>	<u>1,678</u>

Finance lease receivable denotes the amount receivable as a result of sub-lease arrangement entered into by the Company. The assets let under sub-lease are obtained under finance lease.

The leasing activity involves testing and conforming all the relevant Software with the requirements of the relevant Market Venue tests and supply of hardware break/fix services for the hardware & solace installation services.

The lessee will bear the entire risk of loss of, theft of, requisition of, damage to or destruction of any item of hardware from any cause.

## Fixnetix Limited

### Notes to the financial statements (continued) For the financial year 1 April 2019 to 31 March 2020

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

	£'000	£'000
Bank overdraft	26,293	21,125
Amounts owed to fellow group undertakings	9,327	7,743
Trade and other payables	1,177	2,340
Accrued expenses	7,249	6,566
Contract liabilities	898	2,181
Other taxes and social security taxes	-	635
	<u>44,944</u>	<u>40,590</u>

Amounts owed to fellow group undertakings totaling £9,326,527 (2019: £7,743,281) are unsecured, not interest bearing and are repayable on demand.

#### 17) Lease liabilities

	At 31 March 2020 £'000	At 31 March 2019 £'000
Current	464	296
Non-current	9,116	1,328
	<u>9,580</u>	<u>1,624</u>

The total cash outflow for leases during 2020 is £3,997,000.

#### Maturity analysis – Undiscounted lease payments

	2020 £'000
1 year	4,560
2 year	5,359
<b>Total lease liability</b>	<u><b>9,919</b></u>

#### Amount recognised in the statement of profit and loss

	2020 £'000
Interest on lease liabilities	304

The Company is using the leased assets for operational purpose.

#### 18) Retirement benefit obligations

The Company operates a defined contribution pension scheme. The pension cost charge in the statement of profit and loss for the period represents contributions payable by the group to scheme and amounted to £441,342 (2019: £273,920). There is a pension liability within accruals of £nil (2019: £34,833) relating to pension contributions not paid over by the financial year end.

## Fixnetix Limited

### Notes to the financial statements (continued) For the financial year 1 April 2019 to 31 March 2020

#### 19) Share capital

	31 March 2020 £	31 March 2019 £
<b>Allotted, issued and fully paid:</b>		
3,321,610 (2019: 3,321,610) ordinary shares of £ 0.0001 each	332	332
5,889,980 (2019: 5,889,980) 'A' preferred shares of £1 each	5,889,980	5,889,980
30 (2019: 30) 'B' preferred shares of £1 each	30	30
	<u>5,890,342</u>	<u>5,890,342</u>

The Company has one class of ordinary shares which carries no right to fixed income.

No shares reserved for issue under options and contracts for the sale of shares.

The preferred shares are redeemable on a liquidation event or at the discretion of the Company (provided that funds are legally available). The holders of preferred shares are entitled to receive cumulative dividends at 0.5% per annum calculated on a daily basis and are not entitled to vote at the meetings of the Company.

#### 20) Capital and other commitments

Finance lease receivables	31 March 2020 £'000	31 March 2019 £'000
Amounts receivable under finance leases:		
- within one year	716	467
- more than one year	1,715	1,831
	<u>2,431</u>	<u>2,298</u>
Less: unearned finance income	(194)	(236)
	<u>2,237</u>	<u>2,062</u>

#### 21) Adoption of IFRS 16 - Leases

IFRS 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 April 2019 was as follows:

	1 April 2019 £'000
Operating lease commitments as at 1 April 2019 (IAS 17)	-
Finance lease commitments as at 1 April 2019 (IAS 17)	-
Operating lease commitments discount based on the weighted average incremental borrowing rate of 2.27% (IFRS 16)	11,499
Short-term leases not recognised as a right-of-use asset (IFRS 16)	-
Low-value assets leases not recognised as a right-of-use asset (IFRS 16)	-
Accumulated depreciation as at 1 April 2019 (IFRS 16)	-
Right-of-use assets (IFRS 16)	<u>11,499</u>
Lease liabilities - current (IFRS 16)	(3,888)
Lease liabilities - non-current (IFRS 16)	(7,611)
Tax effect on the above adjustments	-
Reduction in opening retained profits as at 1 April 2019	-

## **Fixnetix Limited**

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

#### **For the financial year 1 April 2019 to 31 March 2020**

##### **22) 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 its registered address 1775 Tysons Blvd, Tysons, VA 22102, USA.

The immediate parent Company of Fixnetix 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, England, GU11 1PZ.

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

As a result of the outbreak of COVID-19, the DXC group has introduced a number of resilience protocols and business continuity plans under the direction of the COVID-19 Response Team led by the most senior members of the UK management team. The plans in place are aimed at protecting both DXC's customers and employees.

The DXC group's performance in FY20 was consistent with plans announced to the market and there has been no real impact on the results of the business given the timing of the outbreak and its impact on the economy, i.e. mid- to late March 2020. The macro economic outlook remains uncertain. This potentially could have an adverse impact on the performance and cash flow of the group. The group will continue to monitor and take steps, where necessary, to limit the impact of a possible recession as a result of COVID-19 on the performance, operations and financial position of the group. However, the group is well positioned with strong capital and liquidity resources at its disposal.

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.