

Cognizant Technology Solutions Global Services Limited

Directors' report and financial statements

for the year ended 31 December 2021

Company number: 07776457



Cognizant Technology Solutions Global Services Limited

Contents

	Page(s)
Directors and advisors	1
Directors' report for the year ended 31 December 2021	2 - 4
Independent auditors' report to the members of Cognizant Technology Solutions Global Services Limited	5 - 7
Statement of comprehensive income for the year ended 31 December 2021	8
Balance sheet as at 31 December 2021	9
Statement of changes in equity for the year ended 31 December 2021	10
Notes to the financial statements for the year ended 31 December 2021	11 - 21

Cognizant Technology Solutions Global Services Limited

Directors and advisors

Directors

E De Rocca-Serra
I McBrinn

Registered office

280 Bishopsgate
London
EC2M 4AG

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London
Riverside
London
SE1 2RT

Principal bankers

JP Morgan Chase Bank, N.A.
125 London Wall
London EC2Y 5AJ

Cognizant Technology Solutions Global Services Limited

Directors' report for the year ended 31 December 2021

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

Principal activities

The Company is principally engaged in the provision of high calibre Information Technology subcontractor resources, supporting subsidiary companies of the Cognizant Technology Solutions Corporation group.

Business environment

The information technology, consulting and business process outsourcing markets continue to be intensely competitive and subject to rapid change. Within this competitive environment the Cognizant Group has differentiated itself by developing an effective integrated global delivery model which is expected to be a critical element of our continued growth.

Future outlook

Revenues declined by 46% year on year (2020: 11% increase), however the core business remains profitable. Although there is uncertainty within the global economy, we remain confident that the business will remain profitable in future periods given the scale of our global operations.

Going concern

On the basis of their assessment of the Company's financial position and resources, the Directors believe that the Company is well placed to manage its business risks. Therefore the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

H Demas (resigned 31 December 2021)
S White (resigned 14 December 2021)
E De Rocca-Serra (appointed 31 December 2021)
I McBrinn (appointed 31 December 2021)

Results and dividends

The Company's profit before taxation for the year amounted to £265,000 (2020: £400,000).

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2021 (2020: nil).

Research and development

As part of its business, the Company undertakes development activities for its clients as part of its service offerings.

Post balance sheet events

In light of the war in Ukraine which commenced on 24th February 2022 Management assessed the impact on these financial statements both as at the balance sheet date and subsequently and considered whether any adjustments are required to reported amounts in the financial statements.

The Company does not have any direct or indirect subsidiaries in Ukraine or Russia and hence there is no significant direct impact of the current trade restrictions or sanctions on our operations or results.

Cognizant Technology Solutions Global Services Limited

Directors' report for the year ended 31 December 2021 (continued)

Financial instruments

The Company's activities expose it to a variety of financial risks including credit risk and liquidity risk. These risks are managed as part of a group wide risk management programme, managed by another group company, Cognizant Worldwide Limited, which focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on its financial performance.

Credit risk:

Credit risk arises from cash and cash equivalents and credit exposures from related companies and is mitigated by monitoring credit risk limits. Exposure from cash and cash equivalents is managed by assessing historical information about the financial strengths of the institutions that the Company deals with.

Liquidity risk:

The group treasury function performs cash flow forecasting for all operating entities and monitors rolling forecasts of the Company's liquidity requirements to ensure that sufficient cash is held to meet operational needs.

Group treasury invests surplus cash in interest bearing current accounts, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.

Principal risks and uncertainties

Political and Economic uncertainty:

The current fragile global macroeconomic environment can have a significant effect on business. Volatile, negative or uncertain economic conditions could cause clients to reduce, postpone or cancel spending on projects and could make it more difficult to accurately forecast client demand and have available the right resources to profitably address such demand.

The invasion of Ukraine by Russia and the sanctions and other measures being imposed in response to this conflict have increased the level of economic and political uncertainty worldwide. The continuation of the hostilities or the expansion of the current conflict's scope into surrounding geographic areas could impact Cognizant, clients, vendors or subcontractors, which could impact operations and financial performance.

Although the outbreak of COVID-19 affected our financial performance during 2021, this pandemic has led clients to accelerate towards operating with digital business models. Clients are shifting from an industrial to a software-centric model, transforming their business and IT architectures in parallel, and developing agile workflows underpinned by AI and data. In response, we are helping clients deploy a new business and technology stack to modernize their businesses. That way they can innovate faster, become more agile, and stay relevant to their customers.

Cognizant Technology Solutions Global Services Limited

Directors' report for the year ended 31 December 2021 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.


Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Small Companies' provision

The Directors' report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The Company has availed itself of the exemption available to small companies from preparing a Strategic Report under s414B of the Companies Act 2006.

On behalf of the Board


Ian McBrinn (Feb 27, 2023 12:09 GMT)

I McBrinn
Director
27 February 2023

Independent auditors' report to the members of Cognizant Technology Solutions Global Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Cognizant Technology Solutions Global Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2021; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Cognizant Technology Solutions Global Services Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Cognizant Technology Solutions Global Services Limited

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and local tax regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate extraction of cash from the business or financial manipulation of results to meet sales targets for personal gain.. Audit procedures performed by the engagement team included:

- Discussions with management in relation to compliance with laws and regulations. These discussions have included consideration of any known suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities; and
- Identifying and testing unusual journal entries, in particular journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Simon Ormiston (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 February 2023

Cognizant Technology Solutions Global Services Limited

Statement of comprehensive income for the year ended 31 December 2021

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Revenue	2	5,186	9,597
Cost of sales		(4,801)	(9,122)
Gross profit		385	475
Administrative expenses		(110)	(76)
Operating profit	3	275	399
Finance income	4	-	2
Finance costs	4	(10)	(1)
Finance (costs) / income - net	4	(10)	1
Profit before taxation		265	400
Tax on profit	7	(47)	19
Profit for the financial year		218	419
Total comprehensive income for the financial year		218	419


The above results all relate to the continuing operations.

Cognizant Technology Solutions Global Services Limited

Balance sheet as at 31 December 2021

	Note	31 December 2021 £'000	31 December 2020 £'000
Current assets			
Trade and other receivables	9	4,350	2,616
		4,350	2,616
Creditors: amounts falling due within one year	10	(2,451)	(935)
Net current assets		1,899	1,681
Total assets less current liabilities		1,899	1,681
Net assets		1,899	1,681
Equity			
Called up share capital	12	-	-
Retained earnings		1,899	1,681
Total equity		1,899	1,681

The financial statements on pages 8 to 21 were approved by the Board of Directors on 27 February 2023 and were signed on its behalf by:


 Ian McBrinn (Feb 27, 2023 12:09 GMT)

I McBrinn
Director
Cognizant Technology Solutions Global Services Limited
Company number: 07776457

Cognizant Technology Solutions Global Services Limited

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2020	-	1,262	1,262
Profit for the financial year	-	419	419
Total comprehensive income for the financial year	-	419	419
Balance as at 31 December 2020	-	1,681	1,681
Profit for the financial year	-	218	218
Total comprehensive income for the financial year	-	218	218
Balance as at 31 December 2021	-	1,899	1,899

Cognizant Technology Solutions Global Services Limited

Notes to the financial statements for the year ended 31 December 2021

1. Accounting policies

General information

Cognizant Technology Solutions Global Services Limited (the Company) is a private limited company limited by shares and it is incorporated and domiciled in the United Kingdom. The address of its registered office is 280 Bishopsgate, London, EC2M 4AG.

The Company is principally engaged in the provision of high calibre Information Technology subcontractor resources. The Company's customers are other subsidiary companies of Cognizant Technology Solutions Corporation.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006. The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

Summary of significant accounting policies

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

a. Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in policy "Critical judgements and estimates in applying the accounting policies" included within this note.

b. Going concern

On the basis of their assessment of the Company's financial position and resources, the Directors believe that the Company is well placed to manage its business risks. Therefore the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Cognizant Technology Solutions Global Services Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1. Accounting policies (continued)

c. Exemptions for qualifying entities under FRS 101

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) Paragraphs 45(b) and 46 to 52 of IFRS 2, *Share-based payment*.
- b) IFRS 7, *Financial Instruments: Disclosures*.
- c) Paragraphs 91 to 99 of IFRS 13, *Fair value measurement* (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- d) Paragraph 38 of IAS 1, *Presentation of financial statements* comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- e) The following paragraphs of IAS 1, *Presentation of financial statements*:
 - i. 10(d), (statement of cash flows)
 - ii. 16 (statement of compliance with all IFRS),
 - iii. 38A (requirement for minimum of two primary statements, including cash flow statements),
 - iv. 38B-D (additional comparative information),
 - v. 111 (cash flow statement information), and
 - vi. 134-136 (capital management disclosures)
- f) IAS 7, *Statement of cash flows*
- g) Paragraph 30 and 31 of IAS 8 *Accounting policies, changes in accounting estimates and errors* (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- h) Paragraph 17 of IAS 24, *Related party disclosures* (key management compensation)
- i) Paragraph 18A of IAS 24, *Related party disclosures* (key management personnel services provided from a management entity)
- j) The requirements in IAS 24, *Related party disclosures* to disclose related party transactions entered into between two or more members of a group.
- k) The requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.

d. Foreign currency

i) *Functional and presentation currency*

The Company's functional currency is Pounds Sterling.

ii) *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 gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Cognizant Technology Solutions Global Services Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1. Accounting policies (continued)

e. Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services delivered, stated net of discounts and value added taxes.

Revenue Recognition. We recognize revenues as we transfer control of deliverables (products, solutions and services) to our customers in an amount reflecting the consideration to which we expect to be entitled. To recognize revenues, we apply the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. We account for a contract when it has approval and commitment from all parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Revenues related to our time-and-materials, transaction-based or volume-based contracts are recognized over the period the services are provided either using an input method such as labour hours, or a method that is otherwise consistent with the way in which value is delivered to the customer.

f. Trade receivables

Trade receivables are amounts due from group entities for services delivered in the ordinary course of business.

g. Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii) Defined contribution pension plans

Payments to defined contribution pension schemes are charged to the statement of comprehensive income in the period to which they relate. The assets of the scheme are held separately from those of the Company in an independently administered fund.

iii) Share-based payments

The Company grants stock awards of the ultimate holding company to its employees. These awards are linked to employee service and/or performance conditions. The awards are accounted for as cash-settled awards as the Company has the obligation to settle these awards to its employees. The fair value of such share-based payments is recognised as employee benefit expense over the relevant service period and is remeasured at each reporting date.

Restricted Stock Units ("RSUs") vest proportionately in quarterly or annual instalments over three years. Stock-based compensation expense relating to restricted stock units is recognised over the requisite service period.

Cognizant Technology Solutions Global Services Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1. Accounting policies (continued)

h. Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from initial recognition of an asset or liability that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

i. Financial risk management

(i) Financial assets

Initial recognition and measurement

Financial assets are classified as financial assets at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit and loss as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash and cash equivalents, trade and other debtors and amounts owed by group undertakings.

Cognizant Technology Solutions Global Services Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1. Accounting policies (continued)

Financial risk management (continued)

Trade receivables

Trade receivables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method. For these financial instruments, the carrying amounts approximate fair value, due to the short-term maturity of these instruments.

(i) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, or at amortised cost. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities include trade and other creditors, accrued expenses, loans and borrowings and amounts owed to group undertakings.

Financial liabilities at amortised cost

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance expense.

j. Critical judgements and estimates in applying accounting policy

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

There are no critical accounting judgements and key sources of estimation uncertainty involved in the preparation of these financial statements.

Cognizant Technology Solutions Global Services Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

2. Revenue

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Revenue		
<i>Analysis of revenue by Geographical location of customer</i>		
United Kingdom	2,903	7,291
America	327	844
Rest of the World	1,956	1,462
	5,186	9,597
Revenue	%	%
<i>Analysis of revenue by Geographical location of customer</i>		
United Kingdom	56	76
America	6	9
Rest of the World	38	15
	100	100

3. Operating profit

Operating profit is stated after charging/(crediting):

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Amounts included within cost of sales:		
Intercompany subcontracting costs recharged	2,653	5,535
Employee costs	1,702	1,632
Amounts included within administrative expenses:		
Foreign exchange (gains) / losses	(29)	64
Services provided by the Company's auditors		
- fees payable for the audit	13	10

Cognizant Technology Solutions Global Services Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

4. Finance (costs) / income - net

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Interest receivable	-	2
Interest payable	(10)	(1)
	(10)	1

Finance income and expenses are earned / incurred on the Company's bank balances which are part of the Group wide cash sweeping arrangement. The bank balances sweep to zero daily and are transferred to Cognizant Worldwide Limited.

5. Employees and Directors

Employees

The average monthly number of persons (including executive Directors) employed by the Company during the year was:

	2021 No.	2020 No.
Selling & Distribution	12	13

Directors

The Company received services from 4 (2020: 2) Directors during the year. None of the Directors of the Company received any remuneration specifically for services as Directors of the Company. 1 of these individuals is employed and paid by the ultimate parent company Cognizant Technology Solutions Corporation, 2 by Cognizant Worldwide Limited and the other by Cognizant Technology Solutions France SAS, for services provided to the wider group with no recharge made to the Company. It is not possible to make a reasonable apportionment of the compensation in respect of each of the subsidiaries.

6. Employee costs

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Wages and salaries	1,438	1,351
Social security costs	140	165
Other pension costs	76	77
Share based compensation (note 8)	48	39
	1,702	1,632

Other pension costs relate to contributions made by the Company into employee defined contribution pension schemes.

Cognizant Technology Solutions Global Services Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

7. Tax on profit

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Current tax		
UK corporation tax on profits for the year	50	-
Adjustments in respect of prior period	-	(21)
Total current tax	50	(21)
Deferred Tax (Note 11)		
Origination and reversal of timing differences	(1)	3
Adjustments in respect of prior period	(2)	(1)
Total deferred tax	(3)	2
Total tax	47	(19)

The tax assessed for the year is equal to (2020: lower than) the standard effective rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%).

Factors affecting tax for the year:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Profit before taxation	266	400
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	50	76
Effects of:		
Expenses not deductible for tax purposes	9	-
Non-taxable income	(9)	
Group relief surrendered/(claimed)		(76)
Timing differences not recognized in the computation	(1)	3
Effect of rate changes on deferred tax balances	(3)	(1)
Deferred tax not recognized in prior period		-
Adjustments in respect of prior period		(21)
Total tax charge	47	(19)

Cognizant Technology Solutions Global Services Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

8. Share-based payments

The Company grants stock awards of the ultimate holding company to its employees.

Restricted Stock Units outstanding at 31 December 2021 had a weighted average remaining contractual life of 1.81 years (2020: 1.88 years).

9. Trade and other receivables

	31 December 2021 £'000	31 December 2020 £'000
Amounts owed by group undertakings	4,222	2,417
Other debtors	47	8
Corporation tax	71	168
Deferred tax asset (Note 11)	10	7
Prepayments and accrued income	-	16
	4,350	2,616

Amounts owed by group undertakings are unsecured and relate to intercompany balances arising from normal trading. The amounts owed are interest free and repayable on demand.

10. Creditors: amounts falling due within one year

	31 December 2021 £'000	31 December 2020 £'000
Trade creditors	8	35
Amounts owed to group undertakings	2,029	410
Other creditors	-	14
Other taxation and social security	68	43
Accruals and deferred income	330	433
Bank overdraft	16	-
	2,451	935

Amounts owed to group undertakings are unsecured, non-interest bearing and repayable on demand.

Cognizant Technology Solutions Global Services Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

11. Deferred tax asset

	Year Ended 31 December 2021	Year Ended 31 December 2020
	£'000	£'000
Deferred tax asset at 1 January	7	9
Other timing differences (Note 9)	3	(2)
Deferred tax asset at 31 December	10	7

An increase of the main rate of corporation tax to 25% was substantively enacted as part of Finance Bill 2021 on 24 May 2021. Deferred taxes at the balance sheet date have been measured using this enacted tax rate and reflected in these financial statements.

12. Called up share capital

	31 December 2021 £	31 December 2020 £
Authorised		
1 (2020: 1) ordinary shares of £1 each	1	1
Allotted, issued and fully paid		
1 (2020: 1) ordinary shares of £1 each	1	1

There is a single class of ordinary shares. There are no restrictions on the distribution of capital and the repayment of capital.

13. Pension commitment

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge amounted to £76,000 (2020: £77,000). Contributions amounting to £14,000 (2020: £14,000) were payable to the fund at the year end and are included in the other taxation and social security creditor.

Cognizant Technology Solutions Global Services Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

14. Related party disclosures

The results of Cognizant Technology Solutions Global Services Limited are included within the consolidated financial statements of Cognizant Technology Solutions Corporation, whose financial statements are publicly available. Cognizant Technology Solutions Global Services Limited is therefore able to take advantage of the exemptions contained in paragraph 8(k) of FRS 101 and has therefore not disclosed transactions with group companies on the grounds that it is a wholly owned subsidiary of a group headed by Cognizant Technology Solutions Corporation, whose financial statements are publicly available. The amounts owed to and from group companies are disclosed in Notes 10 and 9 respectively. There were no other related party transactions.

15. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Cognizant Technology Solutions Luxembourg S.A.R.L., a company incorporated in Luxembourg. The ultimate parent undertaking and controlling party is Cognizant Technology Solutions Corporation, a company incorporated in the United States of America. Cognizant Technology Solutions Corporation is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Cognizant Technology Solutions Corporation are available from Glenpointe Centre West, 500 Frank W. Burr Blvd, Teaneck, NJ 07666 or on its website www.cognizant.com.

16. Post balance sheet events

In light of the war in Ukraine which commenced on 24th February 2022 Management assessed the impact on these financial statements both as at the balance sheet date and subsequently and considered whether any adjustments are required to reported amounts in the financial statements.

The Company does not have any direct or indirect subsidiaries in Ukraine or Russia and hence there is no significant direct impact of the current trade restrictions or sanctions on our operations or results. Management will continue to monitor the situation and its impact on the wider macro-economic conditions should the situation escalate.