
NTT DATA UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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NTT DATA UK LIMITED

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NTT DATA UK LIMITED

COMPANY INFORMATION

Directors	Claire Webster (resigned 27 May 2021) Mark Baker Britta Doring Simon Williams Koji Miyajima
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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 2021

Introduction

The directors present their strategic report of NTT Data UK Limited ('the Company') for the year ended 31 March 2021.

Business strategy and objectives

Despite the challenges of Brexit, the UK remains an important focus for NTT DATA's growth; 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 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), and by establishing itself as a key player in the digital world.

The Company has continued to grow revenue while improving operating income. Efforts have focused around optimisation of the UK business including the successful integration of NTT DATA UK Consulting and IT Solutions Limited on 1 April 2020.

Organisational focus has shifted to maintaining delivery excellence to clients, supporting employees, whilst improving cost efficiencies.

The Company continues to leverage its relationships and the strength of its capabilities to support its clients and to contribute to industries and infrastructure that are critical to society, helping drive innovation and efficiency through digital technology solutions.

Business environment and performance

The global COVID-19 pandemic presented a major challenge and serious economic uncertainty, which the Company was able to respond to quickly and effectively both in the UK and in its offshore delivery centres. Company revenue grew by 61.7%; while this was in large part due to the integration of NTT Data UK Consulting and IT Solutions Limited trading activities, the UK business as a whole also experienced significant growth in spite of pandemic conditions. The Company has continued to consolidate relationships with existing clients and win major new multi-year service contracts. Transitioning of the Company's staff to remote working was highly successful and resulted in limited disruption to client delivery.

While the Company generated an operating loss of £2.9m, this improved from an operating loss £5.7m in the previous year and reflects continued investment spending and restructuring costs. In the second half of the year, the business began to yield benefits from its investments and is anticipating strong revenue growth and profitability in the next financial year.

NTT DATA UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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 COVID-19 pandemic has dominated as the chief economic concern over the financial year and continues to generate macroeconomic uncertainties. While the crisis appears to be improving domestically and there is cautious optimism, risks remain. Nonetheless, the Company has clearly demonstrated its ability to operate fully under pandemic conditions.

The UK has now exited the European Union; however, the difficulties around Brexit remain, particularly within the financial services sector.

The Company's core industries and clients have remained resilient, and it continues to grow despite broader economic challenges. The Company has benefited from being a service provider to industries and clients that are delivering essential infrastructure, reducing exposure from the downturn. Even though the Company is in a relatively strong position, it remains vigilant over the broader economic conditions and continues to strengthen its core business and consolidate its client relationships to be a key trusted partner.

Competitive environment

As the pandemic improves and the economic conditions begin to stabilize, market opportunities will increase, however competitive pressures remain very strong. 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 ensure its delivery model can offer competitive and cost effective solutions to customers.

Business consolidation

NTT Group has announced its ONE NTT strategy, which aims to enhance NTT Group collaboration through technology utilisation, cross-selling and integrations. Any integration creates uncertainty and although care is being taken to reduce the impact of the integration and increase the benefit to staff and clients, some legal and operational risks remain.

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's growing economy and tightening labour market mean that there is growing pressure on ensuring sufficient personnel to fulfil client demands. The quality of human resource management and employee commitment is monitored very closely and a number of 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 over USD 3.6 billion annually into the development and use of new technologies.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

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 works with centres of excellence within its sister companies, such as NTT Security, to monitor and guard against attacks. In addition, business continuity procedures are in place 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, Ireland and the Netherlands. 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. In addition, the Company invested in the market leading privacy management software OneTrust to support with legislative compliance.

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. 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 two customers, which individually represent greater than 10% of revenue; these customers are proposing to merge. The risk associated with concentration of revenues is managed by maintaining strong relationships with those customers, 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 2021**

This report was approved by the board on 17 August 2021 and signed on its behalf.



Simon Williams
Director

NTT DATA UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Dividends

No dividends were paid during the year and none were proposed subsequent to the year end (2020: nil).

Directors

The directors who served during the year were:

Claire Webster (resigned 27 May 2021)
Mark Baker
Britta Doring
Simon Williams
Koji Miyajima

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.

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.

NTT DATA UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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. This includes assessment of the impacts and response associated with the recent economic downturn arising from the COVID-19 pandemic.

The Company is in a net assets position of £30.3m at the period end. The Company has achieved revenue growth of 62% in the current year which was generated from strong organic growth and the integration with its sister company, NTT Data UK Consulting and IT Solutions Limited. The operating loss of £2.9m was an improvement on the budgeted loss, reflecting significant changes that occurred over the course pandemic, including restructuring, cost management and reduction in investment spend. Furthermore, the Company generated significant positive cash flow, with available cash increasing from £27.2m to £37.4m.

It has sufficient cash reserves to finance its working capital requirements for a minimum of the next twelve months from the date of approval of these financial statements.

Taking into consideration all of the above, the directors believe that it is appropriate for the Company to continue to adopt the going concern basis in preparing these financial statements.

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 our customers and to identify opportunities for improvement and areas where they require additional support.

Company dealings with suppliers are managed according to the its 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.

Directors' indemnities

NTT DATA EMEA Limited, 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.

NTT DATA UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Greenhouse gas emissions, energy consumption and energy efficiency action

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

	2021	2020
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)	11	132
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)	62	115
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	264,916	450,577

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 0.44.

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 485 of the Companies Act 2006.

NTT DATA UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

This report was approved by the board on 17 August 2021 and signed on its behalf.

A handwritten signature in black ink, consisting of a stylized 'S' and 'W' followed by a horizontal line.

Simon Williams
Director

NTT DATA UK LIMITED

**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.

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 2021 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 2021 and of its loss 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 directors, internal audit 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.
- 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 recognised close to the year end is recorded in the wrong period and the risk that the estimates relating to revenues recognised on the basis of the input 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, those posted with specific words in the description.
- Assessing significant accounting estimates for bias
- Assessed that revenue recognised from long-term contracts were appropriate by testing a sample of contracts and projects, selected based on specific high-risk criteria and performing relevant inquiries with project managers
- Sampled a selection of material long-term contracts using sampling tool and comparing relevant input for the revenue percentage of completion calculation to supporting documentation.

Identifying and responding to risks of material misstatement due to non-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, 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.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the

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

consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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 these 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.

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.

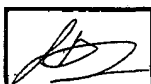
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NTT DATA UK LIMITED

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 RESPONSIBILITY

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.



Lilit Barkhudaryan (Senior Statutory Auditor)
for and on behalf of
KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
London
United Kingdom
E14 5GL

18 August 2021

NTT DATA UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £	2020 £
Turnover	4	165,852,445	102,589,441
Cost of sales		(132,954,675)	(83,316,674)
Gross profit		<u>32,897,770</u>	<u>19,272,767</u>
Administrative expenses		(35,777,854)	(25,147,785)
Operating loss	6	<u>(2,880,084)</u>	<u>(5,875,018)</u>
Interest receivable and similar income	10	1,129,831	1,017,567
Interest payable and expenses	11	(1,089,692)	(645,380)
Loss before tax		<u>(2,839,945)</u>	<u>(5,502,831)</u>
Tax on loss	12	(1,843,503)	414,444
Loss for the financial year		<u>(4,683,448)</u>	<u>(5,088,387)</u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit schemes		(18,893,000)	6,391,000
Movements of deferred tax relating to pension surplus/(deficit)		3,317,185	(2,639,636)
		<u>(15,575,815)</u>	<u>3,751,364</u>
Total comprehensive income for the year		<u>(20,259,263)</u>	<u>(1,337,023)</u>

The notes on pages 19 to 51 form part of these financial statements.

The above results were derived from continuing operations.

NTT DATA UK LIMITED
REGISTERED NUMBER: 03085018

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Non-current assets			
Goodwill	14	28,811,719	23,352,579
Other intangible assets	13	1,567,656	207,025
Tangible assets	15	16,483,392	12,541,791
Investments	16	2	2
Pension assets	24	7,618,300	14,022,300
Debtors: amounts falling due after more than one year	17	-	63,438
		<u>54,481,069</u>	<u>50,187,135</u>
Current assets			
Cash at bank and in hand		37,389,498	27,232,376
Debtors: amounts falling due within one year	17	<u>46,723,332</u>	<u>63,057,497</u>
		84,112,830	90,289,873
Creditors: amounts falling due within one year	18	<u>(49,688,048)</u>	<u>(47,294,171)</u>
Net current assets		34,424,782	42,995,702
Creditors: amounts falling due after more than one year	19	(58,631,946)	(43,086,471)
Net assets		<u>30,273,905</u>	<u>50,096,366</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		(1,694,728)	18,127,733
		<u>30,273,905</u>	<u>50,096,366</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 August 2021.


Simon Williams
 Director

The notes on pages 19 to 51 form part of these financial statements.

NTT DATA UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2020	300,000	31,668,633	18,127,733	50,096,366
Comprehensive income for the year				
Loss for the year	-	-	(4,683,448)	(4,683,448)
Other comprehensive income for the year	-	-	(15,575,815)	(15,575,815)
Total comprehensive income for the year	-	-	(20,259,263)	(20,259,263)
Deferred tax adjustment	-	-	436,802	436,802
At 31 March 2021	300,000	31,668,633	(1,694,728)	30,273,905

The notes on pages 19 to 51 form part of these financial statements.

NTT DATA UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2019	300,000	31,668,633	20,642,608	52,611,241
Comprehensive income for the year				
Loss for the year	-	-	(5,088,387)	(5,088,387)
Other comprehensive income for the year	-	-	3,751,364	3,751,364
Total comprehensive income for the year	-	-	(1,337,023)	(1,337,023)
Deemed distribution	-	-	(1,177,852)	(1,177,852)
At 31 March 2020	300,000	31,668,633	18,127,733	50,096,366

The notes on pages 19 to 51 form part of these financial statements.

NTT DATA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. General information

NTT Data UK Limited is a 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("IFRSs"). FRS 101 disclosure exemptions taken are set out below.

The financial statements contains 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 9 Financial Instruments.

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

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)**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 financial statements are prepared on a going concern basis. With reference to the directors' report, the directors have reviewed the going concern and concluded that the use of the going concern basis of accounting is appropriate. The directors have prepared a cash flow forecast for the period of at least 12 months from the date of approval of these financial statements, which include consideration of activities and future plans, and the particular business risks that might arise that could threaten the appropriateness of adopting the going concern basis of accounting. In preparing the forecasts, the directors have considered adverse downside scenarios which could result in significant decreases in revenue and margin such as loss of key customers due to commercial pressures, significant cancellations or deferrals of contracts and major decreases in work pipeline. Even under these circumstances, the Company remains a going concern and will continue to meet its obligations as they fall due.

The Company has been able to manage the risks and uncertainties created by the COVID-19 pandemic effectively, as considered further within the strategic report. While there are still wider economic risks associated with the pandemic, the Company has not experienced major operational disruption and continues to be able to deliver to its customers and benefit from its strong client network. The Company has a strong outlook for continued growth and future profitability. The Company retained sufficient liquidity with £37.4m of available cash available as at 31 March 2021. As such the directors determined that there are no material uncertainties which may cast significant doubt about the ability of the Company to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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 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. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

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.

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

NTT DATA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.6 Leases (continued)

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.
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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.

NTT DATA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

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 date. 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.

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.

NTT DATA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.12 Financial instruments (continued)

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.

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.

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 2021**

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.

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.18 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.

2.19 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 2021**

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 expenses incurred over the estimated total project expenditure. The estimated total project expenditure is based on management's best estimate and is subject to continuous assessment.

Impairment of non financial assets

The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change, which may then impact the estimations and may then require a material adjustment to the carrying value of goodwill.

Management reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates of expected future cash flows are prepared for each group of assets. Expected future cash flows used to determine the value in use of goodwill, intangible and tangible assets are inherently uncertain and could materially change over time.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Management recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires management to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

3. Judgements in applying accounting policies (continued)

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 24).

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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:

	2021 £	2020 £
Rendering of services (IT Solutions services)	161,652,229	99,203,131
Sale of hardware and software	4,200,216	3,386,310
	<u>165,852,445</u>	<u>102,589,441</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	154,621,065	99,616,178
Rest of Europe	10,742,698	2,085,472
Rest of the world	488,682	887,791
	<u>165,852,445</u>	<u>102,589,441</u>

Timing of revenue recognition:

	2021 £	2020 £
Goods and services transferred at a point in time	4,200,216	3,386,309
Goods and services transferred over time	161,652,229	99,203,132
	<u>165,852,445</u>	<u>102,589,441</u>

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

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

5. Contract balances

The following table provides information about opening and closing trade debtors, accrued income and deferred income from contracts with customers.

	2021 £	2020 £
Trade debtors	39,341,911	18,998,126
Accrued income	1,309,765	8,755,781
Deferred income	(1,727,395)	(648)
	<u>39,924,281</u>	<u>27,703,259</u>

6. Operating loss

The operating loss is stated after charging:

		2021 £	2020 £
Depreciation of tangible fixed assets	15	3,258,028	1,604,240
Impairment of tangible fixed assets	15	42,233	-
Amortisation of intangible assets	13	206,798	117,588
Defined benefit scheme past service cost/(income)	24	46,000	-
		<u>3,553,059</u>	<u>1,721,828</u>

7. Auditor's remuneration

The Company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Company:

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>105,500</u>	<u>95,000</u>

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

8. Employees

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

	2021 £	2020 £
Wages and salaries	85,112,067	46,209,597
Social security costs	8,994,869	4,632,166
Cost of defined contribution scheme	4,672,778	2,394,126
	<u>98,779,714</u>	<u>53,235,889</u>

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

	2021 No.	2020 No.
IT Solutions	1,016	654
Administration, sales and marketing	62	60
	<u>1,078</u>	<u>714</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	1,221,246	346,152
Directors' defined contribution pension schemes	4,000	10,000
	<u>1,225,246</u>	<u>356,152</u>

The highest paid director received remuneration of £866,409 (2020 - £346,152).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £0 (2020 - £10,000).

The amounts shown above represent the remuneration paid to the directors for qualifying services to the Company for the year ended 31 March 2021.

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

10. Interest receivable and similar income

		2021 £	2020 £
Net foreign exchange gain		417,886	725,739
Bank interest receivable		4,945	96,828
Defined benefit scheme net finance income	24	707,000	195,000
		<u>1,129,831</u>	<u>1,017,567</u>

11. Interest payable and similar charges

		2021 £	2020 £
Bank interest payable		10,137	-
Loans from group undertakings		946,046	601,946
Interest on lease liabilities		128,574	43,434
Other interest payable		4,935	-
		<u>1,089,692</u>	<u>645,380</u>

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

12. Taxation

	2021 £	2020 £
Corporation tax		
Adjustments in respect of previous periods	(610,894)	(462,876)
Foreign tax payable	54,551	-
Total current tax	<u>(556,343)</u>	<u>(462,876)</u>
Deferred tax		
Origination and reversal of temporary differences	88,393	(15,180)
Adjustments in respect of prior years	587,357	184,749
Effect of changes in tax rates	-	(121,137)
Recognition of previously unrecognised tax losses	1,724,096	-
Total deferred tax	<u>2,399,846</u>	<u>48,432</u>
Taxation on profit/(loss) on ordinary activities	<u>1,843,503</u>	<u>(414,444)</u>

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	(2,839,944)	(5,502,833)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(539,589)	(1,045,538)
Effects of:		
Expenses not deductible	45,644	82,963
Tax rate reduction in respect of deferred tax balances	-	(121,137)
Capital allowances for year in excess of depreciation	-	2,389,134
Adjustments in respect of prior years	(23,534)	(278,127)
Pension spreading recognised in equity	(1,293,074)	(1,435,961)
Foreign tax payable	54,551	-
Non-taxable income	(46,452)	-
Unrelieved tax losses carried forward	3,645,957	-
Other deferred tax charges	-	(5,778)
Total tax charge/(credit) for the year	1,843,503	(414,444)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The UK deferred tax as at 31 March 2021 was calculated at 19% (2020: 17%).

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.

A deferred tax asset on losses carried forward has not been recognised due to uncertainty around sufficient taxable profit being available in future to utilise these losses. The losses carried forward as at 31 March 2021 are £28,252,424 (2019 - £15,126,880).

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

13. Intangible assets

	Trademark £	Customer list £	Computer software £	Total £
Cost				
At 1 April 2020	-	-	2,817,771	2,817,771
Intra-group transfers	436,762	1,463,152	-	1,899,914
At 31 March 2021	436,762	1,463,152	2,817,771	4,717,685
Amortisation				
At 1 April 2020	-	-	2,610,746	2,610,746
Charge for the year on owned assets	43,676	146,315	16,807	206,798
Intra-group transfers	76,433	256,052	-	332,485
At 31 March 2021	120,109	402,367	2,627,553	3,150,029
Net book value				
At 31 March 2021	316,653	1,060,785	190,218	1,567,656
At 31 March 2020	-	-	207,025	207,025

The amortisation charge is recognised in the profit and loss account within administrative expenses. The trademark and customer list assets were transferred in from NTT Data UK Consulting and IT Solutions on 1 April 2020 as part of the transfer of trade and assets.

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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14. Goodwill

The goodwill of £28,811,719 (2020 - £23,352,579) 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 which was transferred into the Company on 1 April 2020 as part of the transfer of trade and assets from NTT Data UK Consulting and IT Solutions.

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 pre 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:

	2021	2020
Period on which management approved forecasts are based	5 years	5 years
Growth rate applied beyond approved forecast period	1%	1%
Discount rate	9.0%	9.5%

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

15. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Right of use assets £	Total £
Cost or valuation					
At 1 April 2020	2,876,320	331,976	2,244,148	11,388,582	16,841,026
Additions	55,099	-	491,032	3,132,656	3,678,787
Transfers intra group	3,837,537	683,739	905,788	-	5,427,064
At 31 March 2021	6,768,956	1,015,715	3,640,968	14,521,238	25,946,877
Depreciation					
At 1 April 2020	1,273,334	303,916	1,715,467	1,006,518	4,299,235
Charge for the year on owned assets	641,935	88,400	485,004	2,042,688	3,258,027
Transfers intra group	907,648	281,830	674,512	-	1,863,990
Impairment charge	-	-	-	42,233	42,233
At 31 March 2021	2,822,917	674,146	2,874,983	3,091,439	9,463,485
Net book value					
At 31 March 2021	3,946,039	341,569	765,985	11,429,799	16,483,392
At 31 March 2020	1,602,986	28,060	528,681	10,382,064	12,541,791

On 1 April 2020 sister company, NTT Data UK Consulting and IT Solutions Limited, transferred over ownership of all fixed assets to the Company as part of the transfer of trade and assets.

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

16. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2020	2
At 31 March 2021	<u>2</u>

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 2021 and the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

Name	Profit/(Loss)
Keane Pension Trustees Limited	2

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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17. Debtors

	2021 £	2020 £
Due after more than one year		
Deferred tax asset	-	63,438
	<u>-</u>	<u>63,438</u>
	2021 £	2020 £
Due within one year		
Trade debtors	39,341,911	18,998,126
Amounts owed by group undertakings	1,897,565	34,084,440
Other debtors	808,555	255,807
Prepayments	3,365,536	963,343
Accrued income	1,309,765	8,755,781
	<u>46,723,332</u>	<u>63,057,497</u>

Amount owed by group undertakings are unsecured, bear no interest and are repayable on demand. Intercompany amounts owed between the Company and NTT Data UK Consulting and IT Solutions Limited were offset upon transfer of trade and assets on 1 April 2020.

18. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,586,759	842,771
Amounts owed to group undertakings	4,484,717	14,975,835
Other taxation and social security	8,001,883	2,621,883
Lease liabilities	1,808,651	1,717,808
Provisions and other creditors	16,178,445	13,463,979
Accruals and deferred income	17,627,593	13,671,895
	<u>49,688,048</u>	<u>47,294,171</u>

Amounts owed to group undertakings are unsecured, bear no interest and are repayable on demand. Intercompany amounts owed between the Company and NTT Data UK Consulting and IT Solutions Limited were offset upon transfer of trade and assets on 1 April 2020.

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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19. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Lease liabilities	11,231,946	9,986,471
Amounts owed to group undertakings	47,400,000	33,100,000
	<u>58,631,946</u>	<u>43,086,471</u>

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

20. Deferred taxation

	2021 £
At beginning of year	63,438
Charged to profit or loss	(2,399,846)
Charged to other comprehensive income	3,317,185
Transfer of trade	(980,777)
At end of year	<u><u>-</u></u>

The deferred tax asset is made up as follows:

	2021 £	2020 £
Tangible fixed assets	127,738	116,733
Defined benefit scheme	-	(78,088)
Temporary trading differences	149,082	-
Losses	(276,820)	-
Assets transferred in	-	24,793
	<u>-</u>	<u>63,438</u>

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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 1 to 8 years.

Lease liabilities are due as follows:

	2021 £	2020 £
Not later than one year	1,808,651	1,717,808
Later than five years	11,231,946	9,986,471
	<u>13,040,597</u>	<u>11,704,279</u>

Contractual undiscounted cash flows are due as follows:

	2021 £	2020 £
Not later than one year	1,925,451	1,836,598
Later than one year	11,573,076	10,429,437
	<u>13,498,527</u>	<u>12,266,035</u>

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

	2021 £	2020 £
Interest expense on lease liabilities	<u>128,574</u>	<u>43,434</u>

22. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
3,000,002 (2020 - 3,000,002) Ordinary shares of 0.10 each	<u>300,000</u>	<u>300,000</u>

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

23. Business combinations

Effective 1 April 2020, NTT Data UK Consulting and IT Solutions Limited ("CATS") transferred its entire trade and assets to the Company to become a single reporting unit and trading company. CATS is owned by the parent of the Company, NTT Data EMEA Limited ("EMEA"). The transaction involved absorption of the net assets and liabilities of CATS and took place for £8,091,493 consideration through the establishment of an intercompany loan with EMEA for the balance of the book value of net assets.

		Book value £
Fixed Assets		
Tangible	15	3,563,074
Intangible	13	7,026,569
		<u>10,589,643</u>
Current Assets		
Debtors		28,851,742
Cash at bank and in hand		1,762,730
Pension assets	24	11,968,000
Total assets		<u>53,172,115</u>
Creditors		
Due within one year		(45,080,622)
Total identifiable net assets		<u>8,091,493</u>
Intercompany loan		8,091,493
Total purchase consideration		<u><u>8,091,493</u></u>

Subsequent to the transfer of trade and assets, an adjustment for the opening balance of deferred tax liability transferred was made through the profit and loss account to correct the opening position. Refer to statement of changes in equity.

NTT DATA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

24. Pension commitments

The Company operates a defined benefit pension schemes.

From 1 April 2020 the Company operated two defined benefit pension schemes, Keane Limited Pension Scheme and Softlab Pension Plan, ("the Schemes"). The Softlab scheme was incorporated into the Company as a result of the transfer of trade and assets from NTT Data UK Consulting and IT Solutions Limited. 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 hold investments in assets classes such as equities. These have volatile market values and while these assets are expected to provide the real returns over the long terms, the short term volatility can cause additional funding to be required if a deficit increases.

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.

Mortality risk

In the event that members live longer than assumed a deficit will increase.

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 scheme's liabilities.

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.

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

24. Pension commitments (continued)

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.

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 contributions paid by the Company were reviewed in light of the results of the Keane Scheme valuation as at 31 March 2019. Under the current schedule of contributions certified on 20 December 2019, the Company does not expect to pay any contributions to the Scheme before the conclusion of the next valuation due on 31 March 2022. Any required payment would be due before 1 July 2023. The contributions paid by the Company will be reviewed in light of the results of that valuation.

The Softlab Scheme remains in surplus on the scheme funding basis. The next valuation of the Plan is due as at 31 March 2023. In the event that the 31 March 2023 valuation reveals a deficit the Company may be required to increase contributions above those set out in the existing Schedule of Contributions. The Company does not currently expect to pay deficit reduction contributions during the year to 31 March 2022.

Reconciliation of present value of plan liabilities:

	2021 £	2020 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	47,422,000	53,358,000
Transfer of Softlab pension	33,669,000	-
Interest cost	2,173,000	1,372,000
Actuarial (gains)/losses due to change in financial assumptions	23,084,000	(6,707,000)
Actuarial gain due to experience	849,000	(193,000)
Benefits paid	(2,942,000)	(1,218,000)
Past service cost	46,000	-
Actuarial (gains)/losses due to change in demographic assumptions	(1,914,000)	810,000
At the end of the year	102,387,000	47,422,000

Reconciliation of present value of plan assets:

	2021 £	2020 £
At the beginning of the year	61,444,300	60,984,300
Transfer of Softlab pension	45,637,000	-
Administration costs	(140,000)	(190,000)

NTT DATA UK LIMITED

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

Interest income	2,880,000	1,567,000
Return on assets less interest	3,126,000	301,000
Benefits paid	(2,942,000)	(1,218,000)
At the end of the year	110,005,300	61,444,300

Composition of plan assets:

	2021 £	2020 £
Corporate bonds	5,826,000	5,290,000
Cash flow driven investment	30,218,000	-
Unleveraged gilts	26,732,000	27,217,000
Diversified growth funds	20,918,000	8,958,000
Sterling Liquidity	9,002,000	10,698,000
Liability driven investment	16,701,000	9,152,000
Cash	608,300	129,000
Total plan assets	110,005,300	61,444,000

All assets held at 31 March 2021 have a quoted price in an active market.

	2021 £	2020 £
Fair value of plan assets	110,005,300	61,444,300
Present value of plan liabilities	(102,387,000)	(47,422,000)
Net pension scheme liability	7,618,300	14,022,300

The amounts recognised in profit or loss are as follows:

	2021 £	2020 £
Administration cost	140,000	190,000
Interest on obligation	2,173,000	1,372,000
Interest income on plan assets	(2,880,000)	(1,567,000)
Past service cost	46,000	-
Total	(521,000)	(5,000)

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

24. Pension commitments (continued)

The amounts recognised in other comprehensive income are as follows:

Losses/(gains) on assets in excess of interest	(3,126,000)	(301,000)
Experience losses/(gains) on liabilities	849,000	(193,000)
Losses/(gains) from changes to demographic assumptions	(1,914,000)	810,000
Losses/(gains) from changes to financial assumptions	23,084,000	(6,707,000)
	<u>18,893,000</u>	<u>(6,391,000)</u>

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

	2021 £	2020 £
Opening defined benefit obligation	(14,022,300)	(7,626,300)
Administration cost	140,000	190,000
Net interest expense	(707,000)	(195,000)
Actuarial gains and (losses)	18,893,000	(6,391,000)
Past service costs	46,000	-
(Assets) assumed in a business combination	(11,968,000)	-
Closing defined benefit obligation	<u>(7,618,300)</u>	<u>(14,022,300)</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income was £18,893,000 loss (2020 - £6,391,000 gain).

The Company expects to contribute £NIL to its defined benefit pension schemes in 2022.

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

	2021 %	2020 %
Keane Pension		
Discount rate	1.85	2.75
CPI max 5% pension increases	2.95	2.20
CPI max 3% pension increases	2.45	1.95
Inflation(CPI)	3.05	2.25
Inflation (RPI)	3.45	3.05
Mortality rates		
Life expectancy at age 65 of male aged 65	22.3	22.9
Life expectancy at age 65 of male aged 45	23.3	23.9

NTT DATA UK LIMITED

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

Life expectancy at age 65 of female aged 65	24.6	25.1
Life expectancy at age 65 of female aged 45	25.8	26.3
Softlab Pension		
Discount rate	2.00	2.70
CPI max 5% pension increases	3.50	3.20
CPI max 3% pension increases	2.40	1.60
Inflation(CPI)	3.00	1.80
Inflation (RPI)	3.40	2.80
Mortality rates		
Life expectancy at age 60 for male aged 60	27.2	28.1
Life expectancy at age 60 for male aged 45	28.5	30.9
Life expectancy at age 60 for female aged 60	29.9	30.5
Life expectancy at age 60 for female aged 45	31.2	28.1

The weighted average duration of the defined benefit obligation at the end of the reporting is 19 for Keane and 20 years for Softlab (2020 - 18 years for Keane, 20 years for Softlab). The membership data used for the 31 March 2021 FRS 101 disclosures is based on the data used for the 31 March 2019 and 31 March 2020 funding valuations with an allowance for cashflows up to 31 March 2022 and 31 March 2023 respectively (e.g. allowance for members transferring out of the Scheme and actual pensions paid from scheme assets).

There has been a significant change of inflation assumptions as a result of Government confirmation of a change to RPI from 2030, to bring it in line with the "CPIH" index (CPI including housing costs). Benefits of the scheme are increased in line with CPI, which is linked to RPI. The announcement has meant a change in estimate, with CPI now assumed to be 0.40% lower than RPI overall for both schemes. The impact of the change in assumption resulted in a material impact on defined benefit obligations within the Keane scheme, increasing by £3,750,000, while the impact on the Softlab scheme was a £1,780,000 increase to defined benefit obligation.

Both schemes apply a single equivalent discount rate approach in determining RPI. Previously the Keane scheme used the market implied rate of RPI. The change in methodology for calculation of the discount rate on the Keane scheme resulted in an increase to defined benefit obligations of £1,122,000. While impact from the change in approach to setting RPI inflation resulted in a reduction of defined benefit obligations of £2,025,000 to the Keane scheme.

No adjustments have been made to mortality assumptions to reflect the potential long-term effects of COVID-19. The outcome of Covid-19 remains highly uncertain, in particular with regards to direct impacts on the plan population from the virus, indirect effects on other health conditions, and effects of economic downturn on long-term health. Therefore, no special allowance has been made for the pandemic on mortality assumptions. This assumption will be monitored and reconsidered in future periods.

NTT DATA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

24. Pension commitments (continued)

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	(8,755,000)	10,016,000
Inflation rate	6,627,000	(6,052,000)
Keane		
	+1 year	-1 year
Life expectancy	2,159,000	(2,147,000)
Softlab		
	90%	110%
Life expectancy	1,360,000	(1,205,000)

Defined benefit pension schemes

	2021	2020	2019	2018	2017
	£	£	£	£	£
Defined benefit obligation	(102,387,000)	(47,422,000)	(53,358,000)	(57,481,000)	(57,711,000)
Scheme assets	110,005,300	61,444,000	60,984,300	32,327,345	32,033,689
Surplus	<u>7,618,300</u>	<u>14,022,000</u>	<u>7,626,300</u>	<u>(25,153,655)</u>	<u>(25,677,311)</u>

NTT DATA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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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 Corporation. The consolidated accounts of NTT Data Corporation are available at www.nttdata.com.

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. The consolidated accounts of Nippon Telegraph and Telephone Corporation are available at www.ntt.co.jp/ir/library_e/annual/index.html.