

NTT DATA UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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NTT DATA UK LIMITED

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NTT DATA UK LIMITED

COMPANY INFORMATION

Directors	Fernando Apezteguia Britta Doring Miyuki Ide (appointed 16 June 2022) Gerhard Luebke Koji Miyajima (resigned 16 June 2022) Rajul Modi (appointed 9 January 2023)
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Registered number	03085018
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Registered office	2 Royal Exchange London EC3V 3DG
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Independent auditor	KPMG LLP Chartered Accountants 15 Canada Square London United Kingdom E14 5GL
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NTT DATA UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The directors present their strategic report of NTT Data UK Limited ('the Company' or 'NTT Data UK') for the year ended 31 March 2023.

Business strategy and objectives

NTT Data UK is performing well within an increasingly challenging economic environment and competitive IT market. Developing a significant presence within UK IT services market continues to be a key focus as it is the largest IT services market in Western Europe and its open and competitive business environment make it a good testbed for innovative ideas and services.

As an organisation, NTT DATA ('the Group') has set a clear vision to drive differentiated growth as a trusted advisor to its clients. The Company continues to focus on building market share by scaling the business through organic and inorganic growth, by differentiating itself through highlighting its Japanese heritage (focus on quality and innovation), implementing solutions which have been successfully deployed in Europe, Middle East and Africa (EMEA) and Latin America (LATAM) regions and by establishing itself as a key player in the digital world.

While continuing to deliver excellence and further develop relationships with its existing clients, the Company is pushing to expand its base of clients through an effective delivery model, differentiated product offering and partnerships.

NTT Data UK sits under NTT Data Europe & LATAM group ("NTT Data EMEAL"), which is an organisation set up to align and reorganise former NTT Data EMEA and Everis companies. As part of NTT Data EMEAL's One NTT strategy to combine NTT DATA EMEA and Everis companies together in EMEA and Latin America, the Company is in the process of integrating with its UK sister company, Everisconsultancy Limited, combining to become a single harmonised business with a one operating model, organisational structure and fully aligned processes. The assets and liabilities of the Everis business were transferred to NTT Data UK in October 2023 along with the adoption of a single set of systems covering Finance, Operations, Project Management and Human Resources.

On October 1, 2022, NTT DATA and NTT Corporation established an overseas operating company jointly owned 55% and 45% by NTT DATA and NTT, respectively. This new venture will accelerate NTT collaboration in both strategic and tactical aspects to drive the growth of the overseas business.

Specifically, under a unified business strategy, the company will provide end-to-end services from infrastructure through applications and consulting. NTT's research and development will scale business in areas such as Smart World and 5G, and in the mid- to long-term, the company will work to develop advanced services that can provide environmental and social value, with the Innovative Optical and Wireless Network (IOWN) concept at its core.

In addition to establishing the combined company focused on operations outside of Japan, a domestic business company was established in Japan under the holding company umbrella of NTT DATA in July 2023. As a global headquarters, NTT DATA will expand its strategic functions such as technology, delivery and M&A investment, and establish a structure that enables the domestic and overseas operating companies under its umbrella to promote business in accordance with the needs and laws and regulations of each region.

Business environment and performance

The Company has had strong performance in the current year with 25% organic revenue growth. Prior year investments in business capabilities and organisational restructuring have helped to yield significant growth. A focus on selling higher value work, delivering fixed price services and managing overhead costs have helped to drive strong profitability. The revenue growth has come mainly off the back of significant wins and consolidation with existing client accounts.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Principal risks and uncertainties

Management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks affecting the Company are set out below. The Directors review the risks and ensure appropriate processes are put in place to monitor and mitigate them. The principal risks identified are:

Economic environment

The UK economy is having to cope with high inflation and high interest rates and these are having an impact on consumers and ultimately NTT Data UK's clients with transformation projects being delayed or scaled back plus further price pressure on existing contracts. The Company has seen staff attrition reduce over a number of months driven by the weaker UK economy but also a number of positive improvements within the Company which has increased staff engagement.

The Company is focused on trying to retain and improve margins through higher value work and differentiated product offerings and strategic partnerships, while broadening its client base. Furthermore, it continues to strengthen its core business and consolidate its existing client relationships to be a key trusted partner.

Competitive environment

The UK's size and open business environment make it attractive to IT solution service providers and consultancies from around the world. Economic challenges placed on clients and industries may decrease the number and size of projects and put downward price pressure on fees, exacerbated by competitors experiencing the same pressures. The Company manages this risk by providing high quality, value added services to its customers and by maintaining strong relationships with existing customers, whilst continuing to build its work pipeline. Additionally, the business continues to ensure its delivery model can offer competitive and cost-effective solutions to customers.

Business consolidation

NTT Data EMEAL has begun the process of integrating Everis and NTT Data operating companies. In the UK this process is underway, with the two companies beginning to align, with the plan to complete a full legal integration by October 2023. Any integration creates uncertainty and challenges in ensuring people, processes and operations are successfully combined with limited disruption to the business. A plan has been put in place with project management and governance structures in place, both locally and at the NTT Data EMEAL Group level, to help manage this transition.

Employee risk

The Company's continuing success is in part dependent on its ability to attract, train, and retain employees with the necessary technical expertise. The UK IT labour market has been extremely competitive, leading to increased labour costs, which increases the cost to deliver.

The quality of human resource management and employee commitment is monitored very closely and several initiatives and working groups are in place to drive employee engagement and support employee wellbeing. In addition, the Company optimises workforce planning and resourcing by utilising sister companies offshore and nearshore, as well as third-party external partners to fulfil staffing requirements as appropriate.

Technological risk

Technological risk arises as the use of new technologies and practices inevitably expose the company to new risks. The Company manages this risk by ensuring that it employs suitably qualified professionals who are supported by continuing training. In addition, the Company works closely with its Japanese parent, which invests significant sums annually into the development and use of new technologies.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Similarly, the risks of cyber criminality could lead to a loss of data, disruption to projects or could impact the reputation and financial health of the Company. The Company has invested in service and technical capabilities, to monitor and guard against attacks. In addition, business continuity procedures are in place with achievement of ISO22301 and are continually reviewed to mitigate the impact of cyber criminality on the Company's main systems.

Where there are newer technologies entering the market, the Company looks to be at the forefront of these changes in order to best serve its customers. The Company manages this risk through working closely with its Japanese parent that runs the research and development for the global businesses. Furthermore, it aims to leverage these technologies with its clients.

Compliance with regulatory environment

The Company is subject to the regulatory environments it operates in the UK and Ireland. It has the responsibility to ensure compliance is maintained under all applicable legal regimes, which critically include taxation, employment and company laws. The Company has a dedicated legal and compliance team, supported by external advisors and a suite of internal policies and processes to mitigate its risks associated with non-compliance. Such policies are updated on a regular basis.

The Company is committed to comply with all laws and regulations such as those related to data privacy, anti-money laundering, modern slavery laws, anti-bribery and corruption in the jurisdictions in which it operates including;

- The General Data Protection Regulation (GDPR)
- Code of Conduct
- The Bribery Act 2010
- The Modern Slavery Act 2015

The Company takes privacy and the protection of customers', suppliers' and employees' data seriously, and has policies and processes in place to manage this risk.

Exchange rates

The majority of the Company's costs and revenue are based in pounds sterling which helps limit exposure to adverse exchange rate fluctuations. However, the Company does transact with some overseas suppliers and customers in Euro and US Dollars, for which it holds EUR and USD denominated bank accounts. Furthermore, the Company incurs supplier costs which are tied to the Indian Rupee, so is exposed to fluctuations between GBP and INR. The existence of the non-GBP denominated bank accounts and some non-GBP contracts expose the Company to foreign exchange gains and losses. In the event of the business having to transact in large non-GBP contracts, the Treasury department will consider appropriate hedging techniques in order to mitigate exposure to exchange rates fluctuations.

Credit and customer concentration risk

The Company's credit risk is primarily attributed to trade receivables in relation to services rendered to customers. The Company has procedures that require appropriate credit checks on potential customers before services are provided. Trade receivable balances from existing customers are reviewed and monitored regularly by appropriately qualified personnel and management.

Historically significant credit risk exposure and write-offs have been low. Furthermore, the Company has one large customer, which represent greater than 30% of revenue. The risk associated with concentration of revenues is managed by maintaining strong relationships with that customer, as well as targeting large deals in other industries to balance the portfolio of clients.

NTT DATA UK LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

This report was approved by the board on 23 November 2023 and signed on its behalf.



Rajul Modi
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

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

Dividends

No dividends were paid during the year and none were proposed subsequent to the year end (2022: nil).

Directors

The directors who served during the year were:

Fernando Apezteguia
Britta Doring
Miyuki Ide (appointed 16 June 2022)
Gerhard Luebke
Koji Miyajima (resigned 16 June 2022)
Rajul Modi (appointed 9 January 2023)

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Employees

A maintenance of a strong effective workforce, attracting and retaining talent and employee development are critical to the success of the business. The Company is focused on supporting the wellbeing and engagement of staff, as well as building on diversity and inclusion within the workplace, through a range of initiatives:

- Management regularly brief employees on the Company's strategy and performance at townhall meetings.
- Consistent and open communication of significant business matters by senior management.
- Carrying out a range of training programmes and providing resources to support staff professional development.
- Making available assistance for employee wellbeing.
- Hosting a range of events and support programmes focused on diversity and inclusion, and corporate social responsibility initiatives.
- Implemented a hybrid working policy, giving staff the flexibility to choose where they work from.

Furthermore, the Company is an equal opportunities employer and remains committed to fair and equal treatment of people based on ethnicity, gender, sexuality and disabilities in relation to job applications, training, promotion and career development.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the strategic report. The Directors confirm that the financial statements disclose its plans for future action relevant to the Company's ability to continue as a going concern, and its assessment of the feasibility of these plans.

In determining whether it is appropriate to continue to adopt going concern basis in preparing the financial statements for the year ended 31 March 2023, the Directors have considered the following factors:

- The Company's balance sheet position and cashflow forecasts; and
- The Company's funding requirements to continue as a going concern.

The Company has prepared an operating income and cash flow forecast for at least 12 months from the date of approval of these financial statements. Budgeting for this period has taken into consideration anticipated cost pressures from the current inflationary environment.

The forecast under the base case shows the Company maintaining profitability and increasing revenue in the period ending 31 March 2024 and similar results for the period ending 31 March 2025. The increase in revenue is attributable to continued growth, driven by a pipeline of sales with existing customers, as well as by delivering on the Company's strategy to drive further sales through new and existing customers.

In addition, management has prepared severe, but plausible downside scenarios, to capture the following risks:

- Loss of the Company's largest customer
- Major disruption in processes due to system downtime from SAP implementation and integration

The Company considered mitigating factors in the severe downside scenarios including appropriate cost reductions and ensured that there was ability to draw down on cash-pooling facilities managed by the Group. Under these scenarios the Company's cashflow forecasts do not indicate any cash shortfall during the forecast period. Furthermore, the Company as at March 2023 maintains a significant positive cash balance.

Taking in to account the facts and circumstances above, including the base and downside cash flow forecasts, the Company's balance sheet position as well as its current cash reserves, the Directors are confident that the Company will continue to operate for at least 12 months from the date of approval of the financial statements and therefore have prepared these financial statements on a going concern basis.

Engagement with suppliers, customers and others

The Company aims to maintain strong and effective working relationships with all third parties it deals with as a matter of good business practice and to meet its strategic objectives. The Company manages its customer relationships through its dedicated client management structure. This includes obtaining regular feedback to ensure services are meeting the requirements and expectations of its customers and to identify opportunities for improvement and areas where they require additional support.

Company dealings with suppliers are managed according to the Company procurement policy ensuring compliance with laws and regulations in all jurisdictions within which the Company operates. The Company aims to maintain fair dealings with all its suppliers, while ensuring it is obtaining sufficient value from its relationships, which support business objectives.

NTT DATA UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Directors' indemnities

NTT DATA Europe and LATAM group, a fellow Group company, maintains liability insurance for the Company's directors and officers. The liability insurance includes an indemnity for the Company's directors and officers, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company's greenhouse gas emissions and energy consumption are as follows:

	2023	2022
Emissions resulting from activities for which the Company is responsible involving business travel in rental cars or employee owned vehicles (in tonnes of CO2 equivalent)	191	138
Emissions resulting from the purchase of the electricity by the Company for its own use, including the purposes of transport (in tonnes of CO2 equivalent)	16	69
Energy consumed from activities for which the Company is responsible involving the combustion of gas, or the consumption of fuel for the purposes of transport, and the annual quantity of energy consumed resulting from the purchase of electricity by the Company for its own use, including for the purposes of transport, in kWh	1,480,723	756,433

The methodology applied to calculate the Company's energy use and emissions is based on the principles set out in the GHG Reporting Protocol - Corporate Standard.

Intensity ratio: Tonnes of CO2 equivalent generated per £1,000,000 of revenue was 0.73 (2022: 0.91).

Responsibilities in respect of section 172 of the Companies Act 2006

The directors have a responsibility to act in such a way that promotes the success of the Company for the benefit of its members. The directors have performed their duties over the period; key aspects of how the Company has addressed these duties are described within the strategic and directors' reports. The information broadly outlines how the Company's actions demonstrate commitment to the Company's relationships, key stakeholders and how its strategy and actions align with long-term focus on building a successful and sustainable business.

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 the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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.

Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

This report was approved by the board on 23 November 2023 and signed on its behalf.



Rajul Modi
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIALS STATEMENTS

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 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from the legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NTT DATA UK LIMITED

OPINION

We have audited the financial statements of NTT Data UK Limited ("the Company") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

GOING CONCERN

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NTT DATA UK LIMITED

FRAUD AND BREACHES OF LAWS AND REGULATIONS - ABILITY TO DETECT

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud including the Company's channel for "whistleblowing" as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes for management, directors and sales staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue related to fixed price contracts recognised close to the year end is recorded in the wrong period and the risk that the estimates relating to such contracts under the percentage of completion method are inappropriate.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts, with specific words in the description, by unauthorized users, with an unusual account pairing, and those posted and approved by the same user.
- Assessing significant accounting estimates for bias.
- Assessing that revenue recognised from fixed price contracts was appropriate by testing a sample of contracts and projects, selected based on specific high-risk criteria and performing relevant inquiries with project managers.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NTT DATA UK LIMITED

The Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection laws, anti-bribery, and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

STRATEGIC REPORT AND DIRECTORS' REPORT

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

DIRECTORS' RESPONSIBILITIES

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NTT DATA UK LIMITED

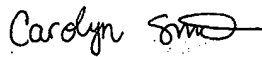
AUDITOR'S RESPONSIBILITIES

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Carolyn Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
United Kingdom
E14 5GL
23 November 2023

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £	2022 £
Turnover	4	284,766,451	227,733,412
Cost of sales		(216,679,672)	(181,511,999)
Gross profit		68,086,779	46,221,413
Administrative expenses		(54,702,096)	(32,960,085)
Operating profit	6	13,384,683	13,261,328
Interest receivable and similar income	10	2,526,982	1,311,932
Interest payable and expenses	11	(817,931)	(1,046,915)
Profit before tax		15,093,734	13,526,345
Tax (charge) / credit on profit	12	(2,811,039)	6,678,364
Profit for the financial year		12,282,695	20,204,709
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit schemes		(10,026,000)	4,285,000
Movements of deferred tax relating to pension surplus/(deficit)		2,506,500	(2,628,465)
Other comprehensive (expense) / income for the year, net of tax		(7,519,500)	1,656,535
Total comprehensive income for the year		4,763,195	21,861,244

The notes on pages 19 to 48 form part of these financial statements.

NTT DATA UK LIMITED
REGISTERED NUMBER: 03085018

BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Goodwill		28,811,719	28,811,719
Other intangible assets	13	997,454	1,187,446
Tangible assets	15	13,051,233	14,662,910
Investments	16	2	2
Pension assets		1,735,300	11,770,300
		<u>44,595,708</u>	<u>56,432,377</u>
Current assets			
Debtors (including £7,634,594 (2022: £6,396,469) due after more than one year)	17	135,658,832	98,331,926
Cash at bank and in hand		26,955,185	33,838,198
		<u>162,614,017</u>	<u>132,170,124</u>
Creditors: amounts falling due within one year	18	(114,782,998)	(127,541,672)
Net current assets		<u>47,831,019</u>	<u>4,628,452</u>
Creditors: amounts falling due after more than one year	19	(35,528,383)	(8,925,680)
Net assets		<u><u>56,898,344</u></u>	<u><u>52,135,149</u></u>
Capital and reserves			
Called up share capital	22	300,000	300,000
Share premium account		31,668,633	31,668,633
Profit and loss account		24,929,711	20,166,516
Shareholders' funds		<u><u>56,898,344</u></u>	<u><u>52,135,149</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 November 2023.



Rajul Modi
Director

The notes on pages 19 to 48 form part of these financial statements.

NTT DATA UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2022	300,000	31,668,633	20,166,516	52,135,149
Comprehensive income for the year				
Profit for the year	-	-	12,282,695	12,282,695
Other comprehensive (expense) / income for the year	-	-	(7,519,500)	(7,519,500)
Other comprehensive (expense) / income for the year	-	-	(7,519,500)	(7,519,500)
Total comprehensive income for the year	-	-	4,763,195	4,763,195
Total transactions with owners	-	-	-	-
At 31 March 2023	300,000	31,668,633	24,929,711	56,898,344

The notes on pages 19 to 48 form part of these financial statements.

NTT DATA UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2021	300,000	31,668,633	(1,694,728)	30,273,905
Comprehensive income for the year				
Profit for the year	-	-	20,204,709	20,204,709
Other comprehensive (expense) / income for the year	-	-	1,656,535	1,656,535
Other comprehensive (expense) / income for the year	-	-	1,656,535	1,656,535
Total comprehensive income for the year	-	-	21,861,244	21,861,244
Total transactions with owners	-	-	-	-
At 31 March 2022	300,000	31,668,633	20,166,516	52,135,149

The notes on pages 19 to 48 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. General information

NTT Data UK Limited is a private company incorporated, domiciled and registered in the UK. The registered number is 03085018 and the registered address is 2 Royal Exchange, London, EC3V 3DG.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements were prepared in accordance with Financial Reporting Standard 101 ("FRS101") 'Reduced Disclosure Framework'.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The amendments to FRS101 (2014/2015 Cycle) issued in July 2015 have been applied.

The financial statements contain information about NTT Data UK Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Nippon Telegraph and Telephone Corporation, registered in Japan.

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Certain disclosures regarding revenue;
- Certain disclosures regarding leases;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of key management personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Nippon Telegraph and Telephone Corporation include the equivalent disclosures, the Company has also taken the exemptions under FRS101 available in respect of the following disclosures.

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments: Disclosures.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions (continued)

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2.3 Measurement convention

The financial statements are prepared on the historical cost basis except for pension assets arising from the defined benefit scheme which are measured at fair value.

2.4 Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the strategic report. The Directors confirm that the financial statements disclose its plans for future action relevant to the Company's ability to continue as a going concern, and its assessment of the feasibility of these plans.

In determining whether it is appropriate to continue to adopt going concern basis in preparing the financial statements for the year ended 31 March 2023, the Directors have considered the following factors:

- The Company's balance sheet position and cashflow forecasts; and
- The Company's funding requirements to continue as a going concern.

The Company has prepared an operating and cash flow forecast for at least 12 months from the date of approval of these financial statements. Budgeting for this period has taken into consideration anticipated cost pressures from the current inflationary environment.

The forecast under the base case shows the Company maintaining profitability and increasing revenue in the period ending 31 March 2024 and similar results for the period ending 31 March 2025. The increase in revenue attributable to continued growth, driven by a pipeline of sales with existing customers, as well as by delivering on the Company's strategy to drive further sales through new and existing customers.

In addition, management have prepared severe, but plausible downside scenarios, to capture the following risks:

- Loss of the Company's largest customer
- Major disruption in processes due to system downtime from SAP implementation and integration

The Company considered mitigating factors in the severe downside scenarios including appropriate cost reductions and ensured that there was ability to draw down on cash-pooling facilities managed by the Group. Under these scenarios the Company cashflow forecasts do not indicate any cash shortfall during the forecast period. Furthermore, the Company as at March 2023 maintains a significant positive cash balance.

Taking in to account the facts and circumstances above, including the base and downside cash flow forecasts, the Company's balance sheet position as well as its current cash reserves, the Directors are confident that the Company will continue to operate for at least 12 months from the date of approval of the financial statements and therefore have prepared these financial statements on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)**2.5 Revenue**

Revenue comprises the fair value of the consideration received or receivable for services rendered in the ordinary course of the Company's activities. These activities include the provision of a range of IT consulting, development and infrastructure services, as well as managed IT services. Furthermore, revenue is generated through the sale of hardware and software, often made in conjunction with larger service contracts. Revenue is shown net of value added tax, rebates and discounts.

The Company recognises revenue when the amount of the revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the Company's activities described below. The Company bases its estimates on historical results, taking into consideration the type of client, the type of transaction, and the specifics of each arrangement.

Revenue in respect of time and material contracts is recognised as services are rendered and as direct expenses are incurred. The transaction price is determined based on the contracted charge out rates agreed with the customer, plus any other direct costs oncharged, less any discounts.

Revenue in respect of fixed price contracts is recognised as services are rendered under the percentage of completion method and as direct expenses are incurred. The transaction price is based on the contract price stipulated, adjusted for contract modifications or scope changes, variable revenue components and any agreed discounts. Under the percentage of completion method, revenue is generally recognised based on the estimate of services performed to date as a percentage of the total services to be performed, measured using actual cost incurred versus estimated cost to complete.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known to management. The Company regularly reviews profitability and underlying estimates for fixed price contracts. Losses, if any, on fixed price contracts are recorded in the period in which the loss is identified.

Revenue for the sale of hardware and software is recognised once control of the goods and services have been transferred to customer, including associated integration services if they form part of the delivery of the performance obligation to which the hardware and software relates.

Some contracts with customers are established using third-parties to deliver the goods or services required to satisfy performance obligations. Where conditions are met such that the Company is determined to be acting as agent on behalf of the third-party, then the transaction price will be measured based on the agreed price to the end customer, less direct costs from the principal contracting party.

Deferred revenue represents the estimated unearned portion of fees received or receivable to the extent they are considered recoverable, which is recognised as a liability in the balance sheet. Accrued income represents revenue recognised on a contract in excess of fees received or receivable for services performed under contracts with customers but not yet billed, which are recognised as an asset on the balance sheet.

Timing of payment from customers for satisfaction of performance obligations depends on individual customer agreements and terms within each contract. Typically, time and materials contracts will be billed a month in arrears, while fixed price contracts will be billed based on set milestones within

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

each contract. Payment from customer will then be made in accordance with their payment terms.

Some contracts with customers may have warranty, service credit or defect provisions which may require a refund or credit to be provided or additional remedial work where agreed-upon specifications or service levels are not met. In such cases, these are not accounted for as separate performance obligations under IFRS 15 but may be either provided for within the estimated project costs to complete of an existing performance obligation under project or as separate provisions in accordance with IAS 37.

Where variable components of revenue are identified within a contract, such as performance bonuses or rebate arrangements, an estimate will be made depending on the nature of the component using either the expected value method or the most likely amount. Where it is highly probable that a significant adjustment to revenue will not occur, the determined amount will then be included as part of revenue recognised.

2.6 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is determined based on the risk free swap rate within the UK, plus a credit spread aligned with the approximate average length of the lease portfolio.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives

The lease liability is included in 'Creditors' on the Balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.6 Leases (continued)

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset and corresponding lease liability, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in 'Tangible Fixed Assets' in the Balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.9.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.7 Other intangible assets

Other intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged to profit and loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives range as follows:

Computer software	-	4 years
Customer list & trademark		10 years

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.8 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. Impairment is determined by comparing the carrying amount of the cash generating unit ("CGU"), to which the goodwill is allocated, against the estimated value in use. Impairment will be recognised where the carrying value of the CGU exceeds the value in use. An impairment loss in respect of goodwill is not reversed.

This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure

2.9 Tangible fixed assets

Tangible fixed assets under the cost model 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.

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 period 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.

Depreciation is provided on the following basis:

Long-term leasehold property	- Shorter of useful life or lease term
Fixtures and fittings	- 3-10 years
Office equipment	- 3-4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)**2.10 Impairment of fixed assets**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.12 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)**2.12 Financial instruments (continued)****Financial liabilities****Fair value through profit or loss**

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

Derivative financial instruments

The company uses derivative financial instruments to manage exchange rate risk for foreign currencies where significant exposure is forecast, predominantly Indian rupee and Euro. Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

2.13 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). These financial statements are presented in Sterling, which is the Company's functional and presentational currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

2.15 Finance costs

Interest expenses are charged to the Profit & loss account over the term of the debt using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)**2.16 Employee benefits****Defined benefit and contribution plans**

The Company operates both defined benefit and defined contribution plans. The defined benefit schemes is generally funded through payments to insurance companies or trustee administered funds, determined by periodic actuarial calculations.

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

The asset/(liability) recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The Company recognises pension scheme net assets on the basis that it has an unconditional right to receive a refund of any fund surplus within the plan as a result of the rules contained within the pension trust deed. The defined benefit obligation, employee benefit costs, and contributions are calculated by independent, qualified actuaries on the basis of triennial valuations using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. The assets of the scheme are held separately from those of the Company. The assets of the scheme are measured using market values. For quoted securities the bid price is taken as market value.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income. All other expenses related to defined benefit plans in employee benefit expenses in the profit and loss account.

Past service costs are recognised immediately in the profit and loss account, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight line basis over the vesting period.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid for bonuses and other similar benefits if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.17 Interest receivable and similar income

Interest income comprises interest receivable on cash deposits and on pension balances. Interest income is recognised in the profit and loss account using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.18 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.19 Other provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are charged as an expense to the profit & loss account in the period that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are recorded against to the provision carried in the balance sheet.

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit & loss account, except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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

In preparing the financial statements, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts represented in the financial statements and related disclosures. Use of available information, historical experience and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements include:

Revenue

Revenue for projects based on the percentage of completion method, is recognised as a product of the project contract value relative to the percentage of actual project costs incurred over the estimated total project costs to complete. The estimated total project costs is based on management's best estimate and is subject to continuous assessment.

Defined benefit scheme assets and liabilities

Certain assumptions are required in order to determine the amount to be recorded for retirement benefit obligations and pension plan assets, in particular for defined benefit plans. These are mainly actuarial assumptions such as expected inflation rates, long term increases in health care costs, employee turnover, expected return on plan assets and discount rates. Substantial changes in the assumed development of any one of these variables may significantly change the Company's defined benefit scheme obligation and plan assets (see note 23).

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

4. Turnover

Rendering of services (IT Solutions services) and sale of hardware and software.

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Rendering of services (IT Solutions services)	283,973,659	227,386,605
Sale of hardware and software	792,792	346,807
	<u>284,766,451</u>	<u>227,733,412</u>

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	267,064,913	207,104,846
Rest of Europe	15,136,096	20,414,001
Rest of the world	2,565,442	214,565
	<u>284,766,451</u>	<u>227,733,412</u>

The Company applies disclosure exemptions under FRS 101 and does not disclose information about remaining performance obligations.

5. Contract balances

	2023 £	2022 £
Trade debtors	73,920,154	59,730,716
Contract assets	36,348,192	25,011,178
Contract liabilities	<u>(27,664,871)</u>	<u>(22,445,614)</u>

The amount of revenue recognised in current period that was included in the contract liability balance at the beginning of the period was £22,445,614.

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

6. Operating profit

The operating profit is stated after charging:

		2023 £	2022 £
Depreciation of tangible fixed assets	15	3,409,736	3,246,386
Amortisation of intangible assets		189,992	380,210
(Reversal of impairment)/impairment of trade receivables		(432,115)	363,437
		<u>3,167,613</u>	<u>3,990,033</u>

7. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor and its associates:

	2023 £	2022 £
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	180,000	112,885

There were no non-audit services provided to the Company by the Company's auditors.

8. Employees

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

	2023 £	2022 £
Wages and salaries	137,754,299	106,035,298
Social security costs	14,855,997	11,981,205
Cost of defined contribution scheme	8,448,382	6,245,757
	<u>161,058,678</u>	<u>124,262,260</u>

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

	2023 No.	2022 No.
IT Solutions	1,442	1,138
Administration, sales and marketing	89	68
	<u>1,531</u>	<u>1,206</u>

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

9. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	808,383	537,218
Directors pension costs	7,042	666
	<u>815,425</u>	<u>537,884</u>

The highest paid director received remuneration of £752,000 (2022 - £477,844).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2022 - £Nil).

The amounts shown above represent the remuneration paid to the directors for qualifying services to the Company for the year ended 31 March 2023. Several directors were remunerated by other NTT Group companies during the year.

10. Interest receivable and similar income

	2023 £	2022 £
Net foreign exchange gain	1,850,285	1,147,813
Bank interest receivable	351,697	16,119
Defined benefit scheme net finance income	23 325,000	148,000
	<u>2,526,982</u>	<u>1,311,932</u>

11. Interest payable and similar charges

	2023 £	2022 £
Bank interest payable	12	7,273
Loans from group undertakings	686,717	907,893
Interest on lease liabilities	131,202	130,878
Other interest payable	-	871
	<u>817,931</u>	<u>1,046,915</u>

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

12. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	1,814,270	583,255
Adjustments in respect of previous periods	196,810	(1,973)
Foreign tax payable	63,333	56,194
Total current tax	<u>2,074,413</u>	<u>637,476</u>
Deferred tax		
Origination and reversal of temporary differences	1,091,126	33,946
Adjustments in respect of prior years	(363,159)	-
Effect of changes in tax rates	8,659	(1,478,077)
Recognition of previously unrecognised tax losses	-	(5,871,709)
Total deferred tax	<u>736,626</u>	<u>(7,315,840)</u>
Taxation on profit/(loss) on ordinary activities	<u>2,811,039</u>	<u>(6,678,364)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

12. Taxation (continued)

Factors affecting tax charge / (credit) for the year

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

	2023 £	2022 £
Profit on ordinary activities before tax	15,093,734	13,526,345
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	2,867,809	2,570,006
Effects of:		
Expenses not deductible	80,676	52,231
Tax rate changes	8,659	(1,478,077)
Adjustments in respect of prior years	(166,349)	(1,973)
Pension spreading recognised in equity	-	(1,293,074)
Foreign tax payable	63,333	56,194
Unrelieved tax losses carried forward	-	(6,531,874)
Other tax (relief) from capital allowances	(43,089)	(51,797)
Total tax charge/(credit) for the year	2,811,039	(6,678,364)

Factors that may affect future tax charges

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 March 2023 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (2022: 19%).

A deferred tax asset has been recognised for carried forward losses based on management's budget and forecast which expects that there will be sufficient future taxable profits to utilise those losses. The losses carried forward as at 31 March 2023 are £28,566,214 (2022 - £31,897,605).

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

13. Intangible assets

	Trademark £	Customer list £	Computer software £	Total £
Cost				
At 1 April 2022	436,762	1,463,152	2,817,771	4,717,685
At 31 March 2023	436,762	1,463,152	2,817,771	4,717,685
Amortisation				
At 1 April 2022	163,786	548,682	2,817,771	3,530,239
Charge for the year on owned assets	43,677	146,315	-	189,992
At 31 March 2023	207,463	694,997	2,817,771	3,720,231
Net book value				
At 31 March 2023	229,299	768,155	-	997,454
At 31 March 2022	272,976	914,470	-	1,187,446

The amortisation charge is recognised in the profit and loss account within administrative expenses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

14. Goodwill

In accordance with the requirements of IAS 36 Impairment of Assets, a review is completed of the carrying value of intangible assets with indefinite useful lives at each year end, as well as the carrying value of intangible assets where there has been an indication of impairment during the year. An impairment review was undertaken to ensure that the carrying value of the assets are stated at no more than their recoverable amount, being the higher of net realisable value and value in use. The review has resulted in no impairment charge for 2023 (2022: £nil).

The goodwill of £28,811,719 (2022 - £28,811,719) arose on the acquisition of the trade and net assets of Keane Limited, Intelligroup Europe Limited and Amtec Consulting Limited on 31 March 2013, as well as the acquisition of MagenTys Limited on 1 September 2018.

The entire goodwill amount is allocated to NTT Data UK Limited which is the Company's only cash generating unit. The previous acquisitions made are all included within this cash generating unit. The recoverable amount of this cash generating unit has been determined based on the value-in-use calculation. The calculation uses post-tax cash flow projections based on financial forecast approved by management for the first three years. An additional medium term forecast up to 5 years has been made, beyond which a terminal growth rate of 1% has been applied. Changing the key assumptions to reasonably possible alternative assumptions would not give rise to the recognition of any impairment.

The key assumptions of the impairment review calculation are shown below:

	2023	2022
Period on which management approved forecasts are based	5 years	5 years
Growth rate applied beyond approved forecast period	1%	1%
Discount rate	9.3%	9.2%

The growth rates used in the value-in-use calculation reflect a long term growth rate that is sustainable for the Company and reflects the expected rate of long term inflation.

The assumptions used to determine the operating margins in the value-in-use calculation were based on historical trends and were suitably adjusted for integration activities.

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

15. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Right of use assets £	Total £
Cost or valuation					
At 1 April 2022	6,768,956	1,015,715	4,549,695	15,038,415	27,372,781
Additions	245,918	183,209	561,028	807,904	1,798,059
At 31 March 2023	<u>7,014,874</u>	<u>1,198,924</u>	<u>5,110,723</u>	<u>15,846,319</u>	<u>29,170,840</u>
Depreciation					
At 1 April 2022	3,469,755	738,411	3,434,443	5,067,262	12,709,871
Charge for the year on owned assets	646,894	64,996	696,747	2,001,099	3,409,736
At 31 March 2023	<u>4,116,649</u>	<u>803,407</u>	<u>4,131,190</u>	<u>7,068,361</u>	<u>16,119,607</u>
Net book value					
At 31 March 2023	<u>2,898,225</u>	<u>395,517</u>	<u>979,533</u>	<u>8,777,958</u>	<u>13,051,233</u>
At 31 March 2022	<u>3,299,201</u>	<u>277,304</u>	<u>1,115,252</u>	<u>9,971,153</u>	<u>14,662,910</u>

16. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2022	2
At 31 March 2023	<u>2</u>

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

16. Fixed asset investments (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Keane Pension Trustees Limited	2 Royal Exchange, London, EC3V 3DG	Ordinary	100%

The aggregate of the share capital and reserves as at 31 March 2023 and the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

Name
Keane Pension Trustees Limited

17. Debtors

	2023 £	2022 £
Trade debtors	73,920,154	59,730,716
Amounts owed by group undertakings	11,048,204	2,565,850
Other debtors	1,254,407	1,249,441
Prepayments and accrued income	4,921,531	2,735,498
Amounts recoverable on long-term contracts	36,348,192	25,011,178
Deferred taxation	6,457,249	4,687,375
Capitalised contract costs	1,709,095	2,351,868
	<u>135,658,832</u>	<u>98,331,926</u>
Due after more than one year	7,634,594	6,396,469
Due within one year	128,024,238	91,935,457

Amount owed by group undertakings are unsecured, bear no interest and are repayable on demand.

NTT DATA UK LIMITED

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FOR THE YEAR ENDED 31 MARCH 2023**

18. Creditors: Amounts falling due within one year

	2023 £	2022 £
Intercompany loans	-	37,400,000
Trade creditors	4,012,117	2,478,445
Amounts owed to group undertakings	12,623,001	7,737,910
Other taxation and social security	16,600,004	13,026,540
Lease liabilities	2,231,718	2,162,418
Provisions and other creditors	25,589,558	24,549,799
Accruals and deferred income	53,726,600	40,186,560
	<u>114,782,998</u>	<u>127,541,672</u>

Amounts owed to group undertakings are unsecured, bear no interest and are repayable on demand. Interest applies to intercompany loans based on the 2-3 year GBP swap rate + 1.225% spread.

The intercompany loans were restructured in the year and the principal balances are due in February 2025 and June 2025. There is no current portion due. The loan is carried at amortised cost and the fair value of the loan approximates the carrying value.

19. Creditors: Amounts falling due after more than one year

	2023 £	2022 £
Lease liabilities	7,521,358	8,925,680
Intercompany loans	28,007,025	-
	<u>35,528,383</u>	<u>8,925,680</u>

Interest applies to intercompany loans based on the 2-3 year GBP swap rate + 1.225% spread.

20. Deferred taxation

	2023 £	2022 £
At beginning of year	4,687,375	-
Charged to profit or loss	(736,626)	7,315,840
Charged to other comprehensive income	2,506,500	(2,628,465)
At end of year	<u>6,457,249</u>	<u>4,687,375</u>

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

20. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2023 £	2022 £
Tangible fixed assets	(262,557)	(248,259)
Temporary trading differences	(421,748)	(2,929,894)
Losses	7,141,554	7,865,528
	<u>6,457,249</u>	<u>4,687,375</u>

The movement in temporary trading differences, relating to revaluation of the defined benefit pension schemes, is charged to other comprehensive income. The movement in tangible fixed assets, losses and the remaining temporary trading differences are charged to the profit or loss.

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

21. Leases

Company as a lessee

The Company has committed to a number of property leases for office space based in London and Birmingham, with remaining lease terms from 2 to 6 years.

Lease liabilities are due as follows:

	2023 £	2022 £
Not later than one year	2,231,718	2,162,418
Later than one year	7,521,358	8,925,680
	<u>9,753,076</u>	<u>11,088,098</u>

Contractual undiscounted cash flows are due as follows:

	2023 £	2022 £
Not later than one year	2,343,908	2,271,124
Later than one year	7,741,943	9,158,367
	<u>10,085,851</u>	<u>11,429,491</u>

The amount of cash paid in respect of leases in year to 31 March 2023 was £2,504,127 (2022 - £2,235,679).

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2023 £	2022 £
Interest expense on lease liabilities	<u>131,202</u>	<u>130,878</u>

22. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
3,000,003 (2022 - 3,000,003) Ordinary shares of 0.10 each	<u>300,000</u>	<u>300,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments

The Company operates a defined benefit pension schemes.

The Company operates two defined benefit pension schemes, Keane Limited Pension Scheme and Softlab Pension Plan, ("the Schemes"). The schemes are subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Schemes is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Company must agree with the Trustees of the Schemes the contributions to be paid to address any shortfall against the Statutory Funding Objective. The Statutory Funding Objective does not currently impact on the recognition of the Schemes in these accounts.

The Schemes are managed by boards of Trustees appointed in part by the Company and part from elections by members of the Schemes. The Trustees have responsibilities for obtaining valuations of the fund, administering benefit payments and investing the Schemes' assets. The Trustees delegate some of these functions to their professional advisers where appropriate.

The effect of the judgement regarding equalisation of GMPs for past transfers has been accounted for as a past service cost during the period. There were no Scheme amendments, curtailments or settlements during the period.

The Schemes expose the Company to a number of risks:

Investment risk

The Schemes holds investments in asset classes which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.

Interest rate risk

The Schemes' liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Schemes hold assets such as equities, the value of the assets and liabilities may not move in the same way.

Inflation risk

A significant proportion of the benefits under the Schemes are linked to inflation. Although the Schemes' assets are expected to provide a good hedge against inflation over the long term, movements over the short term could lead to deficits emerging.

The Schemes aim to manage risks associated with volatility from market conditions, including changes in interest rates and inflation, by investing in diversified growth funds, index-linked gilts, credit funds and liability driven investment that aims to match movements in the schemes' liabilities.

Mortality risk

In the event that members live longer than assumed a deficit will emerge in the Scheme.

Member options

Certain benefit options may be exercised by members without requiring the consent of the Trustees or the Company, for example exchanging pension for cash at retirement or taking a transfer value. Generally the terms for exercising these options should leave the Schemes no worse off as a result and may in some cases be favourable to the financial position of the Schemes.

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

23. Pension commitments (continued)

Therefore, there is limited risk of further contributions being required or a deterioration of the financial position as a result of members exercising these options. Since allowance is made in the assumptions for members to exchange pension for cash at retirement, if the terms or the number of members doing so are not as assumed then further contributions could be required from the Company.

Effect of the Schemes on the Company's future cashflows

The most recent comprehensive actuarial valuation of the Keane Scheme was carried out as at 31 March 2022. The Company does not currently expect to pay deficit reduction contributions during the year to 31 March 2024.

The most recent comprehensive actuarial valuation of the Softlab Scheme was carried out as at 31 March 2022. The Company does not currently expect to pay deficit reduction contributions during the year to 31 March 2024.

Reconciliation of present value of plan liabilities:

	2023 £	2022 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	90,218,000	102,387,000
Interest cost	2,485,000	1,931,000
Actuarial (gains)/losses due to change in financial assumptions	(26,485,000)	(10,547,000)
Actuarial gain due to experience	3,357,000	(516,000)
Benefits paid	(2,938,000)	(2,744,000)
Actuarial (gains)/losses due to change in demographic assumptions	1,603,000	(293,000)
At the end of the year	68,240,000	90,218,000

Reconciliation of present value of plan assets:

	2023 £	2022 £
At the beginning of the year	101,988,300	110,005,300
Administration costs	(334,000)	(281,000)
Interest income	2,810,000	2,079,000
Return on assets less interest	(31,551,000)	(7,071,000)
Benefits paid	(2,938,000)	(2,744,000)
At the end of the year	69,975,300	101,988,300

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

Composition of plan assets:

	2023 £	2022 £
Equities	6,432,000	-
Corporate bonds	9,016,000	5,359,000
Cash flow driven investment	13,591,000	27,612,000
Unleveraged gilts	7,218,000	26,125,000
Diversified growth funds	11,455,000	18,513,000
Sterling Liquidity	4,001,000	8,859,000
Liability driven investment	17,804,000	14,980,000
Cash	458,300	540,300
Total plan assets	69,975,300	101,988,300

All assets held at 31 March 2023 have a quoted price in an active market.

	2023 £	2022 £
Fair value of plan assets	69,975,300	101,988,300
Present value of plan liabilities	(68,240,000)	(90,218,000)
Net pension scheme liability	1,735,300	11,770,300

The amounts recognised in profit or loss are as follows:

	2023 £	2022 £
Administration cost	334,000	281,000
Interest on obligation	2,485,000	1,931,000
Interest income on plan assets	(2,810,000)	(2,079,000)
Total	9,000	133,000
Losses/(gains) on assets in excess of interest	31,551,000	7,071,000
Experience losses/(gains) on liabilities	3,357,000	(516,000)
Losses/(gains) from changes to demographic assumptions	1,603,000	(293,000)
Losses/(gains) from changes to financial assumptions	(26,485,000)	(10,547,000)
	10,026,000	(4,285,000)

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

23. Pension commitments (continued)

Reconciliation of fair value of plan (assets)/liabilities were as follows:

	2023 £	2022 £
Opening net defined benefit obligation	(11,770,300)	(7,618,300)
Administration cost	334,000	281,000
Net interest expense	(325,000)	(148,000)
Actuarial gains and (losses)	10,026,000	(4,285,000)
Closing net defined benefit obligation	(1,735,300)	(11,770,300)

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income was £10,026,000 loss (2022 - £4,285,000 gain).

The Company expects to contribute £0 to its defined benefit pension schemes in 2024.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2023 %	2022 %
Keane Pension		
Discount rate	4.70	2.80
CPI max 5% pension increases	2.80	3.30
CPI max 3% pension increases	2.25	2.65
Inflation(CPI)	2.90	3.40
Inflation (RPI)	3.30	3.80
Mortality rates		
Life expectancy at age 65 of male aged 65	22.7	22.0
Life expectancy at age 65 of male aged 45	24.0	23.0
Life expectancy at age 65 of female aged 65	25.2	24.5
Life expectancy at age 65 of female aged 45	26.6	25.6
Softlab Pension		
Discount rate	4.70	2.80
Pension increase (CPI min 3%, max 5%)	3.60	3.65
Pension increase (CPI max 2.5%)	1.95	2.60
Pension increase (CPI max 5%)	2.80	3.25
Inflation (CPI)	2.90	3.40

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

Inflation (RPI)	3.30	3.80
Mortality rates		
Life expectancy at age 60 for male aged 60	27.5	26.9
Life expectancy at age 60 for male aged 45	28.8	28.2
Life expectancy at age 60 for female aged 60	30.3	29.7
Life expectancy at age 60 for female aged 45	31.5	31.0

The weighted average duration of the defined benefit obligation at the end of the reporting period is 15 years for Keane and 15 years for Softlab (2022 - 19 years for Keane, 20 years for Softlab). The membership data used for the 31 March 2023 FRS 101 disclosures is based on the data used for the 31 March 2022 funding valuations.

Both schemes apply a single equivalent discount rate approach in determining RPI.

Sensitivity analysis

The sensitivity analysis has been prepared by calculating the impact on liabilities under the scenarios below for each change in market condition. The sensitivity scenarios look at the impacts of a change in each assumption independently and do not consider the potential impact on asset valuations.

Sensitivities in assumptions table	Approximate effect on liabilities	
	+0.5%	-0.5%
Discount rate	(4,425,000)	4,944,000
Inflation rate	2,877,000	(2,683,000)
	Keane	
	90%	110%
Life expectancy	643,000	(971,000)
	Softlab	
	90%	110%
Life expectancy	719,000	(650,000)

Defined benefit pension schemes

	2023 £	2022 £	2021 £	2020 £	2019 £
Defined benefit obligation	(68,240,000)	(90,218,000)	102,387,000)	(47,422,000)	(53,358,000)
Scheme assets	69,975,300	101,988,300	110,005,300	61,444,000	60,984,300
Surplus	1,735,300	11,770,300	7,618,300	14,022,000	7,626,300

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

24. Post balance sheet events

Subsequent to 31 March 2023, the following events occurred:

- The Company completed the transfer of trade and net assets of Everisconsultancy Ltd to NTT Data UK Ltd in October 2023. The full legal integration of the two entities is ongoing.
- The Company has agreed to exit the lease of one of its office premises and is in the process of determining the cost of exiting.

25. Ultimate Parent Company and Parent Company of a larger group

The Company is a wholly owned subsidiary of NTT Data EMEA Ltd, a company incorporated in the United Kingdom.

The smallest group in which the results of the Company are consolidated is the one headed by NTT Data Europe & Latam SL. The registered address of NTT Data Europe & Latam SL is Camino Fuente de la Mora, number 1, 28050 Madrid, Spain.

The ultimate parent of the Company is Nippon Telegraph and Telephone Corporation, registered in Japan, which is also the largest group in which the results of the Company are consolidated. Nippon Telegraph and Telephone Corporation is registered at Otemachi First Square, East Tower, 5-1, Otemachi 1-Chome, Chiyoda-ku, Tokyo 100-8116, Japan. The consolidated accounts of Nippon Telegraph and Telephone Corporation are available at www.ntt.co.jp/ir/library_e/annual/index.html.