

# **Report and Financial Statements**

## **HCL Great Britain Limited**

**For the year ended 31 March 2023**

**Registered Number: 03299523**

HCL Great Britain Limited

## Company Information

|                            |  |
|----------------------------|--|
| <b>Directors</b>           | Mr. Prateek Aggarwal<br>Mr. Shiv Kumar Walia<br>Mr. Rahul Singh<br>Mr. Ajit Kumar                        |
| <b>Registered number</b>   | 03299523   |
| <b>Registered office</b>   | 6 <sup>th</sup> Floor,<br>70, Gracechurch Street<br>London<br>EC3V 0XL<br>United Kingdom                 |
| <b>Independent auditor</b> | KNAV Limited<br>Hygeia Building, Ground floor<br>66-68 College Road,<br>Harrow, Middlesex<br>HA1 1BE, UK |
| <b>Banker</b>              | Deutsche Bank<br>London Branch,<br>Winchester House,<br>1 Great Winchester Street,<br>EC2N 2DB           |

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HCL Great Britain Limited

# Strategic report

For the year ended 31 March 2023

## Introduction

The directors present their Strategic Report for the year ended 31 March 2023.

## Principal Activities:

Company has no such principal activity during the year. During the previous year, the Company sold its trading business to its immediate holding, HCL Technologies UK Limited.

## Review of Business

The results of the Company and its key performance indicators ("KPI's") are as follows:

|                               | 31 March 2023<br>£000 | 31 March 2022<br>£000 |
|-------------------------------|-----------------------|-----------------------|
| Turnover                      | -                     | 17,222                |
| Operating (loss)/profit       | (111)                 | 541                   |
| (Loss) for the financial year | <u>(96)</u>           | <u>(575)</u>          |

During the previous year, the Company sold its trading business to its immediate holding, HCL Technologies UK Limited. On 29 October 2021, the company entered into an agreement to sell its business and related assets and liabilities, other than cash and cash equivalents, as well as certain other excluded assets and liabilities as defined therein with effect from 1 October 2021 to HCL Technologies UK Limited for the consideration of £22,415k. The result of the company shows a loss of £96k (March 2022: loss of £575k). The company has declared dividend in current year of £14 Mn (March 2022: £26.4 Mn).

As at 31 March 2023, the company had net assets of £29k (31 March 2022: £14,125k).

There are no non-financial KPI's that management monitor.

## Principal risks and uncertainties

There are no principal risks and uncertainties as accounts are prepared on a basis other than going concern.

## Financial Instruments

The Company's operations expose it to a variety of financial instrument related risks such as foreign exchange risk, credit and liquidity risk. The hedging decisions are managed by ultimate holding company at group level. 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. Most of the transactions of the Company are carried out in its functional currency. The ultimate parent company takes hedges to minimise risk at overall group level.

As per ultimate holding company's risk management policy, hedges are predominantly 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

### 2. Credit risk

The Company has no significant concentrations of credit risk and the Company has a large number of customers 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 follow up receivables from the 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.

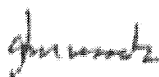
### 3. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and short-term bank deposits. The Directors do not see any significant liquidity risk involved.

Cash flow performance is monitored on an ongoing basis by the Board.

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

This report was approved by the board of directors on 30 May 2023 and signed on its behalf.



**Shiv Kumar Walia**  
Director



**Rahul Singh**  
Director

## Directors' report

For the year ended 31 March 2023

The directors present their report and the financial statements of the Company for the year ended 31 March 2023.

### Results and dividends

The loss for the year, after taxation, amounted to £96k (March 2022 – loss of £575k).

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

Dividend paid during the year, amounted to £14,000k (March 2022- £26,421k).

### Directors

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

Mr. Prateek Aggarwal

Mr. Shiv Kumar Walia

Mr. Rahul Singh

Mr. Ajit Kumar

### Going Concern

On 29 October 2021, the company entered into an agreement with its immediate holding, HCL Technologies UK Limited to sell its business and related assets and liabilities other than cash and cash equivalents and certain other excluded assets and liabilities as defined therein with effect from 1 October 2021. The purchase consideration for the book value is £22,415k plus interest at a rate of 6 months USD LIBOR+1% on the purchase price from 1 October 2021 until the date of payment. The directors have decided not to seek replacement trade and as a result have concluded that the going concern basis is no longer appropriate. Accordingly, these financial statements are prepared on a basis other than going concern. The effect of this is explained in note 2.2.

### Financial Instruments

Details of financial instruments are provided in the Strategic Report.

### Employees

With effect from 1 October 2021 all the employees have been transferred to HCL Technologies UK Limited.

### 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.

HCL Great Britain Limited

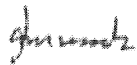
## Directors' report (continued)

For the year ended 31 March 2023

### Reappointment of auditor

The auditors KNAV Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

This report was approved by the board of directors on 30 May 2023 and signed on its behalf.



**Shiv Kumar Walia**  
Director



**Rahul Singh**  
Director

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

For the year ended 31 March 2023

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 (as explained in note 2.2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis)

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 HCL Great Britain Limited

## Opinion

We have audited the financial statements of HCL Great Britain Limited (the 'Company') for the year ended 31<sup>st</sup> March 2023, 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<sup>st</sup> March 2023 and of its loss 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.

## Emphasis of matter – financial statements prepared on a basis other than going concern

In auditing the financial statements, we have concluded that the directors' use of the basis other than going concern in the preparation of financial statements is appropriate.

We draw attention to the disclosure made in note 2.2 to the financial statements which explains that the financial statements are not prepared on a going concern basis for the reasons set out in that note. Accordingly, the financial statements have been prepared on a basis other than going concern. Our opinion is not modified in respect of this matter.

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.

# Independent Auditor's Report to the Members of HCL Great Britain Limited

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 course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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.

## **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 Directors' Responsibilities Statement set out on page 5, 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 HCL Great Britain Limited

## **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 and error.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. The primary responsibility for prevention and detection of fraud rests with both those charged with governance of the entity and management.

Based on our understanding of the Company and the industry, discussions with the management, we identified Companies Act 2006, Financial Reporting Standard 102 and UK taxation and 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 the 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 minutes of the meetings conducted by the Board of Directors;
- enquiry of management of legal matters in the year and use of legal firms thereof;
- evaluation of the selection and application of accounting and policies related to subjective measurements and complex transactions;
- analytical procedures to verify 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 ISAs (UK).

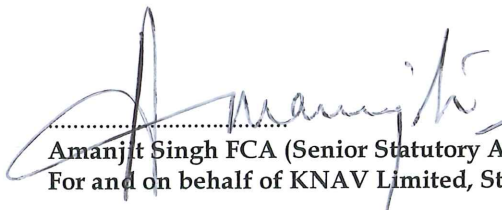
The potential effects of inherent limitations are particularly significant in case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes to conceal it, including deliberate failure to record transactions, collusion or internal misrepresentations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

A further description of our responsibilities for the audit of financial statements is available 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.

# Independent Auditor's Report to the Members of HCL Great Britain Limited

## 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 Limited, Statutory Auditor

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

UAC: 2023-29-UK  
Date: June 01, 2023

## Statement of profit and loss and other comprehensive income

For the year ended 31 March 2023

|  | Note | Year ended<br>31 March 2023<br>£000 | Year ended<br>31 March 2022<br>£000 |
|--|------|-------------------------------------|-------------------------------------|
| Turnover                                     | 4    | -                                   | 17,222                              |
| Cost of sales                                |      | -                                   | (11,128)                            |
| <b>Gross profit</b>                          |      | -                                   | 6,094                               |
| Administrative expenses                      |      | (18)                                | (5,415)                             |
| Other operating expenses                     |      | (93)                                | (138)                               |
| <b>Operating (loss)/profit</b>               | 5    | (111)                               | 541                                 |
| Interest receivable and similar income       | 7    | 11                                  | 1                                   |
| Interest payable and similar charges         | 8    | (2)                                 | (14)                                |
| <b>(Loss)/profit before tax</b>              |      | (102)                               | 528                                 |
| Tax on (loss)/profit                         | 9    | 6                                   | (1,103)                             |
| <b>Loss for the year</b>                     |      | (96)                                | (575)                               |
| Other comprehensive income                   |      | -                                   | -                                   |
| <b>Total comprehensive loss for the year</b> |      | (96)                                | (575)                               |

The notes on pages 13 to 26 form part of these financial statements.

All amounts relate to discontinued operations as described in Note 2.2

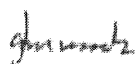
HCL Great Britain Limited  
Registered number: 03299523

## Statement of financial position

As at 31 March 2023

|  | Note | 31 March 2023<br>£000 | 31 March 2022<br>£000 |
|--|------|-----------------------|-----------------------|
| <b>Current assets</b>                          |      |                       |                       |
| Debtors: amounts falling due within one year   | 10   | 19                    | 2,806                 |
| Cash at bank                                   | 11   | 497                   | 18,028                |
|  |      | <u>516</u>            | <u>20,834</u>         |
| <b>Current Liabilities:</b>                    |      |                       |                       |
| Creditors: amounts falling due within one year | 12   | (487)                 | (6,709)               |
| <b>Net current assets</b>                      |      | <u>29</u>             | <u>14,125</u>         |
| <b>Total assets less current liabilities</b>   |      | <u>29</u>             | <u>14,125</u>         |
| <b>Net assets</b>                              |      | <u>29</u>             | <u>14,125</u>         |
| <b>Capital and reserves</b>                    |      |                       |                       |
| Called up share capital                        | 14   | -                     | -                     |
| Other reserves                                 | 15   | -                     | 7,156                 |
| Retained earnings                              |      | 29                    | 6,969                 |
| <b>Shareholder's funds</b>                     |      | <u>29</u>             | <u>14,125</u>         |

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf on 30 May 2023.



**Shiv Kumar Walia**  
Director



**Rahul Singh**  
Director

The notes on pages 13 to 26 form part of these financial statements.

## Statement of changes in equity

For the year ended 31 March 2023

|                                       | Share<br>capital*<br>£000 | Other<br>reserves<br>£000 | Retained<br>earnings<br>£000 | Total<br>Equity<br>£000 |
|---------------------------------------|---------------------------|---------------------------|------------------------------|-------------------------|
| At 1 April 2021                       | 10,568                    | 7,156                     | 23,397                       | 41,121                  |
| Loss for the year                     | -                         | -                         | (575)                        | (575)                   |
| Total comprehensive loss for the year | -                         | -                         | (575)                        | (575)                   |
| Share capital reduction               | (10,568)                  | -                         | 10,568                       | -                       |
| Dividend paid                         | -                         | -                         | (26,421)                     | (26,421)                |
| At 31 March 2022                      | -                         | 7,156                     | 6,969                        | 14,125                  |
| At 1 April 2022                       | -                         | 7,156                     | 6,969                        | 14,125                  |
| Loss for the year                     | -                         | -                         | (96)                         | (96)                    |
| Total comprehensive loss for the year | -                         | -                         | (96)                         | (96)                    |
| Transfer to retained earnings         | -                         | (7,156)                   | 7,156                        | -                       |
| Dividend paid                         | -                         | -                         | (14,000)                     | (14,000)                |
| At 31 March 2023                      | -                         | -                         | 29                           | 29                      |

\*The company has 1 ordinary share of £1 at the year end. (Refer note 14 for further details)

The notes on page 13 to 26 form part of these financial statements

# Notes to the financial statements

For the year ended 31 March 2023

## 1. Company information

HCL Great Britain Limited is a company incorporated in England. The registered office is 6th Floor, 70, Gracechurch Street, London, EC3V 0XL, United Kingdom.

## 2. Accounting policies

The 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). The financial statements are presented in round thousands. Previous year's figures have been regrouped or reclassified, wherever considered necessary, to conform with the current year's presentation.

The financial statements contain information about HCL Great Britain Limited as an individual Company and are not consolidated financial statements. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare group financial statements as it is included in the group financial statements of its ultimate parent company, HCL Technologies Limited, a Company incorporated in India, which are publicly available at <https://www.hcltech.com>.

### 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 33 Related Party Disclosures paragraph 33.7;
- the requirements of Section 11 Basic Financial Instruments.

This information will be included in the consolidated financial statements of its ultimate parent, HCL Technologies Limited as at 31 March 2023 and these financial statements could be obtained from the Companies registry in India and also available at company's website at <https://www.hcltech.com>.



## Notes to the financial statements

For the year ended 31 March 2023

### 2. Accounting policies (continued)

#### 2.2 Going concern

On 29 October 2021, the company entered into an agreement with its immediate holding, HCL Technologies UK Limited to sell its business and related assets and liabilities other than cash and cash equivalents and certain other excluded assets and liabilities as defined therein with effect from 1 October 2021. The purchase consideration for the book value is £ 22,415k plus interest at a rate of 6 months USD LIBOR+1% on the purchase price from 1 October 2021 until the date of payment. Accordingly, these financial statements are prepared on a basis other than going concern. In preparation of the financial statements on an alternate basis, the management has continued to apply the requirements of FRS 102 taking into account that the Company is not expected to continue as a going concern in the foreseeable future. This has resulted in assets and liabilities measured at the lower of their carrying amount and fair value. As a result of such measurement, no adjustments were necessary to the carrying amounts reported, and accordingly no gain or loss was realised. There is no impact on the financial statements as a result of this basis of preparation.

#### 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.

Turnover related to other fixed price contracts providing maintenance and support services, are recognised based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered.

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 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

## Notes to the financial statements

For the year ended 31 March 2023

### 2. Accounting policies (continued)

#### 2.4 Tangible fixed assets (continued)

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

The estimated useful life ranges as follows:

|                                |                 |
|--------------------------------|-----------------|
| Furniture and office equipment | - 5 to 10 years |
| Computer equipment             | - 4 to 5 years  |
| Software                       | - 3 years       |

Capital WIP is not depreciated.

#### 2.5 Operating leases

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the life of the lease.

#### 2.6 Leased assets: Lessor

Where assets leased to a third party give rights approximating to ownership (finance leases), the assets are treated as if they had been sold outright. The amount removed from the fixed assets is the net book value on disposal of the asset. The profit on disposal, being the excess of the present value of the minimum leases payments over net book value is credited to profit or loss.

Lease payments are analysed between capital and interest components so that the interest element of the payment is credited to profit or loss over the term of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts owed by the lessee.

## Notes to the financial statements

For the year ended 31 March 2023

### 2. Accounting policies (continued)

#### 2.7 Foreign currency translation

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

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. Revenue, 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 phases of outsourcing contracts and contract acquisition. Costs that are directly attributable to a contract are capitalised when the contract will result in future net cash inflows with a present value 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 Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations. The contributions are recognised as an expense in the Statement of profit and loss and other comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

## Notes to the financial statements

For the year ended 31 March 2023

### 2. Accounting policies (continued)

#### 2.10 Interest income

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

#### 2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of profit and 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.

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 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 2.12 Finance cost

Finance costs are charged to the Statement of profit and 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.

#### 2.13 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, bank overdraft.

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 out right 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.

## Notes to the financial statements

For the year ended 31 March 2023

### 2. Accounting policies (continued)

#### 2.13 Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of profit and loss and other comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re measured at their fair value. Changes in the fair value of derivatives are recognised in Statement of comprehensive statement as "exchange gain (losses)". Foreign exchange forward contracts are purchased to mitigate the risk of changes in foreign exchange rates.

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.

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.

#### 2.14 Rent equalization reserve

Lease payments under an operating lease should be recognised as an expense in the statement of profit and loss and other comprehensive income on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit. When the lease rental over a period of time fluctuates, the sum total of the rentals during the lease period will be divided to arrive at the equalised rent amount paid per month. The difference between the equalised rent amount and the actual total of the lease rental will be transferred to the lease equalisation reserve account.

# Notes to the financial statements

For the year ended 31 March 2023

## 2. Accounting policies (continued)

### 2.16 Government Grant

Since the closure of the Works places amid the outbreak of COVID-19, the Company has been able to utilise the Coronavirus Job Retention scheme (CJRS), the Government's support measure for organisations throughout the pandemic. It offers grants of up to 80% of wages, up to a maximum of £2,500 per month plus national insurance and auto-enrolled pension contributions, to cover the salary costs of those employees that have been furloughed.

The Company received government grants under this scheme for the year. Income under this scheme is classified as a government grant and is accounted for under FRS 102 Section 24 Government Grants. Such grants are recognised in the Statement of profit and loss and other comprehensive income as 'Furlough Benefit' under other operating income (refer note 5) in the period in which the associated costs for which the grants are intended to compensate are incurred.

## 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.

# Notes to the financial statements

For the year ended 31 March 2023

## 4. Analysis of turnover

Turnover represents amounts (excluding value added tax) derived from the provision of goods and services to customers and includes IT and business services, engineering and R & D services and services related to HCL software.

Analysis of turnover by geographical market:

|                   | Year ended<br>31 March 2023<br>£000 | Year ended<br>31 March 2022<br>£000 |
|-------------------|-------------------------------------|-------------------------------------|
| United Kingdom    | -                                   | 6,364                               |
| Rest of the World | -                                   | 10,858                              |
|                   | <u>-</u>                            | <u>17,222</u>                       |

## 5. Operating (loss)/profit

The operating (loss)/profit is stated after charging/ (crediting):

|   | Year ended<br>31 March 2023<br>£000 | Year ended<br>31 March 2022<br>£000 |
|---|-------------------------------------|-------------------------------------|
| Depreciation on tangible fixed assets   | -                                   | 1,132                               |
| Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts | 6                                   | 32                                  |
| Operating lease rentals   | -                                   | 392                                 |
| Furlough benefit  | -                                   | (26)                                |
| Exchange difference loss  | <u>96</u>                           | <u>165</u>                          |

## 6. Director and employees

Staff costs, including directors' remuneration, were as follows:

|                                     | Year ended<br>31 March 2023<br>£000 | Year ended<br>31 March 2022<br>£000 |
|-------------------------------------|-------------------------------------|-------------------------------------|
| Wages and salaries                  | -                                   | 13,536                              |
| Social security costs               | -                                   | 2,016                               |
| Cost of defined contribution scheme | -                                   | 524                                 |
|                                     | <u>-</u>                            | <u>16,076</u>                       |

# Notes to the financial statements

For the year ended 31 March 2023

## 6. Director and employees (continued)

### Directors' remuneration

|   | Year ended<br>31 March 2023<br>£000 | Year ended<br>31 March 2022<br>£000 |
|---|-------------------------------------|-------------------------------------|
| Directors' emoluments                                       | -                                   | 1,540                               |
| Company contribution to defined contribution pension scheme | -                                   | 18                                  |
|   | <u>-</u>                            | <u>1,558</u>                        |

The highest paid director received remuneration is Nil (March 2022: £1,441k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to Nil (March 2022: £15k).

During FY 22, out of total directors, two directors received remuneration from this entity. Other directors of the company are also directors in other group companies within the HCL group, and are also employees of the ultimate parent undertaking. All of these companies together are viewed as one business unit and their salaries are paid by the ultimate parent undertaking. The directors believe that remuneration applicable towards efforts for this company is negligible.

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

During the previous year, with effect from 1 October 2021 all the employees including directors have been transferred to HCL Technologies UK Limited. The staff cost including directors' remuneration during the previous year is for 6 months' period i.e April 2021 to September 2021.

The average monthly number of employees, including the directors, during the year was as follows:

|                     | Year ended<br>31 March 2023<br>£000 | Year ended<br>31 March 2022<br>£000 |
|---------------------|-------------------------------------|-------------------------------------|
| Technical           | -                                   | 80                                  |
| Sales and marketing | -                                   | 29                                  |
| Administration      | -                                   | 7                                   |
|                     | <u>-</u>                            | <u>116</u>                          |

There are no employees as at 31 March 2023 as with effect from 1 October 2021, following the business sale agreement, all employees have been transferred to HCL Technologies UK Limited.



# Notes to the financial statements

For the year ended 31 March 2023

## 7. Interest receivable and similar incomes

|                           | Year ended<br>31 March 2023<br>£000 | Year ended<br>31 March 2022<br>£000 |
|---------------------------|-------------------------------------|-------------------------------------|
| Other interest receivable | 11                                  | 1                                   |
|                           | <u>11</u>                           | <u>1</u>                            |

## 8. Interest payable and similar charges

|                              | Year ended<br>31 March 2023<br>£000 | Year ended<br>31 March 2022<br>£000 |
|------------------------------|-------------------------------------|-------------------------------------|
| On bank loans and overdrafts | 2                                   | 14                                  |
|                              | <u>2</u>                            | <u>14</u>                           |

“Bank interest payable” has been changed to “On bank loans and overdrafts” for better presentation.

## 9. Tax on (loss)/profit

|  | Year ended<br>31 March 2023<br>£000 | Year ended<br>31 March 2022<br>£000 |
|--|-------------------------------------|-------------------------------------|
| <b>Corporation tax</b>                         |                                     |                                     |
| Current tax on profits for the year            | (19)                                | 165                                 |
| Adjustments in respect of previous years       | 13                                  | (84)                                |
| Total current tax                              | <u>(6)</u>                          | <u>81</u>                           |
| <b>Deferred tax</b>                            |                                     |                                     |
| Origination and reversal of timing differences | -                                   | 949                                 |
| Adjustment in respect of previous years        | -                                   | 73                                  |
| Total deferred tax                             | <u>-</u>                            | <u>1,022</u>                        |
| <b>Taxation on profit</b>                      | <u>(6)</u>                          | <u>1,103</u>                        |

# Notes to the financial statements

For the year ended 31 March 2023

## 9. Tax on (loss)/profit (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is at the standard rate of corporation tax in the UK of 19% (March 2022 - 19%). The differences are explained below:

|   | Year ended<br>31 March 2023<br>£000 | Year ended<br>31 March 2022<br>£000 |
|---|-------------------------------------|-------------------------------------|
| (Loss)/profit before tax  | (102)                               | 528                                 |
| (Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (March 2022 -19%) | (19)                                | 101                                 |
| <b>Effects of:</b>  |                                     |                                     |
| Provision for uncertain tax position  | -                                   | 15                                  |
| Others  | -                                   | 56                                  |
| Tax WDV transferred to HCL Technologies UK Limited on account of business sale                  | -                                   | 943                                 |
| Adjustments in respect of prior periods   | 13                                  | (12)                                |
| <b>Total tax charge for the year</b>  | <b>(6)</b>                          | <b>1,103</b>                        |

The Company has filed for bilateral advance pricing agreements (BAPA) for the period beginning from April 1, 2019 to March 31, 2024 for which the resolutions are yet to be reached. The resolution of the BAPA involves some degree of uncertainty and estimate; accordingly, the Company recognizes income tax liability that it believes will ultimately result from the conclusion of the BAPA proceedings.

### Factors that may affect future tax charges

In the Spring Budget 2023, it was confirmed 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 set up the company as at balance sheet date.

# Notes to the financial statements

For the year ended 31 March 2023

## 10. Debtors

|                                    | Year ended<br>31 March 2023<br>£000 | Year ended<br>31 March 2022<br>£000 |
|------------------------------------|-------------------------------------|-------------------------------------|
| <b>Due within one year</b>         |                                     |                                     |
| Amounts owed by group undertakings | 19                                  | 2,806                               |
|                                    | <u>19</u>                           | <u>2,806</u>                        |

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

\*Corporation tax was shown as "Tax recoverable" in Debtors note and as "Corporation tax" in Creditors note in the previous year which has been netted off and shown as "corporation tax" for the better presentation.

## 11. Cash and cash equivalent

|              | Year ended<br>31 March 2023<br>£000 | Year ended<br>31 March 2022<br>£000 |
|--------------|-------------------------------------|-------------------------------------|
| Cash at bank | 497                                 | 18,028                              |
|              | <u>497</u>                          | <u>18,028</u>                       |

## 12. Creditors: Amounts falling due within one year

|                                    | Year ended<br>31 March 2023<br>£000 | Year ended<br>31 March 2022<br>£000 |
|------------------------------------|-------------------------------------|-------------------------------------|
| Corporation tax*                   | 473                                 | 564                                 |
| Accruals and deferred income       | 6                                   | 33                                  |
| Amounts owed to group undertakings | 8                                   | 6,112                               |
|                                    | <u>487</u>                          | <u>6,709</u>                        |

Amount owed to group undertaking are interest free, unsecured and are repayable on demand.

\*Corporation tax was shown as "Tax recoverable" in Debtors note and as "Corporation tax" in Creditors note in the previous year which has been netted off and shown as "corporation tax" for the better presentation.

# Notes to the financial statements

For the year ended 31 March 2023

## 13. Deferred Tax

|  | Year ended<br>31 March 2023<br>£000 | Year ended<br>31 March 2022<br>£000 |
|--|-------------------------------------|-------------------------------------|
| <b>Unrecognised deferred tax asset</b> |                                     |                                     |
| Tax losses                             | 378                                 | 378                                 |
|  | <u>378</u>                          | <u>378</u>                          |

The unrecognised deferred tax assets arises from non-trading loan relationships. The directors do not consider that there will be sufficient non trading taxable profits in the future to realise the deferred tax asset on gross amount carried forward of £1,988k (March 2022 – £1,988k), and therefore the asset has not been recognised in the financial statements.

## 14. Share capital

|  | Year ended<br>31 March 2023<br>£000 | Year ended<br>31 March 2022<br>£000 |
|--|-------------------------------------|-------------------------------------|
| <b>Allotted, called up and fully paid up</b>   |                                     |                                     |
| 1 (March 2022- 1) - Ordinary shares of £1 each | -                                   | -                                   |
|  | <u>-</u>                            | <u>-</u>                            |

During FY 21-22, the company has reduced share capital from 10,568,334 ordinary shares of £1 each to 1 share of £1.

## 15. Other reserves

This reserve contains movements on the employee share option scheme. These reserves have been transferred to retained earnings.

## 16. Pension commitments

The Company operates a defined contribution pension scheme. The pension charge for the year amounted to Nil (March 2022 – £524k). With effect from 1 October 2021, all employees have been transferred to its immediate holding, HCL Technologies UK Limited.

## 17. Related party transactions

The company has taken advantage of the exemption available in section 33 of FRS102 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.

## Notes to the financial statements

For the year ended 31 March 2023

### 18. Controlling party

The Company is a subsidiary undertaking of HCL Technologies UK Limited, a company incorporated in the UK. The Company's ultimate parent undertaking and controlling party is HCL Technologies Limited, a company incorporated in India.

During the FY 21-22, the company has reduced its share capital from 10,568,334 shares to 1 share.

The largest and smallest group of undertakings for which the group financial result have been prepared that include the result of the company is that headed by HCL Technologies Limited. The consolidated financial statements are available to the public and may be obtained from HCL Technologies Limited, Noida, Uttar Pradesh, India.

### 19. Post balance sheet events

There is no material subsequent event.