

Report and Financial Statements

Datawave (An HCL Technologies Company)

Limited

For the year ended 31 March 2022

Registered number: SC422089

Company Information

Directors	Mr. Shiv Kumar Walia Mr. Raghu Raman Lakshmanan Mr. Rahul Singh
Registered number	SC422089
Registered office	Caledonian Exchange 19a Canning Street Edinburgh Scotland EH3 8HE
Independent auditor	KNAV Hygeia building, Ground floor 66-68 College road Harrow, Middlesex HA1 1BE, UK
Banker	Citi Bank Europe Plc Netherlands Branch Schiphol Boulevard 257 WTC Building Tower D Floor 8 1118BH Luchthaven Schiphol The Netherlands

Contents

	Page
Strategic report	1-3
Directors' report	4-5
Directors' responsibilities statement	6
Independent auditor's report to the members of Datawave (An HCL Technologies Company) Limited	7-10
Statement of profit and loss and other comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Notes to the financial statements	14-21

Strategic report

For the year ended 31 March 2022

Introduction

The directors present their Strategic report for the year ended 31 March 2022.

Principal activities

The Company's principal activity is of software enabled services.

Review of business

The results of the Company and its key performance indicators are as follows:

	31 March 2022 £	31 March 2021 £
Turnover	6,666,536	6,859,185
Operating profit	64,476	38,590
Profit before tax	67,219	75,338
Profit for the year	<u>54,051</u>	<u>62,285</u>

The Company recorded turnover of £ 6,666,536 (2021- £6,859,185) which is in line with last year. Profit before tax as a percentage of turnover was also in line with last year's which is 1% for FY 21-22.

There are no non-financial KPI that management monitor.

Principal risks and uncertainties

The IT and IT enabled industry thrives on a dynamic and highly competitive business environment, characterised by rapid technological changes and innovations that constantly challenge conventional business models. The Company faces several risks of which prominent ones are discussed below along with the Company's strategy to mitigate these risks.

The UK left the EU on 31st December 2020. Aside from resultant foreign exchange movements this did not have any adverse impact on the company's business so far and management will further follow up if any measures are necessary to reduce potential business risk.

1. Technology related risks

Risk

The Company operates in an ever evolving and dynamic technology environment and it is of utmost importance that the Company continuously reviews and upgrades its technology, resources and processes to avoid obsolescence.

HCL's strategy

The Company is not dependant on any single technology or platform. It has developed competencies in various technologies, platforms and operating environments and offers a wide range of technology options to clients to choose from for their needs.

Strategic report (continued)

For the year ended 31 March 2022

Principal risks and uncertainties (continued)

2. Competition related risks

Risk

The overall market growth is slowing, and more and more competitors are vying with each other for market share. The line is diminishing between the traditional IT services players and non-traditional players. Now customers have more choice of technology, vendors and service models which force every entity to perform to their best capabilities and to enhance them.

HCL's strategy

The Company has been quick to respond to the changing competitive dynamics. Our business model is increasingly shifting from the traditional outsourcing to a non-linear model and growth has been triggered by the alternative outsourcing approach.

3. Business continuity and information security

Risk

The Company is dealing in maintaining, developing and operating time critical business and IT applications for various customers and any catastrophe may halt business activities and cause irreparable damage to the brand reputation of the Company. Similarly, the vital need for confidentiality and security of confidential data both belonging to clients as well as the Company itself also poses risks of leaks, loss or compromise of information.

HCL's strategy

The Company has put in place a comprehensive business continuity program to ensure that it meets its business continuity and disaster recovery related requirements. There is also an Information Security team to assess and manage the information security and data privacy and related risks by leveraging on People, Processes and Technology.

Financial instruments

The Company's operations also expose it to a variety of financial risks such as foreign exchange risk, credit risk and liquidity risk. The Company has adequate controls in place that seek to minimise the adverse effects of these financial risks on the Company's financial performance:

1. Foreign exchange rate risk

Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the Company's functional currency. Ultimate holding company enters into hedging contracts to minimise risk at overall group level.

As per ultimate holding company's risk management policy, hedges are predominately taken by ultimate parent company to hedge foreign currency risk. In certain cases, to address specific risks, hedges may be taken at subsidiary level. However, the company does not undertake any hedges itself.

Strategic report (continued)

For the year ended 31 March 2022

Financial instruments (continued)

2. Credit risk

The Company has no significant concentrations of credit risk and the Company has a large number of customers that are based in the UK. It has policies in place to ensure that the provisions of consulting services are made to renowned customers or those with an appropriate credit history. The Company also has policies and procedures in place for the control and monitoring of its exposure to credit risk. The Company has a dedicated team that closely monitors and follows up receivable from customers and provision for doubtful debts is created wherever required as per group policy. During the year there was no significant doubtful amount identified for which the Company was required to create a provision.

3. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and short-term bank deposits. The Directors do not see any significant liquidity risk involved. The Company's liquidity risk is further mitigated through the availability of financing from its ultimate parent undertaking.

Cash flow performance is monitored on an ongoing basis by the Board. Debt facilities have been established at a Group level to fund future cash flow requirements.

The company also carries material balances due from and to related parties. Exposure to credit and liquidity risk is managed by principally transacting with other wholly owned related parties under central group treasury management.

There is no impact of covid on the operations of the company during the financial year.

This report was approved by the board of directors on 20th June 2022 and signed on its behalf.



Rahul Singh
Director



Shiv Kumar Walia
Director

Directors' report

For the year ended 31 March 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Results and dividends

The profit for the year, after taxation, amounted to £ 54,051 (2021- £ 62,285).

Dividend paid during the year, amounted to £ 2,933,510 (2021 – Nil)

The company has not made any political and charitable contribution during the year.

Directors

The directors who served during the year and to the date of approving the financial statements were:

Mr. Raghu Raman Lakshmanan
Mr. Rahul Singh
Mr. Shiv Kumar Walia

Future developments

The company has generated good business in previous years but existing business is ramping down & company is expecting new business for future growth opportunity in the company.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have made an assessment of future cash flows for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, either through its operations or funding from its ultimate parent company, HCL Technologies Limited, to meet its liabilities as they fall due for that period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Financial instruments

Details of financial instruments are provided in the strategic report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report (continued)

For the year ended 31 March 2022

Reappointment of auditor

The auditors, KNAV are deemed to be reappointed under section 487(2) of the Companies Act 2006. This report was approved by the board of directors on 20th June 2022 and signed on its behalf.



Rahul Singh
Director



Shiv Kumar Walia
Director

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

For the year ended 31 March 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Datawave (An HCL Technologies Company) Limited

Opinion

We have audited the financial statements of Datawave (An HCL Technologies Company) Limited (the 'company') for the year ended 31 March 2022, which comprise the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 this regard.

Independent Auditor's Report to the Members of Datawave (An HCL Technologies Company) Limited (continued)

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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.

Independent Auditor's Report to the Members of Datawave (An HCL Technologies Company) Limited (continued)

Extent to which the audit is capable of detecting irregularities, including fraud

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect noncompliance with all laws and regulations – this responsibility lies with management with the oversight of the Directors.

Based on our understanding of the Company and industry, discussions with management, we identified Companies Act 2006, Financial Reporting Standard 102 and UK taxation legislation as having a direct effect on the amounts and disclosures in the financial statements.

As part of the engagement team discussion about how and where the Company's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:

- enquiry of management about the Company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the Board of directors minutes;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- analytical procedures to identify any unusual or unexpected relationships;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- review of accounting estimates for biases

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

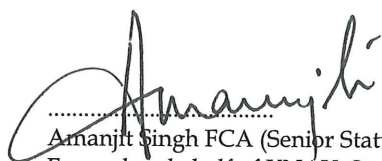
The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Datawave (An HCL Technologies Company) Limited (continued)

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.



.....
Amanjit Singh FCA (Senior Statutory Auditor)
For and on behalf of KNAV, Statutory Auditor

Hygeia Building
Ground Floor
66-68 College Road
Harrow
Middlesex
HA1 1BE

Date: 20/06/2022

Statement of profit and loss and other comprehensive income

For the year ended 31 March 2022

		Year ended 31 March 2022	Year ended 31 March 2021
	Note	£	£
Turnover	4	6,666,536	6,859,185
Cost of sales		(6,956,201)	(6,391,956)
Gross profit		(289,665)	467,229
Administrative expenses		354,255	(429,071)
Other operating income		(114)	432
Operating profit	5	64,476	38,590
Interest receivable and other similar income	7	6,031	37,536
Interest payable and similar charges	8	(3,288)	(788)
Profit before taxes		67,219	75,338
Tax on profit	9	(13,168)	(13,053)
Profit for the year		54,051	62,285
Other comprehensive income		-	-
Total comprehensive income for the year		54,051	62,285

The notes on pages 14 to 21 form part of these financial statements.

All amounts relate to continuing operations.

Statement of financial position

As at 31 March 2022

	Note	31 March 2022 £	31 March 2021 £
Current assets			
Debtors: amounts falling within one year	10	1,233,920	3,689,852
Cash at bank	11	779,842	1,223,676
		<u>2,013,762</u>	<u>4,913,528</u>
Creditors: amounts falling due within one year	12	<u>(1,908,536)</u>	<u>(1,928,843)</u>
Net current assets		105,226	2,984,685
Net assets		<u>105,226</u>	<u>2,984,685</u>
Capital and reserves			
Called up share capital	13	118	118
Share premium account		94,851	94,851
Capital redemption reserve		10	10
Retained earnings		10,247	2,889,706
Shareholder's funds		<u>105,226</u>	<u>2,984,685</u>

The financial statements were approved and authorized for issue by the board of directors and were signed on its behalf on 20th June 2022.



Rahul Singh
Director



Shiv Kumar Walia
Director

The notes on pages 14 to 21 form part of these financial statements

Statement of changes in equity

For the year ended 31 March 2022

	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 April 2020	118	94,851	10	2,827,421	2,922,400
Profit for the year	-	-	-	62,285	62,285
Total comprehensive income for the year	-	-	-	62,285	62,285
At 31 March 2021	118	94,851	10	2,889,706	2,984,685
At 1 April 2021	118	94,851	10	2,889,706	2,984,685
Profit for the year	-	-	-	54,051	54,051
Total comprehensive income for the year	-	-	-	54,051	54,051
Dividend paid during the year	-	-	-	(2,933,510)	(2,933,510)
At 31 March 2022	118	94,851	10	10,247	105,226

The notes on pages 14 to 21 form part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2022

1. Company information

Datawave (An HCL Technologies Company) Limited is incorporated in Scotland. The registered office is Caledonian Exchange 19a Canning Street Edinburgh EH3 8HE.

2. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and Companies Act 2006 under the historical cost convention.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company's presentational and functional currency is Pounds Sterling (GBP).

2.1 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.
- the requirements of Section 11 Basic Financial Instrument.

This information is included in the consolidated financial statements of HCL Technologies Limited as at 31 March 2022 and these financial statements are publicly available at <https://www.hcltech.com>.

2.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have made an assessment of future cash flows for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, either through its operations or funding from its ultimate parent company, HCL Technologies Limited, to meet its liabilities as they fall due for that period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the financial statements

For the year ended 31 March 2022

2. Accounting policies (continued)

2.3 Turnover

Turnover for consultancy and business process outsourcing services are charged on a time and materials basis and are recognised when the services are performed. Turnover for sale of licences is recognised upon the transfer of risks and rewards.

Turnover on fixed price contracts is recognised based upon the percentage of completion at the balance sheet date.

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to the stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for losses as soon as they are foreseen. Amounts recoverable on contracts are included in trade debtors and represent turnover in excess of bills raised.

Trade discounts are provided to customers in accordance with the agreed terms and conditions outlined in the customer contract and are accounted for as reduction in turnover.

2.4 Finance costs

Finance costs are charged to the statement of profit & loss and other comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.5 Financial instruments

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like cash, trade and other accounts receivable and payable, loans to and from related parties.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the financial statements

For the year ended 31 March 2022

2. Accounting policies (continued)

2.6 Financial instruments (continued)

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.7 Foreign currency translation

The financial statements of the company are presented in Pounds Sterling (GBP).

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Foreign-currency denominated monetary assets and liabilities are translated to the relevant functional currency at exchange rates in effect at the balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of initial transaction.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Transaction gains or losses realised upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Turnover, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

2.8 Deferred costs

Certain upfront non-recurring costs are incurred in the initial phase of outsourcing contracts and contract acquisition. Costs that are directly attributable to a contract are capitalised when it is virtually certain that the contract will be awarded and the contract will result in future net cash inflows with a present value of at least equal to all amounts recognised as an asset. Deferred costs are included within debtors and are amortised on a straight line basis over the life of the contract, starting from the date when the contract commences.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of profit & loss and other comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Notes to the financial statements

For the year ended 31 March 2022

2. Accounting policies (continued)

2.9 Current and deferred taxation (continued)

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Interest income

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

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS102 requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, turnover, costs, expenses and other comprehensive income that are reported and disclosed in the financial statements and accompanying notes. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and assumptions are used as follows:

Provisions against receivables

Using information available at the balance sheet date, the Directors make assumptions on the estimated debt recovery rates, based on experience, regarding the level of provision required to account for potentially uncollectible receivables. The provision at the balance sheet date was £ 53,576 (2021- £398,460).

Unbilled revenue

Using information available at the balance sheet date, the Directors make assumptions on the estimated unbilled revenue, based on the level of efforts required to account for potential unbilled revenue £ 519,093 (2021-£2,828).

Notes to the financial statements

For the year ended 31 March 2022

4. Analysis of turnover

Turnover represents amounts (excluding value added tax) derived from the provision of goods and services to customers and includes software enabled services.

Analysis of turnover by geographical market:

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
United Kingdom	6,666,536	6,859,185
	<u>6,666,536</u>	<u>6,859,185</u>

5. Operating profit

The operating profit is stated after charging:

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	13,000	13,000
Exchange (loss)/gain	<u>(114)</u>	<u>432</u>

6. Director's remuneration

In addition to being directors of the company, the directors hold roles in the wider HCL group outside of the UK. Furthermore, all the HCL entities in the UK are viewed as one business unit and it is impracticable to identify accurately remuneration they receive for services to each entity separately. Therefore, directors' remuneration disclosure has not been included in these financial statements. Full remuneration of the directors is disclosed in HCL Great Britain Limited, HCL Technologies Limited, HCL Technologies UK Limited and HCL America Inc. which are the companies that pays remuneration and their financial statements are publically available at the website of its ultimate parent company, "HCL Technologies Limited."

The company has no key management personnel other than the directors.

7. Interest receivable and other similar income

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Interest receivable from group companies	6,031	37,536
	<u>6,031</u>	<u>37,536</u>

Notes to the financial statements

For the year ended 31 March 2022

8. Interest payable and similar charges

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Finance charge	3,288	788
	<u>3,288</u>	<u>788</u>

9. Tax on profit

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Corporation tax		
Current tax on profits for the year	12,790	13,053
Adjustment in respect of previous periods	378	-
Total tax	<u>13,168</u>	<u>13,053</u>

Factors affecting tax credit for the year

Standard rate of corporation tax in the UK of 19% (2021 - 19%)

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Profit on before tax	67,219	75,338
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 -19%)	12,771	14,314
Effects of :		
Non-deductible expenses	19	(1,261)
Adjustment in respect to prior periods	378	
	<u>13,168</u>	<u>13,053</u>

The directors consider that it is less likely than not that there will be sufficient taxable profits in the future to realise the deferred tax asset in respect of losses carried forward and therefore no asset has been recognized in these financial statements.

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date, there would be no change, as no deferred tax asset /liability has been setup by the Company as at the balance sheet date.

Notes to the financial statements

For the year ended 31 March 2022

10. Debtors

	31 March 2022	31 March 2021
	£	£
Due within one year		
Trade debtors	537,499	681,182
Amounts owed by group undertakings	177,328	3,005,842
Unbilled receivables	519,093	2,828
	<u>1,233,920</u>	<u>3,689,852</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

11. Cash and cash equivalents

	31 March 2022	31 March 2021
	£	£
Cash at bank	779,842	1,223,676
	<u>779,842</u>	<u>1,223,676</u>

12. Creditors: amounts falling due within one year

	31 March 2022	31 March 2021
	£	£
Amounts owed to group undertakings	1,500,892	1,743,079
Taxation & social security	391,290	137,620
Accrued expense	15,754	44,202
Other creditors	600	3,942
	<u>1,908,536</u>	<u>1,928,843</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

13. Share capital

	31 March 2022	31 March 2021
	£	£
Allotted, called up and fully paid up		
11,812 Ordinary shares of £ 0.01 each	118	118
	<u>118</u>	<u>118</u>

Notes to the financial statements

For the year ended 31 March 2022

14. Related party transactions

The company has taken advantage of the exemption available in section 33 of FRS 102 from disclosing transactions with related parties that are wholly owned by HCL Technologies Limited group, on the basis that 100% of the Company's voting rights are controlled within the group and consolidated financial statements in which the Company is included are available.

15. Controlling party

As at 31 March 2022, the immediate parent company was HCL Technologies UK Ltd, a company registered in England and Wales. The ultimate parent company and controlling party is HCL Technologies Ltd, a company registered in India.

The largest and smallest group of undertakings for which the group financial statements have been prepared is that headed by HCL Technologies Ltd. The consolidated financial statements are available to the public and may be obtained from the website at <https://www.hcltech.com>.

16. Post balance sheet events

There is no material subsequent event.