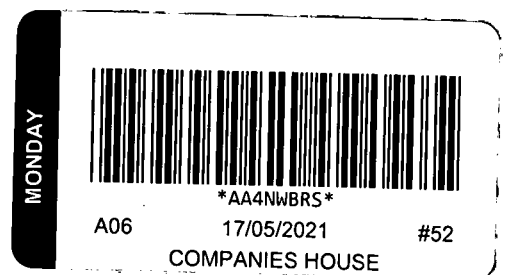




## Capgemini UK plc

Registered Number: 00943935

**Annual report and financial statements  
for the year ended 31 December 2020**



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## Company information

As at the date of this report:

<b>Company directors</b>	N Bhagat C Ferrand C Hart P Margetts O Sevilla R Stark
<b>Company secretary</b>	J Mangan
<b>Registered office</b>	1 Forge End Woking Surrey GU21 6DB
<b>Independent auditors</b>	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD
<b>Principal banker</b>	HSBC Bank plc 31 Holborn London EC1N 2HR

## Strategic report

The directors present their strategic report for Capgemini UK plc ("the Company") for the year ended 31 December 2020. The Company is an indirectly wholly owned subsidiary of Capgemini SE, a company incorporated in France and listed on the Euronext exchange. Capgemini SE, together with its subsidiaries, are known as the Capgemini Group ("the Group").

### Business review

The principal activity of the Company is the rendering of services within the IT industry through three key lines of business: Consulting, Application and Technology Services and Other Managed Services (including Cloud Infrastructure and Business Services), each serving all industry sectors.

The strategic priorities of the Company include:

- Developing strategic relationships with clients to craft deals that will shape the business and the industry;
- Leveraging the power of data across all offerings, infusing the Group's data expertise into everything the Company does;
- Being agile and broadening employee expertise to grow their skills and develop their careers; and
- Acting as an example around climate change, beyond internal initiatives to drive change through the business with clients as well.

The market, itself, is indicating a strong appetite for technology in an ever-increasing data-driven economy with:

- technology forming a key driver in manufacturing, operations and marketing business transformation;
- innovation in IT services, with automation and augmented intelligence;
- cloud services becoming the norm;
- heightened importance placed on cyber; and
- technology being applied to drive cost competitiveness.

The business is well positioned to capitalise on market opportunities owing to:

- a unified go-to-market approach with skilled sector focus;
- enhanced sector-specific offerings, benefitting from the Group's M&A strategy to reinforce capabilities;
- best-in-class combination of agile delivery and industrialisation; and
- retention of talented employees reinforced with an enhanced employee experience and agile leadership.

Being one of the Group's strategic priorities, Capgemini has raised its ambitions with a new global commitment, made in July 2020, to achieve net zero emissions by 2030. For detail on other initiatives, see pages 13 to 16 for Corporate Responsibility and Sustainability.

On 1 January 2020, the Company acquired the trade and assets of Sogeti UK Limited, a fellow Capgemini group company, for consideration of £17,415,000 (see note 23). The acquisition reflects the unification of software engineering and testing services.

On 1 April 2020, the Company also acquired the trade and assets of Restaurant Application Development International UK Limited ("RADI Limited") for £392,700 (see note 23). This acquisition also further strengthens the Company's positioning in respect of software development, testing and support services. The trade from Sogeti UK Limited and RADI Limited will increase the Company's offerings in Application and Technology Services.

## Strategic report (continued)

### Business review (continued)

After the reporting date, on 1 January 2021, the Company acquired the trade and assets of Idean Capgemini Creative Studios UK Limited for consideration of £8,463,964 (see also note 28 to the financial statements). The trade principally relates to digital design and innovation, delivering innovative services and driving digital transformation. This will be an addition to the Company's Consulting Services revenue stream.

Key performance indicators	2020 £'000	2019 £'000
Revenue	1,529,059	1,548,246
Gross profit	280,288	299,369
Gross profit %	18.3%	19.3%
Operating profit before fair value movements	102,504	104,934
Operating profit before fair value movements %	6.7%	6.8%
Operating profit	80,790	83,115
Operating profit %	5.3%	5.4%
Profit before taxation	61,529	71,859
Cash and cash equivalents	375,861	343,620
Net current assets	372,391	382,772
Net assets excluding pension deficit	552,816	569,960
Net assets	310,851	240,848
Current ratio <sup>1</sup>	1.76	1.93
Quick ratio <sup>2</sup>	1.29	1.37

Despite the macro-economic impact of the coronavirus (COVID-19) pandemic (the 'pandemic') the Company demonstrated resilience and agility and accordingly the impact was limited to a reduction in revenue of just £19,187,000 (1.2%) versus the prior year.

The resilience was driven in part by the diversification of services and markets, together with careful management of the operating cost base, the latter limiting the potential impact on profitability which endured well. With diversification between public and private sector clients the Company saw relative growth in its public sector. Across the service offering there were some reductions in Application and Technology Services, and Other Managed Services, principally in relation to a short-term reduction in project activity at the height of the pandemic; however the impact was largely offset by long-term managed service arrangements. The delivery model demonstrated its agility, firstly in the continuity of high levels of service with a switch through to a, largely, remote delivery model, utilising its digital capabilities; and secondly in its ability to ramp-up delivery to meet client demand towards the end of the year, when the business returned to growth.

The gross profit declined by £19,081,000 (6.4%) to £280,288,000, with the gross margin % down year on year (19.3% to 18.3%). This reflects the change in mix of services outlined above. Operating profit before fair value movements fell by £2,430,000 (2.3%) year on year, however as a % of revenue this was relatively consistent year on year and reflects the resilience of the operating model described above.

The operating profit, after the fair value movements, has also remained fairly consistent year on year with only a 2.8% decrease, to £80,790,000. The loss on financial assets at 31 December 2020 has increased slightly from prior year, by £2,103,000. However, this was offset by loss on the fair value movement on the derivatives, which slightly improved from the loss in 2019, by £2,207,000.

<sup>1</sup> Referencing current assets divided by current liabilities per the Statement of financial position

<sup>2</sup> Referencing the aggregate of trade receivables and amounts owed by group undertakings (see note 15) and cash and cash equivalents (see note 16) as a multiple of current liabilities per the Statement of financial position

## Strategic report (continued)

### Business review (continued)

Profit before taxation declined by £10,330,000 (14.4%), owing to the movements set out in relation to operating profit, in addition to the impairment of the investment in the subsidiary, partially offset by the reduction of net finance costs. The impairment in the year was £12,030,000. The finance costs reduced by £5,078,000, mainly in relation to the non-cash 'net interest' on the Company's defined benefit pension obligation; finance income also reduced, by £1,053,000, principally owing to the reduction in deposit rates.

Along with the aforementioned resilience, the Company continued to demonstrate strong cash generation increasing a cash and cash equivalents position by £32,241,000 (9.4%) year on year to £375,861,000.

Net current assets remained relatively consistent year on year with a decrease of £10,381,000 (2.7%). The fair value losses on forward foreign exchange contracts have increased by £9,310,000, the net working capital position overall remained consistent year on year, with timing differences on individual items.

Net assets excluding the pension deficit has shown a reduction of £17,144,000 (3.0%) year on year. The most notable movement is in the investments held within non-current assets; an impairment of £12,030,000 against the investment in the subsidiary and the fair value movement on the Germany investment of £9,310,000 have meant an overall reduction in the net assets, which has been partially offset by the decrease in the non-current deferred consideration in relation to the subsidiary. The Company had a greater value of leased assets at 31 December 2020, but this was offset by the corresponding liability and so has no effect on the net asset position.

The Company's net asset position increased by £70,003,000 to £310,851,000. Together with the reasons set out above, this was principally owing to the reduction in the pension obligation of £87,147,000. The reduction is a result of payments by the Company into the schemes together with growth in the scheme assets in excess of the off-setting changes in the actuarial assumptions impacted by macro-economic factors (i.e. discount rate movements, net of inflation rate movements and changes in mortality assumptions).

### Principal risks and uncertainties

The principal risks and uncertainties of the Company are aligned to the identified risks and uncertainties facing the Capgemini Group globally. Full disclosure of operational risks and risk management techniques adopted by the Group are presented in its annual financial report. They include the following risks set out below:

**Economic risk** includes the impact on financial position and performance due to a downturn in the markets the Company serves and the general, macroeconomic environment. The Group, and Company, monitors and anticipates as far as possible the development and outcomes of these risks and takes mitigating actions accordingly.

**Competition risk** arises as the IT consulting and services business is highly competitive. The competitive environment is monitored to assess the weight, strengths and weaknesses of the main players. Client satisfaction is also a key priority to ensure long-term relationships are maintained.

**Employee risk** arises on the Company's ability to attract, train and retain employees with the necessary technical expertise. The quality of human resource management and employee commitment is monitored very closely and a significant number of initiatives and working groups are in place to drive employee engagement (see employees section on page 18).

## Strategic report (continued)

### Business review (continued)

*Technological risk* arises as new technologies and new practices inevitably expose the Company to new risks. Similarly, the risks of cyber criminality could lead to a loss of data, disruption to projects or could impact the reputation of financial health of the Company. Across the Group, business continuity procedures have been implemented and a global program is in place to mitigate the risk of cyber criminality on its main systems. Where there is technological change, the Company looks to be at the forefront of the change in order to best serve its customers.

As a global leader in consulting, technology services and digital transformation, the Company has co-operated with its stakeholders to make any necessary operational changes in order to accommodate the regulatory, legal or fiscal changes that have occurred as a result of the United Kingdom's departure from the European Union ('Brexit'). The Company has a UK workforce of over 8,000 people, of which only around 5% are EU nationals. These people, who arrived in the UK on or before 31 December 2020, continue to be allowed to work although they have a personal responsibility to apply for EU Settlement Scheme to secure their ongoing right to live and work in the UK. EU nationals arriving in the UK after 1 January 2021 will need to be provided with a work permit sponsored by the Company.

The Company continues to monitor the government's developments now that the transition period has ended, in order to ensure that any changes that may be needed are incorporated into the Company's normal business operations.

Throughout the unprecedented context of the global coronavirus pandemic, Capgemini's priority is the health and safety of its employees and ensuring the continuity of services to its clients.

The Capgemini Group implemented prevention and protection measures at the earliest opportunity and constantly monitors compliance with the decisions and recommendations of local public authorities. In addition, the Group implemented business continuity plans that are being constantly adapted to the changing situation. To this end, Capgemini established a dedicated management unit reporting directly to the Group Executive Committee. This unit, which includes representatives of all key Group functions, implemented a series of Group instructions, protocols and processes, that are exceptional and temporary, to manage the crisis on two fronts: employee safety and business continuity with the massive roll-out of systematic home working in all countries impacted by the pandemic and the introduction of operational rotation for the engagements that must be conducted on-site. It should also be noted that during the year (in the context of COVID), the Company did not benefit from any UK Government assistance schemes, including the employee furlough scheme. These measures remained in place at 31 December 2020 and continue to be assessed in order to continue to protect the health, safety and security of the Company's people, clients and business partners.

At this stage, the Group has demonstrated it is in a position, notably thanks to its digital capabilities, to ensure the continuity of the services demanded by its clients. Nonetheless, continued developments in the coronavirus pandemic and uncertainties as to its duration and effect, including on our customers, could very significantly increase the level of risk associated with the environment in which the Group operates.

## Strategic report (continued)

### Business review (continued)

#### Financial risk management

The Company's operations expose it to a variety of financial risks that include credit, interest rate and foreign currency risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs. The Company uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency and interest rate fluctuations. The forward currency contracts are taken out and managed by the Group, through a centralised management system supported by a dedicated tool ("Diapason"). The main objective of the centralised management system is to mitigate the currency risks impacting operating profit. The Group's treasury function provides guaranteed rates (formalised via internal derivatives) against forex positions reported by the Company and hedges their net foreign exchange exposure using external derivatives.

The policies set by the Board of Directors are implemented by the Company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate and credit risk and the circumstances where it would be appropriate to use financial instruments to manage these.

#### *Credit risk*

The Company has implemented policies that require appropriate credit checks on clients before and after sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed periodically.

#### *Interest rate cash flow risk*

The Company has both interest-bearing assets and liabilities. Interest-bearing assets include short-term intra-group loans and cash balances, all of which earn interest at negotiated overnight deposit rates. The Company maintains debt at a fixed rate on individual finance leases to ensure certainty of future interest cash-flows. The directors will revisit the appropriateness of this should the Company's operations change in size or nature.

#### *Foreign currency risk*

The Company is exposed to translation and transaction foreign exchange risk. Transaction exposures are typically hedged using forward currency contracts in order to reduce exposure to fluctuations in foreign exchange rates. The forward currency contracts are taken out and managed by the ultimate parent company, Capgemini SE. The parent company treasury provides guaranteed rates (formalised via internal derivatives) against forex positions reported by the Company and hedges their foreign exchange exposure using external derivatives.

All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

## Strategic report (continued)

### Corporate governance statement (including section 172(1) Companies Act 2006)

In accordance with the Companies (Miscellaneous Reporting) Regulations 2018 and section 414CZA of Companies Act 2006, the directors present their Corporate Governance Statement. This includes an outline of their corporate governance arrangements together with the statement of the performance of their duties under section 172(1) of the Companies Act 2006, for Capgemini UK plc ("the Company") for the year ended 31 December 2020.

### Corporate governance arrangements

Whilst the Company does not directly adopt and follow the UK Corporate Governance Code, as a subsidiary of the Capgemini Group (Capgemini SE together with its direct and indirect subsidiaries, i.e. "the Group") and with an ultimate parent listed on the French exchange, the Company adheres to the comprehensive arrangements in place set out for all Group companies, in order to ensure compliance with Corporate Governance Code issued jointly by AFEP and MEDEF (French private business associations). This detailed framework outlines how every Group company, and employee, should operate and sets out the Group's ethics and values, governance and organisation structures as well as the principles and processes across several organisational areas including:

- Organisation and governance;
- Authorisation and approvals;
- Sales and production rules and guidelines;
- Risk management, pricing, contracting and legal rules, in the client contract pre-sales phase;
- Financial management, merger, acquisitions, and insurance rules and guidelines;
- Human resources policies;
- Marketing and communications, knowledge management and IT;
- Procurement policies, including ethical requirements and supplier selection; and
- Environmental and community policies.

Further information is set out within the Capgemini SE 2020 Universal Registration document, available to download at [www.capgemini.com](http://www.capgemini.com) (in the 'About Us' section, 'Latest Annual Report').

Capgemini places significant importance on compliance with the values and principles which guide and inspire its actions and, in particular, its business practices. These seven core values are: *honesty, boldness, trust, freedom, fun, modesty and team spirit*. They represent Capgemini's corporate culture and justify its reputation as being ethical and responsible. In this respect Capgemini has been recognised as one of the "World's Most Ethical Companies" by the Ethisphere Institute for the ninth consecutive year in 2021.

### Strategic decision making and Board composition

Capgemini is ideally positioned to capitalise on market trends with the expertise to help clients transform at scale. Capgemini partners with clients to drive end-to-end transformation enabled by its capabilities, which range from innovation, consulting and systems integration to managed service operations. The focus is the evolution of portfolio offers towards digital and cloud, which are driving significant business and technological change. There is continued investment in cyber security as there is a strong traction for offers, geared towards securing clients' infrastructure and systems. By collaborating closely with clients, often during the course of multi-year engagements enabling the development of a deep understanding of their business environment, Capgemini creates competitive advantage and new business capabilities. Capgemini continues to invest in its people, to attract and retain the best in the industry and offer leadership opportunities to its diverse, emerging talents.

## Strategic report (continued)

### Corporate governance statement (continued)

Representatives of executive management, inclusive of members of the Company's Board of Directors (including the Chairperson), interact and deliberate on a very regular basis to discuss all matters pertaining to the performance and continued success of the Company. These meetings create a forum for discussion of long-term strategic decision-making including business opportunities, risks and market conditions, business performance and relationships, and employee matters, including organisational culture.

Additionally, the operations of individual business functions are discussed and strategies noted or approved, as appropriate, by attendees. Depending on the size and scope, individual projects may also be considered within the framework of these discussions, presented by key members of the primary functions responsible.

The Board of Directors includes representatives from the Group Executive Committee, as well as the Group Chief Operating Officer and the Group Chief Financial Officer, which ensures alignment with Group directives and ambitions. Matters pertaining to decisions requiring the consensus of the Board of Directors, which is obtained by way of written resolution, are signed by all members of the Board of Directors before taking effect. This ensures that the Board of Directors are included in decisions of the Company where this is deemed necessary.

Director appointments are made through a consultation process, where it is assessed whether the individual has the appropriate skills and experience. Upon appointment, all Company directors undertake a formal induction programme to brief them of their role and responsibilities as a director, including their responsibilities under section 172(1) of Companies Act 2006. The Company's appointed directors are also representatives from senior management and are remunerated for their operational services rather than specifically in their capacity as a Company director.

### *Risk Management*

The Company maintains a local-level review and management of risk and insurance, forming part of the Company's quarterly meetings. The Group operates an Audit Committee as a specialised committee of the Group Board of Directors. Its charter is to review the preparation and control of accounting and financial information, and to assess the suitability and consistency of the accounting principles and methods used in the preparation of statutory financial information. It also checks the efficiency of internal control and risk management procedures. The Group has an Internal Audit Department, which operates independently and reports to the Group's CEO and Chairman of the Board. All areas of the organisation are subject to an internal audit within a maximum window of two years. The Internal Audit Team has unrestricted access to all functions, records, property and people and carries out its procedures in accordance with the Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors, together with the Group's Code of Business Ethics.

As a global leader in consulting, technology services and digital transformation, the Company has co-operated with its stakeholders to make any necessary operational changes in order to accommodate the regulatory, legal or fiscal changes that have occurred as a result of Brexit. The Company has a UK workforce of over 8,000 people, of which only around 5% are EU nationals. These people, who arrived in the UK on or before 31 December 2020, continue to be allowed to work although they have a personal responsibility to apply for EU Settlement Scheme to secure their ongoing right to live and work in the UK. EU nationals arriving in the UK after 1 January 2021 will need to be provided with a work permit sponsored by the Company.

The Company continues to monitor the government's developments now that the transition period has ended, in order to ensure that any changes that may be needed are incorporated into the Company's normal business operations.

## Strategic report (continued)

### Corporate governance statement (continued)

Throughout the unprecedented context of the global coronavirus pandemic, Capgemini's priority is the health and safety of its employees and ensuring the continuity of services to its clients.

The Capgemini Group implemented prevention and protection measures at the earliest opportunity and constantly monitors compliance with the decisions and recommendations of local public authorities. In addition, the Group implemented business continuity plans that are being constantly adapted to the changing situation. To this end, Capgemini established a dedicated management unit reporting directly to the Group Executive Committee. This unit, which includes representatives of all key Group functions, implemented a series of Group instructions, protocols and processes, that are exceptional and temporary, to manage the crisis on two fronts: employee safety and business continuity with the massive roll-out of systematic home working in all countries impacted by the pandemic and the introduction of operational rotation for the engagements that must be conducted on-site. It should also be noted that during the year (in the context of COVID), the Company did not benefit from any UK Government assistance schemes, including the employee furlough scheme. These measures remained in place at 31 December 2020 and continue to be assessed in order to continue to protect the health, safety and security of the Company's people, clients and business partners.

At this stage, the Group has demonstrated it is in a position, notably thanks to its digital capabilities, to ensure the continuity of the services demanded by its clients. Nonetheless, continued developments in the coronavirus pandemic and uncertainties as to its duration and effect, including on our customers, could very significantly increase the level of risk associated with the environment in which the Group operates.

#### *Examples of decision making*

Significant strategic decisions during the year ended 31 December 2020 include:

- The purchase of the trade and assets of Sogeti UK Limited and Restaurant Application Development International (UK) Limited, fellow Group companies, on 1 January 2020 and 1 April 2020 respectively.
- The decision to purchase the trade and assets of Idean Capgemini Creative Studios UK Limited, a fellow Group company on 1 January 2021.

### Capital allocation and dividend policy

At the end of each financial period, senior management review available financial information and projections and consider whether there is a capacity to recommend a dividend. This recommendation is scrutinised by the Board of Directors and they make a determination as to whether to declare a dividend and, if so, its order of magnitude. In doing so, not only do they scrutinise the facts and financial information, but they also consider the risks facing the Company (for example, any volatility due to market conditions), the future capital required to undertake new strategic decisions, together with the requirements of its stakeholders (for example, pension funding requirements).

## Strategic report (continued)

### Section 172(1) Companies Act 2006

Section 172 of the UK Companies Act 2006 requires Directors to act in a way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In order to promote the success of the Company, a fundamental requirement of all serving directors is to act in the interest of shareholders whilst taking into consideration the long term impact of the decisions made on the wider stakeholder groups, the most significant of which are identified below with reference to matters set out in Section 172(1) (a-f) of the Act:

#### Engagement with stakeholders

<b>Customers, suppliers and other business relationships</b>	
<i>Description of mechanisms</i>	<i>Example activity</i>
<p>Quarterly strategy meetings ensure that the directors are informed and enabled to consider how the Company's activities, both present and future, could impact its customer, supplier and other business relationships.</p> <p>Customer relationships are managed, day-to-day, on an individual, account-level basis. All existing customers are subject to credit checks on a quarterly basis.</p> <p>Supplier relationships are managed and engaged in accordance with the nature of the services provided. Capgemini operates sustainable procurement principles together with a zero tolerance for bribery, corruption and human rights abuse. These principles, and specific obligations referring to modern slavery, have been incorporated into all of the Company's contracts, purchase orders, supplier selection and performance procedures and remain a prerequisite for doing business with Capgemini.</p>	<p>Understanding and minimising risk is important to Capgemini and staying informed of any changes is key to enabling the Company to grow profitably its customer portfolio without increasing risk exposure. During 2020, Capgemini engaged with an established credit rating agency to help mitigate credit risk; Capgemini uses their credit solution for an Overall Business Risk assessment, which uses the best available scores, ratings and indices to provide high-level assessment for each potential/existing customer. Within the tool Capgemini has set up tags which provide daily alerts for any changes in failure indicators. This enables Capgemini to react in real time.</p> <p>The Company is a signatory to the Prompt Payment Code with the average time taken to pay supplier invoices in 2020 being 23.5 days (2019: 25.5 days). The latest versions of the Company's Conditions of Order and Dispute Resolution Process policies are freely available on its website and advertised via the Government's payment practice reports portal, representing the Company's commitment to communicating effectively with suppliers and customers.</p>

<b>Pension trustees</b>	
<i>Description of mechanisms</i>	<i>Example activity</i>
<p>Representatives from the Board of Directors formally meet with the trustees of the Company's defined benefit pension scheme on, at least, a bi-annual basis to discuss all matters pertaining to the operation of the scheme both in isolation and within the context of the Company's current and future performance.</p>	<p>The triennial valuation of the 2004 plan is currently in progress with agreement for the resulting funding proposals expected in the first half of 2021.</p>

## Strategic report (continued)

### Engagement with stakeholders (continued)

<b>Employees</b>	
<i>Description of mechanisms</i>	<i>Example activity</i>
<p>Employees are actively encouraged to help shape the culture and operational performance of the Company through interaction with the Capgemini Works Council (CWC). The CWC is a body of employee representatives elected by all UK employees which convenes 10 times per year.</p> <p>In addition to attending CWC meetings, senior leadership consults and collaborates with the group on topics such as the overall economic position of the UK business, organisational change, pay and benefits, ethics and diversity, real estate, policies, terms and conditions and any other matter affecting employees.</p>	<p>Given the unprecedented and far-reaching impact on almost all aspects of life for those living in the UK for much of the year, the Company's actions in response to the coronavirus pandemic in the UK represent the most critical example of the way in which directors engage with, and act in the interest of, employees.</p> <p>In 2020, the Company recognised the challenges being faced by the coronavirus pandemic. The Company offered, and continues to offer, its team members a vast range of support including a community of over 130 mental health champions trained to support colleagues, a virtual community where colleagues can stay socially connected, a Homeworking Charter recognising and respecting the different work patterns and home situations of each employee, and a broad range of mental, physical and financial wellbeing employee benefits.</p> <p>Immediately following the World Health Organisation ('WHO') declaring the outbreak as a Public Health Emergency of International Concern, the Company's senior leadership assumed the role of steering committee for the national response, providing regular communication with employees. With the safety of people placed at the utmost importance, wide-spread international travel and meetings had been cancelled and employees were asked to work from home wherever possible.</p>

## Culture, community and environment

### *Values and Business Ethics*

Capgemini's seven core values (*honesty, boldness, trust, freedom, fun, modesty and team spirit*) and Group Code of Business Ethics underpins its corporate culture and permeates through its business practices, procurement behaviours and welfare policies.

Capgemini implements a detailed code of business ethics which formalises the required actions and behaviours in certain business situations. Every employee receives a copy of the code, and periodically undertakes mandatory training to reinforce its requirements. In support, the Group has established a Chief Ethics and Compliance Officer, together with geographically local Ethics and Compliance Officers, e.g. the United Kingdom and Ireland.

Additionally, pursuant to section 54 of the Modern Slavery Act 2015, the Company sets out the steps taken to ensure slavery and human trafficking is not taking place in its organisation and supply chain in its Transparency Statement, available at [www.capgemini.com](http://www.capgemini.com). This statement is directly supported by the Company's Corporate Responsibility and Sustainability Board. These steps include appropriate risk assessment and due diligence activities on its supply chain and third parties to ensure each sub-contract adheres to policies and governance processes which, using a central purchasing system, provide a very clear view of procurement activity.

## Strategic report (continued)

### Corporate responsibility and sustainability

From financial years beginning on or after 1 April 2019, large UK companies (as defined by the Companies Act 2006) are required to report their UK energy use and carbon emissions; in accordance with *The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (SI2018.155)*. Capgemini UK plc meets the definition of a large company and accordingly the relevant energy and emissions disclosures relating to the year ended 31 December 2020 are contained within this section of the annual report.

The Company's mission is to use its expertise to drive positive change within its own business, for clients and for society as a whole.

In the UK the Company's Architects of Positive Futures programme focuses around three key pillars of activity which are underpinned by an established commitment to Values & Ethics:

**Our Positive Planet** stream focuses on minimising environmental impacts, building business resilience against climate change, and supporting clients with their sustainability challenges.

**Digital Inclusion** focuses on using skills to help society address the impact of the digital revolution.

**Active Inclusion** is focussed on building an inclusive workplace, ensuring the Company attracts and retains a diverse workforce that enables Capgemini and its employees to thrive.

#### *Positive Planet*

Capgemini has a longstanding commitment to environmental sustainability, with tackling climate change a key priority for the business both at UK and Group level. The Company's approach to environmental sustainability is as follows:

1. **We are accountable:** Through a robust environmental management program and strong data-focused carbon accounting program, the Company's environmental impacts are measured, managed and reduced.
2. **We are resourceful:** Efficiency and innovation are continuously driven across business operations, with emphasis placed on the most material environmental impacts, business travel, energy and waste.
3. **We are impactful:** The greatest contribution the Company can make to addressing current environmental challenges is through the services delivered to clients, leveraging the combined innovation and capabilities of the Company's employees.

#### *Positive Planet Achievements*

The Company was the first organisation in the IT sector to set "science-based targets" to reduce greenhouse gas (GHG) emissions which were independently validated by the Science-Based Target initiative (SBTi) as being aligned to climate change science. Demonstrating the Company's commitment in this field, in 2019 the previously established carbon reduction target to be accomplished by 2030 had been achieved and even exceeded more than 11 years early (see Table 1 on page 16). This achievement has been attributed to efforts made throughout the business to reduce GHG emissions per employee (down 51% since 2014).

Since this milestone was achieved, the Company has raised its ambitions even further, with a new global commitment made in July 2020 to achieving net zero emissions by 2030. This marks a significant acceleration of the Company's climate strategy, with new focus areas such as a goal to power its own facilities with 100% renewable electricity and new commitments around reducing emissions from employee commuting and purchased goods and services.

## Strategic report (continued)

### Corporate responsibility and sustainability (continued)

2020 was an important year for accelerating climate progress, with "Action on climate change" named in January as one of the top four strategic business priorities for the Capgemini Group (see page 3 for Capgemini priorities). The COVID-19 pandemic strengthened this focus further, accelerating virtual delivery, increasing the number of client conversations about sustainability and demonstrating how agile and resilient the Company's teams are in the face of a crisis. With travel restrictions and reduced occupation of offices in 2020, UK emissions have dropped significantly.

Capgemini Group's new carbon reduction targets were approved in October 2020 by the Science Based Targets initiative (SBTi) as being in line with the level of reduction needed to limit global warming to 1.5°C (1.5°C is widely considered to be the "safe limit" in terms of global temperature increases, beyond which, the most catastrophic and irreversible impacts of climate change would be expected). To ensure Capgemini UK continues to play a leading role in delivering against the Group targets, new UK targets have been set.

#### *Focus on energy*

Capgemini is committed to creating sustainable and energy-efficient workplaces which are good for both the Company's people and the environment. Since 2015 energy efficiency initiatives implemented include, installation of new boiler systems, LED lighting, passive infrared-based motion sensors, installation of high efficiency air conditioning systems, upgrades and optimisation to building management systems, installing smart metering and upgrading white goods, electrical equipment and hot drinks provision. This portfolio of initiatives has reduced total office energy consumption by over 50% since 2014.

As part of the Company's energy management system there is regular analysis on energy consumption across the estate, looking for any discrepancies in the data. The Company has a range of efficiency measures to reduce energy and this monitoring helps gain a clearer perspective of how successful particular technology implementations or initiatives have been.

In 2020 the Company consolidated its London office space, bringing Capgemini team members from three offices together into one office and reducing total office floor space. Leasing an additional floor in an existing office, the Company followed global office design guidelines to ensure the creation of a sustainable and energy efficient workplace. SmartOffice was also implemented to make this office more intelligent. The SmartOffice intelligent sensor solution helps deliver a comfortable office space to employees and also allows greater control over the environment and office utilisation. Purchasing renewable electricity is also key to the UK approach, with over 90% of the Company's estate electricity supply coming from renewable sources in 2020.

## Strategic report (continued)

### Corporate responsibility and sustainability (continued)

#### *Focus on travel*

The travel undertaken as a business contributes significantly to the Company's greenhouse gas emissions, as well as being a source of other air pollutants such as NOX and diesel particulates. This year was not a typical year for Capgemini UK, with the COVID-19 pandemic dramatically reducing business travel emissions. The rapid pivot to virtual delivery has been possible due to a long-term focus on virtual collaboration in the UK.

Since 2018 Capgemini UK has invested heavily in virtual collaboration tools and ways of working to enable more flexible, remote, and sustainable collaboration with clients and within teams. Across the UK, dedicated virtual collaboration hubs have been installed with over 1,700 people receiving training and attending workshops

This extensive technological and behaviour change programme was recognised by the Global Good Awards in 2020, claiming gold in the Environmental Behaviour Change category. This programme was instrumental in facilitating the Company's adaptation to remote working in response to the pandemic, allowing teams to stay connected and deliver for clients.

The Company's environmental programme is underpinned by a strong focus on engaging its people in order to:

1. increase engagement and action to help maximise the impacts of its programs; and
2. increase awareness of its commitment and actions so that people want to work at Capgemini, and clients recognise Capgemini as a trusted sustainable partner.

Harnessing the enthusiasm and expertise of the Company's team members is particularly crucial for the success of engagement with clients on sustainability. The Company's new employee-led Sustainability Community has grown and has been instrumental in building new client connections and momentum and engagement internally.

## Strategic report (continued)

### Corporate responsibility and sustainability (continued)

Table 2. Summary of GHG emissions and energy consumption

Accounting Approach	Metric	Unit	2019 Total	2020 Total	% Change vs 2019	
Carbon Emissions by Scope (Market-Based)	Office Energy (natural gas & gas oil)	T CO <sub>2</sub> e	474.55	348.85	-26%	
	Data Centre Energy (natural gas & gas oil)	T CO <sub>2</sub> e	32.52	12.76	-61%	
	Fluorinated gas (used in air-conditioning systems)	T CO <sub>2</sub> e	307.72	400.82	30%	
	<b>TOTAL Scope 1</b>	<b>T CO<sub>2</sub>e</b>	<b>814.79</b>	<b>762.43</b>	<b>-6%</b>	
	Office Electricity	T CO <sub>2</sub> e	93.58	52.49	-44%	
	Data Centre Electricity	T CO <sub>2</sub> e	888.72	754.55	-15%	
	<b>TOTAL Scope 2</b>	<b>T CO<sub>2</sub>e</b>	<b>982.3</b>	<b>807.04</b>	<b>-18%</b>	
	Business Travel	T CO <sub>2</sub> e	19,525.83	4,589.79	-76%	
	Office Electricity Transmission & Distribution Losses)	T CO <sub>2</sub> e	161.73	123.6	-24%	
	Data Centre Electricity Transmission & Distribution Losses	T CO <sub>2</sub> e	464.89	403.11	-13%	
	Water	T CO <sub>2</sub> e	47.02	24.93	-47%	
	Waste	T CO <sub>2</sub> e	4.46	6.16	38%	
	<b>TOTAL Scope 3</b>	<b>T CO<sub>2</sub>e</b>	<b>20,203.93</b>	<b>5,147.58</b>	<b>-75%</b>	
	<b>TOTAL</b>	<b>TOTAL GREENHOUSE GAS EMISSIONS</b>	<b>T CO<sub>2</sub>e</b>	<b>22,001.01</b>	<b>6,717.06</b>	<b>-69%</b>
	Locations Based Emissions	Scope 2 Only Locations-Based Emissions	T CO <sub>2</sub> e	7,380.76	6,124.50	-17%
Office Energy	Total Office Energy Use	MWh	10,077.93	8,111.92	-20%	
	% Office electricity from renewables	%	96%	97%	1%	
Data Centre Energy	Total Data Centre Energy Use	MWh	21,558.66	20,163.11	-6%	
	% Data Centre Electricity from renewables	%	88%	89%	1%	
TOTAL ENERGY	Total Energy Use	MWh	31,636.59	28,275.03	-11%	
	% of Total Electricity from renewables	%	90%	91%	1%	

#### Methodological notes

1. The carbon accounting approach used follows the Greenhouse Gas Protocol Corporate Standard - the term "Scope" is used to categorise emissions reported according to the level of control a company has over an emissions source. The scopes are defined as follows:

- Scope 1 emissions relate to direct emissions from buildings or assets Capgemini controls. This includes fuel consumption and fluorinated gas used in air conditioning units in offices and data centres under the Company's operational control.
- Scope 2 emissions are associated with the consumption of purchased electricity, heat or steam.
- Scope 3 emissions are indirect greenhouse gas emissions, other than scope 2 emissions, that are generated as a result of the activities of a company, but from sources that are not owned or controlled by the entity e.g. business travel, waste generation and water consumption.

2. All emission sources have been calculated using the emission factors recommended by DEFRA: <https://www.gov.uk/measuring-and-reporting-environmental-impacts-guidance-for-businesses>.

3. The "Market-based emissions" are calculated using the GHG Protocol's market-based approach. Generally, emission factors are sourced directly from suppliers, with the exception of a few landlord controlled contracts where we have used a residual fuel mix factor, sourced from RE-DISS.

4. Business travel emissions are calculated including the impact of radiative forcing for air travel, as well as the impact of hotel night stays. This is recommended practice and therefore caution should be applied when comparing Capgemini's business travel emissions to those of other companies in the sector.

## Strategic report (continued)

### Corporate responsibility and sustainability (continued)

#### *Digital Inclusion*

As a leader in digital transformation, the Group's ambition is to help make the digital revolution an opportunity for all and to provide a bridge between technology and society. As such, the Company's approach to this topic is evidenced through the four key focus areas of its *Digital Inclusion* programme:

1. **Digital Literacy Program:** *Reducing the digital divide by supporting digitally excluded or those who are at risk of being excluded.*

The Company helps young people in education to build the skills they need to prepare for work in the digital economy, with programmes that focus on social mobility and gender equality. The Company also provide digital skills programmes for excluded communities to enable them to access basic services.

2. **Digital Academy Program:** *Train populations away from the job market on digital skills to work in the tech sectors.*

The Company supports under-represented groups, the unemployed and the under-employed who are looking to develop and sustain digital skills, by providing accessible training and opening up opportunities to work in the IT industry.

3. **Tech 4 Positive Futures:** *Leveraging technology to develop innovative solutions addressing social or societal challenges.*

A culture of innovation is fostered and internal expertise is used to help charities and not-for-profit organisations increase their reach and impact through new technologies. The Company explores and develops creative solutions to benefit society.

4. **Advocacy and Thought Leadership:** *Act with peers, non-profit organisations, academics and governments for evidence-based policies on digital inclusion.*

Employees support the corporate programmes through skills-based volunteering and fundraising. The Company supports causes that matter to employees, encouraging them to use their time and expertise to achieve positive social impact.

## **Strategic report (continued)**

### **Corporate responsibility and sustainability (continued)**

#### *Active Inclusion*

The Company's vision is to be recognised by its current and future workforce, its clients and in the market as a truly inclusive organisation, where everybody feels valued, included and empowered. Driving this vision is the Company's diversity and inclusion strategy, referred to as Active Inclusion, in recognition of the considered effort to consciously shape the Company's people strategy and ensure that all activities and policies have an inclusivity lens applied to it.

There are five pillars of Active Inclusion (Gender, Anti-Racism, Social Mobility, LGBT+ and Disability & Mental Health), across which four key elements contribute. These are Leadership, signifying that this strategy is led by management, Actively Inclusive People, recognising that all employees share accountability for this agenda, Actively Inclusive Workplace, taking into consideration all elements of the Company's employer offering and focusing on recruiting a diverse workforce and retaining and developing existing talent, and Measurement and Reporting, referring to the development and deployment of an interactive and comprehensive analytics tool in order to monitor the impact of changes implemented.

Active Inclusion encourages and facilitates a number of employee networks which enable people to come together to share experiences, connect and support others. The most established of these networks are the Race and Equality Network, CAPability, OUTfront, Veterans' Employee Resource group and Women@CapgeminiUK. These networks are open to all employees and promote inclusion by raising awareness and empowering members whilst encouraging connection and self-development.

#### **Employees**

The Company considers Diversity and Inclusion to be ensuring each employee can be their authentic self at work. Last year Capgemini launched its purpose; to unleash human energy through technology for an inclusive sustainable future. The Group has a diverse team of 270,000 people spread across 50 countries and understands the power of inclusion. The Company is committed to equal opportunities for all employees, irrespective of race, nationality, gender, gender identity, sexual orientation, marital status, religion or political belief, disability or age. Capgemini believes the things that make people different are a source of innovation and creativity. This enables the Company to generate new ideas, anticipate market trends, and be thought leaders in the market. Every day, the Company commits to build a more inclusive and equitable workplace where all employees can be their authentic selves and do their best work, where people of all backgrounds can thrive.

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

#### **Future developments**

The Company will continue to operate in its core markets, with a focus on continued growth in cloud and digital together with cyber security; and leveraging the power of data and the Group's data expertise. The Company continues to recognise the importance of environmental sustainability as a core objective.

## Strategic report (continued)

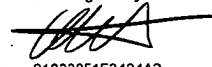
### Going concern

In this unprecedented context of the global coronavirus pandemic, Capgemini's priority is the health and safety of its employees and ensuring the continuity of services to its clients (further detail provided in the strategic report on page 6). The business has shown continued resilience and cash generation without the need for drastic restructuring or reliance upon Government assistance. During 2020, the Company was able to use its digital capabilities, to ensure the continuity of the essential services demanded by its clients; and this will continue going forward.

Despite the heightened level of risk that the pandemic has caused, the Company continues to be profitable, managing its day-to-day working capital requirements through its cash reserves, including operating cash generated. A significant proportion of revenue is generated from contracts with public sector clients together with revenues from large corporate customers. The Company's forecasts and projections, taking account of severe but plausible changes in trading performance, show that the Company should continue to be able to operate within the level of its current cash reserves. Furthermore, the directors feel it appropriate to assess the financial position of the Company excluding the pension obligation for going concern purposes as this liability becomes payable over a significantly longer term.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and accordingly the Company continues to adopt the going concern basis in preparing its financial statements. The Company generated profit for the year of £44,094,000. Net assets for the year ended 31 December 2020 are £310,851,000 including cash and cash equivalents of £375,861,000. Net assets excluding the pension obligation of £552,816,000 is considered to reflect a strong financial position, and as such support the directors' conclusion that the business is a going concern.

On behalf of the Board

DocuSigned by:  
  
610332051F3434A2...  
C Hart  
Director

23 April 2021

## Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2020. The Company is an indirectly wholly owned subsidiary of Capgemini SE, a company incorporated in France and listed on the Euronext exchange. Capgemini SE, together with its subsidiaries, are known as the Capgemini Group ("the Group"). The financial statements of Capgemini SE can be obtained by writing to Capgemini SE, 11 Rue de Tilsitt, 75017 Paris, France.

**Directors** The directors who held office during the year and up to the date of this report were:

N Bhagat (appointed 31 March 2020)  
A Ezzat (resigned 1 July 2020)  
C Ferrand  
C Hart  
C Hodgson (resigned 31 March 2020)  
P Margetts  
O Sevilla (appointed 1 July 2020)  
R Stark

**Company Secretary** J Mangan

### Directors' indemnities

Capgemini has provided an indemnity for its directors and the Company Secretary, which is a qualifying third-party indemnity for the purposes of the Companies Act 2006. The indemnity was in force during the full financial year and up to the date of approval of the financial statements.

### Strategic information

The future developments and financial risk management of the Company, together with employee information are set out in the strategic report on pages 3 to 19. Information on energy use and carbon emissions can be found on pages 13 to 18.

### Corporate governance

The Company follows the principles and guidelines set out by Capgemini Group. There were no instances of non-compliance or other departures during the year. See page 8 for further information.

### Business relationships

Details of how the Company engages with its customers, suppliers and other business relationships are set out within the Corporate Governance Statement, in accordance with the explanation of the performance of duties under s172(1) of the Companies Act 2006. See pages 11 to 12 for further information.

### Employee engagement

Details of how the Company engages with its employees are set out within the Corporate Governance Statement, in accordance with the explanation of the performance of duties under s172(1) of the Companies Act 2006. See pages 12, 17 and 18 for further information.

### Results and dividends

The profit for the financial year was £44,094,000 (2019: £51,967,000) and was transferred to reserves. The directors have not proposed a dividend for 2020 (2019: no dividend proposed). The Company's dividend policy can be found on page 10.

## Directors' report (continued)

### Branches outside the UK

The Company holds a branch in South Africa. This operates within the Company's Application and Technology Services business line.

### Research and development

Capgemini UK plc conducts research and development ("R&D") across a range of client projects. The main trade of the Company, being the provision of IT consultancy and solutions, involves assisting clients with and developing tools which appreciably improve their current IT landscape.

The Company continues to invest in the development of leading innovative IT solutions for its clients.

### Disclosure of information to auditors

- 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.

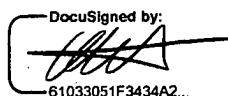
### Independent auditors

Mazars LLP were appointed as auditors of the Company during the year, on 5 August 2020 (PricewaterhouseCoopers LLP, resigned on 5 August 2020). The auditors, Mazars LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

### Events after the end of the reporting period

On 1 January 2021, the Company acquired the trade and assets of Idean Capgemini Creative Studios UK Limited, a fellow Capgemini group company, for consideration (settled in cash) of £8,463,964. The trade principally relates to digital design and innovation, delivering innovative services and driving digital transformation.

On behalf of the Board

DocuSigned by:  


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C Hart  
Director

23 April 2021

## 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 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 the financial statements, the directors are required to:

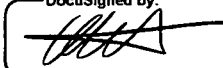
- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates 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 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.

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 consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

DocuSigned by:  
  
61033051F3434A2...  
**C Hart**  
**Director**

23 April 2021

# Independent auditors' report to the members of Capgemini UK plc

## Our opinion

We have audited the financial statements of Capgemini UK plc (the 'Company') for the year ended 31 December 2020 which comprise Income statement, Statement of comprehensive income, Statement of financial position, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Obtaining an understanding of the process undertaken by directors when assessing going concern;
- Evaluating the directors' method to assess the company's ability to continue as a going concern and the period considered by them;
- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern;
- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

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.

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

## **Independent auditors' report to the members of Capgemini UK plc (continued)**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters as prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 22, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Independent auditors' report to the members of Capgemini UK plc (continued)

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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. Based on our understanding of Capgemini UK plc and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment laws and regulations (including health and safety regulations), anti-bribery, corruption and fraud laws and regulations and general data protection regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and 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 *posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to provisions and revenue recognition in relation to cost to complete contracts, fair value measurement and actuarial assumptions used to determine the present value of the defined benefit pension obligations, and transactions related to business combinations.*

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

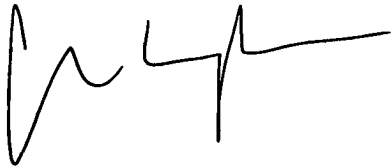
There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Independent auditors' report to the members of Capgemini UK plc (continued)**

### **Use of the audit report**

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.



Claire Larquetoux (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditors  
Tower Bridge House  
St Katharine's Way  
London E1W 1DD  
29 April 2021

## Income statement

Year ended 31 December

	Note	2020 £'000	2019 £'000
Revenue	4	1,529,059	1,548,246
Cost of sales		(1,248,771)	(1,248,877)
<b>Gross profit</b>		<b>280,288</b>	<b>299,369</b>
Administrative expenses		(177,784)	(194,435)
<b>Operating profit before fair value movements</b>		<b>102,504</b>	<b>104,934</b>
Fair value movements	5	(21,714)	(21,819)
<b>Operating profit</b>	6	<b>80,790</b>	<b>83,115</b>
Impairment of investment in subsidiary	14	(12,030)	-
Finance income	8	491	1,544
Finance costs	9	(7,722)	(12,800)
<b>Profit before taxation</b>		<b>61,529</b>	<b>71,859</b>
Tax on profit	10	(17,435)	(19,892)
<b>Profit for the year</b>		<b>44,094</b>	<b>51,967</b>

All results presented are from continuing operations, considering the acquisitions described in note 23.

## Statement of comprehensive income

Year ended 31 December

	Note	2020 £'000	2019 £'000
<b>Profit for the year</b>		<b>44,094</b>	<b>51,967</b>
<b>Items that will not be reclassified to profit or loss</b>			
Actuarial gain on pension scheme	24	29,291	28,690
Deferred tax associated with measurement of pension obligation	20	3,615	(5,452)
<b>Items that will be reclassified to profit or loss</b>			
Translation of foreign currency balance per overseas branch		(34)	20
<b>Total other comprehensive income</b>		<b>32,872</b>	<b>23,258</b>
<b>Total comprehensive income for the year</b>		<b>76,966</b>	<b>75,225</b>

The notes on pages 30 to 57 are an integral part of these financial statements.

## Statement of financial position

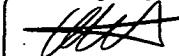
		As at 31 December	
	Note	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Intangible assets	11	86,268	83,204
Property, plant and equipment	12	11,533	11,821
Right-of-use assets	13	47,851	39,768
Investments	14	89,200	113,634
		<b>234,852</b>	<b>248,427</b>
<b>Current assets</b>			
Trade and other receivables <i>(including £56,803,000 (2019: £64,044,000) due after one year)</i>	15	487,570	451,613
Cash and cash equivalents	16	375,861	343,620
		<b>863,431</b>	<b>795,233</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	17	(473,923)	(395,171)
Lease liabilities	19	(17,117)	(17,290)
		<b>372,391</b>	<b>382,772</b>
<b>Net current assets</b>		<b>372,391</b>	<b>382,772</b>
<b>Total assets less current liabilities</b>		<b>607,243</b>	<b>631,199</b>
<b>Non-current liabilities</b>			
Creditors: amounts falling due after more than one year	18	(2,100)	(6,195)
Lease liabilities	19	(37,049)	(28,290)
Provisions for liabilities	21	(15,278)	(26,754)
		<b>(54,427)</b>	<b>(61,239)</b>
<b>Net assets excluding pension obligation</b>		<b>552,816</b>	<b>569,960</b>
Pension obligation	24	(241,965)	(329,112)
<b>Net assets</b>		<b>310,851</b>	<b>240,848</b>
<b>Equity</b>			
Share capital	26	8,470	8,470
Share premium account		80,926	80,926
Retained earnings		221,489	151,452
Translation reserve		(34)	-
<b>Total shareholders' funds</b>		<b>310,851</b>	<b>240,848</b>

The notes on pages 30 to 57 are an integral part of these financial statements.

The financial statements on pages 27 to 57 were authorised for issue by the Board of directors on 23 April 2021 and were signed on its behalf.

C Hart  
Director

DocuSigned by:



23 April 2021 | 18:48 CEST

Capgemini UK plc

Registered Number: 00943935

## Statement of changes in equity

	Note	Share capital (note 26) £'000	Share premium account £'000	Retained earnings £'000	Translation reserve £'000	Total £'000
<b>Balance as at 1 January 2019</b>		8,470	80,926	77,846	(20)	167,222
Profit for the financial year		-	-	51,967	-	51,967
Other comprehensive income for the year		-	-	23,238	20	23,258
<b>Total comprehensive income for the year</b>		-	-	<b>75,205</b>	<b>20</b>	<b>75,225</b>
Credit relating to equity-settled share-based payments	25	-	-	7,879	-	7,879
Recharge paid to parent for equity-settled schemes settled in the year	25	-	-	(10,247)	-	(10,247)
Tax credit/(charge) relating to share option scheme	10, 20	-	-	769	-	769
<b>Balance as at 31 December 2019</b>		<b>8,470</b>	<b>80,926</b>	<b>151,452</b>	<b>-</b>	<b>240,848</b>
Profit for the financial year		-	-	44,094	-	44,094
Other comprehensive income for the year		-	-	32,906	(34)	32,872
<b>Total comprehensive income for the year</b>		-	-	<b>77,000</b>	<b>(34)</b>	<b>76,966</b>
Credit relating to equity-settled share-based payments	25	-	-	7,980	-	7,980
Recharge paid to parent for equity-settled schemes settled in the year	25	-	-	(14,455)	-	(14,455)
Tax credit/(charge) relating to share option scheme and other	10, 20	-	-	(488)	-	(488)
<b>Balance as at 31 December 2020</b>		<b>8,470</b>	<b>80,926</b>	<b>221,489</b>	<b>(34)</b>	<b>310,851</b>

The notes on pages 30 to 57 are an integral part of these financial statements.

## Notes to the financial statements for the year ended 31 December 2020

### 1. General information

The Company principally renders services within the IT industry through three key lines of business: Consulting, Application and Technology Services and Other Managed Services (including cloud infrastructure and business services), each serving all market sectors.

The Company is a public limited company, limited by shares, and is incorporated and domiciled in the UK. The address of its registered office is 1 Forge End, Woking, Surrey, GU21 6DB.

The Company's immediate and ultimate parent companies are listed in note 27.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

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 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements are prepared on a historical cost basis with the exception of investments (other financial assets) in note 14 and the derivatives in note 17 that are stated at their fair value.

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

In preparing these financial statements the Company has taken advantage of disclosure exemptions conferred by FRS 101. Specifically:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined) as equivalent disclosures are publicly available in the consolidated statements of Capgemini SE, the Company's ultimate parent company;
- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
  - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows)
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- The following paragraphs of IFRS 15, 'Revenue from Contracts with Customers': 110, 113 (a), 114-115, 118-119 (c), 120-127, and 129;

## Notes to the financial statements for the year ended 31 December 2020

### 2. Significant accounting policies (continued)

#### 2.1 Basis of preparation (continued)

- 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);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group; and
- The following paragraphs of IFRS 16 *Leases*: 52, 58; 90, 91 and 93, and the second sentence of paragraph 89

#### 2.2 Going concern

In this unprecedented context of the global coronavirus pandemic (COVID-19), Capgemini's priority is the health and safety of its employees and ensuring the continuity of services to its clients (further detail provided in the strategic report, p.6). The business has shown continued resilience and cash generation without the need for drastic restructuring or reliance upon Government assistance. During 2020, the Company was able to use its digital capabilities, to ensure the continuity of the essential services demanded by its clients; and this will continue going forward.

Despite the heightened level of risk that the pandemic has caused, the Company continues to be profitable, managing its day-to-day working capital requirements through its cash reserves, including operating cash generated. A significant proportion of revenue is generated from contracts with public sector organisations together with revenues from large corporate customers. The Company's forecasts and projections, taking account of severe but plausible changes in trading performance, show that the Company should continue to be able to operate within the level of its current cash reserves. Furthermore, the directors feel it appropriate to assess the financial position of the Company excluding the pension obligation for going concern purposes as this liability becomes payable over a significantly longer term.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and accordingly the Company continues to adopt the going concern basis in preparing its financial statements. The Company generated profit for the year of £44,094,000 (2019: £51,967,000). Net assets for the year ended 31 December 2020 are £310,851,000 (2019: £240,848,000) including cash and cash equivalents of £375,861,000 (2019: £343,620,000). Net assets excluding the pension obligation of £552,816,000 (2019: £569,960,000) is considered to reflect a strong financial position, and as such support the directors' conclusion that the business is a going concern.

#### 2.3 New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, or IFRS interpretations that are effective for the year ended 31 December 2020 that have had a material impact on the Company's financial statements.

## Notes to the financial statements for the year ended 31 December 2020

### 2. Significant accounting policies (continued)

#### 2.4 Revenue

Revenue is recognised in accordance with the requirements of IFRS 15 'Revenue from Contracts with Customers'. The Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when performance obligations have been satisfied which is typically as services are rendered or, in the cases of supply of hardware, at the point of delivery.

Where a contract includes more than one separable element that individually have value to a customer on a standalone basis, these elements are disaggregated. Total contract consideration is allocated between the separable elements in accordance with their relative fair value and revenue is recognised for each element as if it were an individual contract. Similarly, if there are separate elements of a contract that are inextricably linked then they are considered in aggregate and revenue is recognised in respect of the performance obligations taken as a whole.

Revenue from time and materials contracts is recognised based on the exerted effort within the accounting period at the agreed rates. The underlying contract may define one or more performance obligations, each of which are typically satisfied over time.

In a fixed-fee service contract, the contract specifies a contract value for a period of defined service. Revenue is recognised over the period of service because the customer receives and consumes the benefits simultaneously over time.

In a fixed-price contract, the contract specifies a contract value for a defined service(s)/deliverable(s). Revenue is typically recognised over time using the percentage of completion method based upon either a milestone approach or on the costs incurred as a proportion of the total estimated costs of delivering the performance obligation. Estimates of revenues, costs or the extent of progress towards completion are revised if circumstances change. If necessary, a provision is made for forecast losses to completion. Revenue related to transition activity, including but not limited to one-time activities associated with the planning and actual transfer of the delivery responsibilities, typically within large outsourced contracts, is recognised as part of the overall contract consideration, commencing at the run phase of the contract.

Where contracts contain reseller arrangements, consideration is given to whether the company is acting as principal or agent in the transaction and accordingly revenue is recognised on a gross or net basis (respectively).

In the case of fixed-fee or fixed-price contracts, the customer pays the fixed amount based upon a payment schedule. If the services rendered by the Company exceed the payment, a contract asset (accrued revenue) is recognised. If the payments exceed the services rendered, a contract liability (deferred revenue) is recognised.

Pre-contract costs incurred in the initial set-up phase of a contract are deferred if they are directly attributable to specific contracts and will generate future economic benefits. Pre-contract costs are typically recognised in the Income statement on a straight-line basis over the remaining contractual term, unless a different pattern is more appropriate.

## Notes to the financial statements for the year ended 31 December 2020

### 3. Significant accounting policies (continued)

#### 2.5 Foreign currency translation

##### (a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

##### (b) Transactions and balances

Transactions in foreign currencies are recorded at a guaranteed rate as described above. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rate ruling at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is treated as an exchange gain or loss and taken to cost of sales in the Income statement in the year in which it arises. Any exchange differences arising from translating non-monetary assets and liabilities is taken directly to the foreign currency translation reserve.

#### 2.6 Business combinations and goodwill

The Company applies the acquisition method in accounting for the acquisition of subsidiaries or lines of business. The consideration transferred in a business combination is measured at its fair value. Acquisition-related costs are recognised in the Income statement as incurred.

Goodwill represents the excess of the consideration transferred in a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets acquired, liabilities assumed and any equity instruments issued.

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 the Income statement.

The Company holds goodwill at cost less any impairment losses, whilst this represents a departure from the treatment prescribed by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to hold goodwill at cost less accumulated amortisation, the directors believe that this accounting policy choice provides a true and fair view. The ability to apply a true and fair override when selecting an accounting policy, is set out in FRS 101, with specific instances, such as goodwill, referenced within Appendix II. The amount of amortisation, and therefore the effect of non-amortisation, cannot reasonably be quantified other than by reference to an arbitrary assumed period for amortisation.

#### 2.7 Intangible assets

##### Customer relationships

On certain business combinations, where the nature of the customer portfolio held by the acquired entity and the nature of the business performed should enable the acquired entity to continue commercial relations with its customers as a result of efforts to build customer loyalty, customer relationships are valued as intangible assets and amortised over the estimated term of contracts held in portfolio at the acquisition date which is generally 3-10 years.

## Notes to the financial statements for the year ended 31 December 2020

### 2. Significant accounting policies (continued)

#### 2.7 Intangible assets (continued)

##### Software

Computer software and user rights acquired on an unrestricted basis, as well as software developed for in-house purposes are capitalised and amortised on a straight-line basis over their estimated useful lives which is 3 to 5 years.

Any capitalised internally developed software that is not yet complete is not amortised but is subject to annual impairment testing. Once complete, as with purchased software, the internally developed software is amortised on a straight-line basis over their estimated useful lives which is 3 to 5 years.

#### 2.8 Property, plant and equipment

Property, plant and equipment are stated at cost, together with any directly associated costs of acquisition less any accumulated depreciation or accumulated impairment losses, where applicable.

Depreciation is charged to the Income statement on a straight-line basis in order to write off the cost of the assets, less their estimated residual values, over the estimated useful economic lives of the assets concerned. The principal depreciation periods are:

Buildings	Up to 20 years
Computers and related equipment	3 to 5 years (or life of interrelated project if shorter)
Fixtures and furniture	Up to 10 years

No depreciation is charged in respect of land.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

#### 2.9 Right-of-use assets

The Company assesses whether a contract is or contains a lease at inception of the contract.

Leases are recognised in the Statement of financial position from the lease commencement date.

These contracts are recognised in "lease liabilities" and "right-of-use assets" in the Statement of financial position.

The lease liability is initially measured at the present value of future lease payments, discounted over the enforceable contractual period using the incremental borrowing rate. This is estimated in using available market data and taking account of the average lease term. Lease payments may include fixed payments and variable payments that depend on an index or a rate known at inception of the contract. The lease liability is generally calculated over the firm lease term unless the Company is reasonably certain to extend or terminate the lease. The lease liability is subsequently measured at amortised cost using the effective interest rate.

The initial value of the lease right-of-use asset comprises the amount of the initial measurement of the lease liability, initial direct costs and any obligation to restore the asset. For the vehicle fleet, the Company has elected not to separate non-lease components from lease components and to account for the entire contract as a single lease component; for all other leases the components are separated. The lease right-of-use asset is depreciated over the period adopted for the calculation of the lease liability.

## Notes to the financial statements for the year ended 31 December 2020

### 2. Significant accounting policies (continued)

#### 2.9 Right-of-use assets (continued)

In the Income statement, depreciation is recorded as a charge to operating profit and lease interest is recorded in finance costs.

The linked tax impact is recognised in deferred tax in accordance with UK tax legislation.

Short term leases are expensed directly in the operating margin, as are leases of assets with a low unit value (\$5,000 as per IFRS 16 guidance, or equivalent value in pounds sterling), other than IT equipment.

The Company leases the following categories of asset.

##### **Buildings and fixtures and furniture leases**

The Company leases land and buildings as part of its Corporate Real Estate. Terms and conditions are negotiated on an individual case basis and contain numerous different clauses. These leases are generally entered into for terms of 5 to 15 years and may contain extension options providing operational flexibility.

The Company also leases various furniture and fixtures for use within leased properties; the terms of these leases would be in line with that of the property.

##### **Vehicles leases**

The Company leases vehicles for certain employees. These leases are generally entered into for terms of 2 to 4 years.

##### **Computers and related equipment leases**

Finally, the Company also leases some of its computer equipment (computers, servers, printers) and computer software. Terms and conditions are negotiated on an individual case basis and contain numerous different clauses. These leases are generally entered into for terms of 3 to 5 years.

#### 2.10 Impairment of non-financial assets

Tangible and intangible fixed assets (including goodwill, see note 2.6) and right-of-use assets are tested for impairment when an indicator that the carrying value may not be recoverable is identified. An impairment loss is recognised to the extent that the carrying value cannot be recovered either by selling the asset or through the discounted future earnings from holding the asset.

#### 2.11 Financial assets

The company classifies its financial assets into the following categories: financial assets carried at fair value through profit or loss or amortised cost.

The approach to recognition and measurement of financial assets carried at fair value through profit or loss is set out in notes 2.19 and 2.20.

A financial asset carried at fair value through profit or loss is revalued at each reporting date, with gains or losses on fair value remeasurement being recorded in other operating income and expenses respectively. The determination of fair value is performed in accordance with the discounted cash flow projections of underlying assets together with financial assumptions based upon observable market data. See note 14 for details of the Company's financial asset investments at fair value.

## Notes to the financial statements for the year ended 31 December 2020

### 2. Significant accounting policies (continued)

#### 2.12 Derivative financial instruments

The Company uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency and interest rate fluctuations. The forward currency contracts are taken out and managed by the ultimate parent company, Capgemini SE, through a centralised management system supported by a dedicated tool ("Diapason"). The main objective of the centralised management system is to mitigate the currency risks impacting operating profit. The parent company treasury provides guaranteed rates (formalised via internal derivatives) against forex positions reported by the company and hedges their net foreign exchange exposure using external derivatives.

The derivative financial instruments are recorded at fair value at each reporting date with the movement in fair value recorded against other operating income and expenses within the Income statement.

#### 2.13 Employee benefits

The Company operates both defined contribution and defined benefit pension schemes.

A defined contribution scheme is a pension plan under which the Company pays fixed contributions into a separate entity. The amount charged to the Income statement in respect of pension costs and other post-retirement benefits is the contribution payable in the year.

The Company's defined benefit schemes are those that define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. It is funded by contributions from the Company and employees, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. Scheme assets are measured at fair value, and scheme liabilities are measured on an actuarial basis using the projected unit method discounted at a rate equivalent to the current rate of return on high quality corporate bond indices of equivalent currency and terms to the scheme liabilities.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise. The amount charged (or credited) to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset. Current service costs are recognised in the Income statement in the period as the employee has rendered their service. Past service costs (including curtailment) are recognised in the Income statement in the period they occur.

#### 2.14 Provisions for liabilities

A provision is recognised in the Statement of financial position when the Company has a present obligation as a result of an event prior to the balance sheet date and when an outflow of resources embodying economic benefits that can be reliably measured becomes probable. Provisions are discounted when the impact of the time value of money is considered material.

#### 2.15 Current and deferred taxation

Tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates applicable for the period, and any adjustment to tax payable in respect of previous years.

Tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the profit and loss account.

## Notes to the financial statements for the year ended 31 December 2020

### 2. Significant accounting policies (continued)

#### 2.15 Current and deferred taxation (continued)

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if a legal enforcement right exists to offset current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and the authority permits the Company to make a single net payment.

#### 2.16 Share options

Certain employees receive share options in Capgemini SE, the ultimate parent company, which are granted by the management team of that company. The fair value ascribed to the option corresponds to the value of the benefit to the employee on the grant date. A charge is made to the Income statement according to the vesting profile of the options, with a corresponding adjustment to equity as a capital contribution. If the ultimate parent company recharges its share purchase expense (required to satisfy the options as they mature) to the Company, the Company reports that charge directly within equity in accordance with IFRS 2.

The fair value of share options is calculated using either the Black-Scholes or Monte Carlo option pricing model both of which incorporate assumptions concerning the option exercise price and the vesting period, performance criteria, the share price at the date of grant, implicit share price volatility and the risk-free interest rate. The expense recognised also takes into account staff attrition rates for eligible employee categories.

#### 2.17 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the Statement of financial position, bank overdrafts (where held) are shown within creditors: amounts falling due within one year, presented as part of current liabilities.

Cash equivalents include cash balances put on over-night deposit by the ultimate parent company on behalf of the Company. The Company can call or contribute additional funds on demand. Accrued interest on deposited funds is recognised in profit and loss as finance income.

## Notes to the financial statements for the year ended 31 December 2020

### 2. Significant accounting policies (continued)

#### 2.18 Equity

The share capital consists of ordinary shares which are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Share premium includes the difference between the par value and the price received for shares that have been issued.

Retained earnings represents the earnings of the Company that will be reinvested in its core business, i.e. the net earnings not paid out as dividends; this includes the profit and other comprehensive income for the year. Also included is the expense in relation to equity-settled share-based payment transactions and the amount re-billed to the ultimate parent undertaking to the Company in respect of settling the equity-settled options.

Translation reserve relates to the Company's South African branch; the exchange differences on the translation of the branch's balances at the year-end closing rate and its profit and loss at the average rate for the year.

#### 2.19 Trade and other receivables and creditors

Trade and other receivables include amounts due from customers for services provided in the ordinary course of business. The amounts are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment if required.

Creditors include obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

#### 2.20 Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses. See note 2.10 in respect of impairment considerations.

#### 2.21 Consolidation

The Company is a direct subsidiary of CGS Holdings Limited and an indirect subsidiary of its ultimate parent, Capgemini SE. It is included in the consolidated financial statements of Capgemini SE, which are publicly available. Therefore, the Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is set out in note 27.

These financial statements are the separate financial statements of the Company.

## Notes to the financial statements for the year ended 31 December 2020

### 3. Critical accounting judgements and key sources of estimation uncertainty

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

#### *Recognition of deferred tax assets*

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised.

#### *Recognition of goodwill on common control business combinations*

The goodwill recognised is based upon the specific facts and circumstances associated with the business combination having given regard to possible other intangibles permissible under the separability criterion (see note 23).

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### *Revenue recognition*

Revenue from long-term fixed-price contracts, including systems development and integration contracts are recognised under the percentage of completion method. Under this method, revenue is recognised as work on the contract progresses, and the recognised amounts of revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. More complex contracts, in particular costs to complete and contract profitability, are subject to significant estimation uncertainty. Estimates are based on historical experience and judgments regarding future expectations.

#### *Actuarial assumptions used to determine the carrying value of the defined benefit pension plan liabilities*

Management's estimate is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. The discount rate is set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgment is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. Variation in these estimates may significantly impact the carrying value of the obligation. The assumptions reflect historical experience and management's judgments regarding future expectations. The sensitivity of the pension obligation is disclosed in note 24.

#### *Fair value measurement*

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimates are based on historical experience and judgments regarding future expectations. See note 14.

## Notes to the financial statements for the year ended 31 December 2020

### 3. Critical accounting judgements and key sources of estimation uncertainty (continued)

#### *Impairment of fixed assets*

The carrying values of fixed assets are reviewed at each Statement of financial position date to determine where there is any indication of impairment, in compliance with the Company's accounting policies. Judgment is used to identify indicators of impairment and their impact upon their carrying values. Determining the recoverable amount of these assets involves management estimates. The recoverable amount is the higher of the fair value less costs to sell and the value in use. The value in use is determined using discounted cash flow methods based on future financial projections approved by the Board. The key assumptions underlying the changes in value in use involve estimates of the discount rate, projected cash flows and the terminal growth rate.

## Notes to the financial statements for the year ended 31 December 2020

### 4. Revenue

The Company principally generates revenue through the rendering of services within the IT industry and has three key lines of business: consulting, application and technology services and other managed services (including cloud infrastructure and business services). Each line of business operates across all market sectors.

#### Analysis of revenue by activity

	2020 £'000	2019 £'000
Consulting services	107,024	100,273
Application and technology services	1,041,784	1,063,136
Other managed services	380,251	384,837
<b>Total</b>	<b>1,529,059</b>	<b>1,548,246</b>

#### Analysis of revenue by geography

	2020 £'000	2019 £'000
United Kingdom	1,302,029	1,309,488
European Union	131,463	127,761
Rest of world	95,567	110,997
<b>Total</b>	<b>1,529,059</b>	<b>1,548,246</b>

#### Assets and liabilities related to contracts with customers

The Company has recognised the following assets and liabilities related to contracts with customers:

	Note	2020 £'000	2019 £'000
Contract assets	15	87,087	93,352
Contract asset provisions	21	(4,600)	(3,113)
Assets recognised for costs incurred to fulfil a contract	15	19,867	7,933
<b>Net contract assets</b>		<b>102,354</b>	<b>98,172</b>
<b>Contract liabilities</b>	<b>17</b>	<b>122,468</b>	<b>97,039</b>

Changes in contract assets and liabilities in the year are due to the following factors:

- Timing differences between revenue recognition, billing and collection, leading to the recognition of trade receivables and contract assets (sales invoice accruals); and
- The receipt of advances from customers (and amounts billed in advance), leading to the recognition of contract liabilities.

Assets recognised for costs incurred to fulfil a contract are amortised in accordance with the fulfilment of the underlying contract. Amortisation charged to operating profit for the year was £3,024,000 (2019: £4,798,000).

## Notes to the financial statements for the year ended 31 December 2020

### 5. Fair value movements

	Note	2020 £'000	2019 £'000
Fair value loss on forward foreign exchange contracts	17	(9,310)	(11,518)
Fair value loss on investments	14	(12,404)	(10,301)
<b>Total</b>		<b>(21,714)</b>	<b>(21,819)</b>

### 6. Operating profit

Operating profit for the year is stated after charging:

	Note	2020 £'000	2019 £'000
Staff costs*	7	720,120	668,385
Restructuring costs & vacant properties	21	9,620	2,753
Contract provisions	21	5,739	13,096
Loss on disposal of fixed assets	11, 12	4,783	926
Depreciation of property, plant and equipment	12	4,805	7,391
Depreciation of right-of-use assets	13	17,327	21,438
Amortisation of intangible assets	11	7,843	13,376
Amortisation of costs incurred to fulfil a contract	4	3,024	4,798
Impairment of trade receivables		423	58
<b>Services provided by the Company's auditors</b>			
Statutory audit services – company		335	355
Statutory audit services – other group subsidiaries		35	57

\*2019 comparative has been restated to include amounts previously not included (£74,277,000).

### 7. Employees and directors

The total staff costs paid by the Company, included in administrative expenses in the income statement, during the year were as follows:

	Note	2020 £'000	2019 £'000
Wages and salaries*		585,410	539,773
Social security costs		65,913	59,977
Other pension costs	24	60,817	60,756
Share based payments	25	7,980	7,879
<b>Total staff costs*</b>		<b>720,120</b>	<b>668,385</b>

\*2019 comparative has been restated to include amounts previously not included (£74,277,000).

## Notes to the financial statements for the year ended 31 December 2020

### 7. Employees and directors (continued)

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

#### By activity

	2020 Number	2019 Number
Consulting services	681	609
Application and technology services	5,709	5,597
Other managed services	1,711	1,643
Central functions	407	504
<b>Total</b>	<b>8,508</b>	<b>8,353</b>

Staff costs include the following remuneration paid to the executive directors of the Company:

	2020 £'000	2019 £'000
Aggregate emoluments	1,885	1,828
Amounts received through group share schemes	1,091	1,108
Aggregate of company contributions to defined contribution pension schemes	17	50

At the year end, retirement benefits were accruing for 2 of the executive directors (2019: 3) under the Company's defined benefit scheme. And the number of directors to whom retirement benefits were accruing under the Company's defined contribution scheme was 3 (2019: 4).

The emoluments of the non-executive directors are paid by the ultimate parent company, Capgemini SE. Their services to this Company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the ultimate parent company. Accordingly, the above details include no emoluments in respect of them.

Highest paid director	2020 £'000	2019 £'000
Aggregate emoluments	651	590
Aggregate amounts through group share schemes	311	416
Aggregate of company contributions to defined contribution pension schemes	-	15

The accrued defined benefit pension for the highest paid director amounted to £36,000 per annum (2019: £36,000 in respect of the highest paid director in the prior year).

### 8. Finance income

	2020 £'000	2019 £'000
Interest income from group undertakings	482	1,517
Other interest receivable	9	27
<b>Total</b>	<b>491</b>	<b>1,544</b>

Interest income from group undertakings relates to interest received from cash placed on overnight deposit through Capgemini SE, the ultimate parent company (see note 16).

## Notes to the financial statements for the year ended 31 December 2020

## 9. Finance costs

	Note	2020 £'000	2019 £'000
Net interest payable on pension	24	6,494	11,183
Lease interest payable		1,109	1,385
Unwinding of discount on provisions	21	56	127
Other interest payable		63	105
<b>Total</b>		<b>7,722</b>	<b>12,800</b>

## 10. Tax on profit

## Tax recognised in the income statement

	2020 £'000	2019 £'000
<i>Current tax:</i>		
Current tax	6,703	12,035
Adjustments in respect of prior years	(891)	985
Double tax relief	(82)	(91)
<i>Foreign tax</i>		
Current tax	248	99
Adjustments in respect of prior years	(38)	84
Foreign exchange	4	-
<b>Total current tax</b>	<b>5,944</b>	<b>13,112</b>

*Deferred tax:*

Origination and reversal of timing difference	10,244	5,704
Adjustments in respect of prior periods	4	1,676
Effect of changes in tax rate	1,243	(600)
<b>Total deferred tax</b>	<b>11,491</b>	<b>6,780</b>
<b>Tax charge on profit</b>	<b>17,435</b>	<b>19,892</b>

## Tax recognised in other comprehensive income

	2020 £'000	2019 £'000
Deferred tax associated with measurement of pension obligation	(3,615)	5,452
<b>Total tax recognised in other comprehensive income</b>	<b>(3,615)</b>	<b>5,452</b>

## Tax recognised directly in equity

	2020 £'000	2019 £'000
Tax charge/(credit) relating to share option scheme	488	(769)
<b>Total tax recognised directly in equity</b>	<b>488</b>	<b>(769)</b>

## Notes to the financial statements for the year ended 31 December 2020

### 10. Tax on profit (continued)

#### Reconciliation of effective tax rate

The tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK 19.00% (2019: 19.00%). The differences are explained below.

	2020 £'000	2019 £'000
Profit before tax	61,529	71,859
Profit multiplied by the standard rate of corporation tax in the UK (2020: 19.00%; 2019: 19.00%)	11,691	13,653
Effects of:		
Effect of overseas tax rates	248	100
Effects of changes in rate at which deferred tax is recognised	1,243	(600)
Non-deductible expenses	5,178	3,994
Adjustments to tax charge in respect of prior years	(925)	2,745
<b>Total tax charge</b>	<b>17,435</b>	<b>19,892</b>

The main rate of corporation tax of 19% was substantively enacted as part of Finance Bill 2020 (on 22 July 2020), following an announcement in the 2020 Budget that the rate would not reduce to 17% from 1 April 2020, as had been previously outlined in Finance Bill 2017. It was announced in the Finance Bill 2021 (on 11 March 2021) that the corporation tax rate will increase to 25% with effect from 1 April 2023. This rate change will not be enacted until 2021. On this basis, deferred taxes at the balance sheet date have been measured using these enacted rates and reflected in these financial statements.

## Notes to the financial statements for the year ended 31 December 2020

### 11. Intangible assets

	Goodwill £'000	Customer Relationships £'000	Software £'000	Internally Developed Software £'000	Total £'000
<b>Cost</b>					
At 1 January 2020	46,847	44,314	33,473	3,616	128,250
Additions	-	-	317	704	1,021
Acquisition through business combination (see note 23)	14,314	-	-	-	14,314
Disposals	-	-	(13,153)	(1,647)	(14,800)
<b>At 31 December 2020</b>	<b>61,161</b>	<b>44,314</b>	<b>20,637</b>	<b>2,673</b>	<b>128,785</b>
<b>Accumulated amortisation</b>					
At 1 January 2020	-	14,817	27,456	2,773	45,046
Charge for the year	-	5,947	1,058	838	7,843
Disposals	-	-	(8,725)	(1,647)	(10,372)
<b>At 31 December 2020</b>	<b>-</b>	<b>20,764</b>	<b>19,789</b>	<b>1,964</b>	<b>42,517</b>
<b>Net book amount</b>					
<b>At 31 December 2020</b>	<b>61,161</b>	<b>23,550</b>	<b>848</b>	<b>709</b>	<b>86,268</b>
At 31 December 2019	46,847	29,497	6,017	843	83,204

The amortisation charge was recorded in administrative expenses in both the current and prior year.

All internally developed software assets were complete at 31 December 2020, and as such all assets have a useful life and are being amortised. There were no incomplete assets.

### 12. Property, plant and equipment

	Land and buildings £'000	Computers and related equipment £'000	Fixtures and furniture £'000	Total £'000
<b>Cost</b>				
At 1 January 2020	1,250	22,565	55,166	78,981
Additions	-	746	4,124	4,870
Disposals	-	(291)	(2,675)	(2,966)
<b>At 31 December 2020</b>	<b>1,250</b>	<b>23,020</b>	<b>56,615</b>	<b>80,885</b>
<b>Accumulated depreciation</b>				
At 1 January 2020	900	19,706	46,554	67,160
Charge for the year	-	1,357	3,448	4,805
Disposals	-	(242)	(2,371)	(2,613)
<b>At 31 December 2020</b>	<b>900</b>	<b>20,821</b>	<b>47,631</b>	<b>69,352</b>
<b>Net book value</b>				
<b>At 31 December 2020</b>	<b>350</b>	<b>2,199</b>	<b>8,984</b>	<b>11,533</b>
At 31 December 2019	350	2,859	8,612	11,821

## Notes to the financial statements for the year ended 31 December 2020

### 13. Right-of-use assets

	Buildings £'000	Computers and related equipment £'000	Fixtures and furniture £'000	Vehicles £'000	Total £'000
<b>Cost</b>					
At 1 January 2020	78,832	16,057	8,693	3,773	107,355
Acquisition through business combination (see note 23)	120	-	-	-	120
Additions	19,768	3,460	-	5,126	28,354
Disposals	(30,039)	(1,403)	-	(1,168)	(32,610)
<b>At 31 December 2020</b>	<b>68,681</b>	<b>18,114</b>	<b>8,693</b>	<b>7,731</b>	<b>103,219</b>
<b>Accumulated depreciation</b>					
At 1 January 2020	56,346	5,529	4,363	1,349	67,587
Acquisition through business combination (see note 23)	-	-	-	-	-
Charge for the year	7,909	5,851	1,652	1,915	17,327
Disposals	(27,272)	(1,334)	-	(940)	(29,546)
<b>At 31 December 2020</b>	<b>36,983</b>	<b>10,046</b>	<b>6,015</b>	<b>2,324</b>	<b>55,368</b>
<b>Net book value</b>					
<b>At 31 December 2020</b>	<b>31,698</b>	<b>8,068</b>	<b>2,678</b>	<b>5,407</b>	<b>47,851</b>
At 31 December 2019	22,486	10,528	4,330	2,424	39,768

### 14. Investments

	2020 £'000	2019 £'000
Financial assets at fair value	80,736	93,140
Investment in subsidiary at historical cost	8,464	20,494
<b>Total</b>	<b>89,200</b>	<b>113,634</b>

#### Investment in subsidiary at historical cost

	2020 £'000	2019 £'000
<b>At 1 January</b>	<b>20,494</b>	<b>20,494</b>
Impairment	(12,030)	-
<b>At 31 December</b>	<b>8,464</b>	<b>20,494</b>

Since 2018 and as at 31 December 2020, the Company owned 100% of the ordinary share capital of Idean Capgemini Creative Studios UK Limited ('Idean', formerly 'Adaptive Lab Limited') which is incorporated in the UK, with a registered office address of Second Floor, Victoria House, Leonard Circus, London, England, EC2A 4DQ.

On 1 January 2021, the Company acquired the trade and assets of the subsidiary for consideration of £8,463,964 (see note 28) and accordingly Idean is no longer expected to trade. The carrying value of the investment was, therefore, deemed to be impaired and written down to its equity value.

## Notes to the financial statements for the year ended 31 December 2020

### 14. Investments (continued)

#### Financial assets at fair value

	2020 £'000	2019 £'000
<b>At 1 January</b>	<b>93,140</b>	<b>103,441</b>
Net change in fair value through profit and loss	(12,404)	(10,301)
<b>At 31 December</b>	<b>80,736</b>	<b>93,140</b>

The Company holds 4.4% (2019: 4.4%) of the ordinary share capital of Caggemini Group Deutschland GmbH, which is incorporated in Germany, and ultimately is a wholly owned subsidiary of the Company's ultimate parent. The investment was recognised as a financial asset and is carried at fair value through profit or loss. The carrying value of the investment is determined in accordance with the discounted cash flow projections of the underlying assets (i.e. the projected free cash flows of the associated trade), a level 3 input, together with the financial assumptions (principally the discount rate of 7.0% (2019: 7.2%) and the terminal growth rate of 2.8% (2019: 2.4%)) based upon observable market data, a level 1 input.

The address of the registered office of Caggemini Group Deutschland GmbH is: Potsdamer Platz 5, Berlin, 10785, Germany.

### 15. Trade and other receivables

	Note	2020 £'000	2019 £'000
<b>Amounts falling due within one year:</b>			
Trade receivables		230,950	182,968
Contract assets	4	87,087	93,352
Amounts owed by group undertakings		26,903	37,137
Other receivables		1,041	6,275
Costs incurred for contract fulfilment	4	19,867	7,933
Corporation tax receivable		11,095	104
Deferred tax asset	20	8,935	9,948
Prepayments		44,889	49,852
<b>Total: amounts falling due within one year</b>		<b>430,767</b>	<b>387,569</b>
<b>Amounts falling due after more than one year:</b>			
Deferred tax asset	20	56,803	64,044
<b>Total: amounts falling due after more than one year</b>		<b>56,803</b>	<b>64,044</b>
<b>Total trade and other receivables</b>		<b>487,570</b>	<b>451,613</b>

Amounts owed by group undertakings are unsecured, interest-free and settled in the normal course of trading.

At 31 December 2020, receivables totalling £5,589,000 (2019: £6,616,000) were assigned with transfer of credit risk, as defined by IFRS 9 Financial Instruments, to financial institutions and were therefore derecognised in the Statement of financial position.

## Notes to the financial statements for the year ended 31 December 2020

### 16. Cash and cash equivalents

	Note	2020 £'000	2019 £'000
Cash at bank		3,519	8,253
Amounts placed on deposit through ultimate parent company		372,342	335,367
<b>Total</b>		<b>375,861</b>	<b>343,620</b>

The amounts placed on deposit through the ultimate parent company, Capgemini SE, represents excess cash which is pooled and managed centrally. The balance is unsecured, interest-bearing, and repayable on demand. Interest rates are determined by market overnight deposit rates offered to the Capgemini Group. Interest receivable is recognised in the profit and loss account as finance income.

### 17. Creditors: amounts falling due within one year

	Note	2020 £'000	2019 £'000
Trade creditors		173,722	130,677
Contract liabilities	4	122,468	97,039
Amounts owed to group undertakings		29,473	38,056
Other taxation and social security		44,516	40,405
Other creditors		9,477	6,437
Accruals		63,949	60,753
Forward foreign exchange contracts		30,318	21,008
Bank overdraft		-	796
<b>Total</b>		<b>473,923</b>	<b>395,171</b>

Amounts owed to group undertakings are unsecured, interest-free and settled in the normal course of trading.

Forward foreign exchange contracts are classified as derivative financial instruments and are recorded at fair value at each reporting date with the movement in fair value recorded within the Income statement (see note 5). The fair value is determined using mark to market, a level 1 input.

### 18. Creditors: amounts falling due after more than one year

	Note	2020 £'000	2019 £'000
Deferred consideration		2,100	6,195
<b>Total</b>		<b>2,100</b>	<b>6,195</b>

Deferred consideration relates to a former acquisition, with amounts falling due in 2022 and 2023.

## Notes to the financial statements for the year ended 31 December 2020

### 19. Lease liabilities

The Company's future minimum lease payments are as follows:

	2020 £'000	2019 £'000
Gross lease liabilities - minimum lease payments		
Within one year	17,883	18,186
Between two and five years	33,384	28,545
Later than five years	5,309	1,055
<b>Gross total payments</b>	<b>56,576</b>	<b>47,786</b>
Effect of discounting	(2,410)	(2,207)
<b>Lease liabilities</b>	<b>54,166</b>	<b>45,579</b>

### 20. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Property, plant and equipment	5,724	5,188	-	-	5,724	5,188
Derivatives	5,761	3,571	-	-	5,761	3,571
Employee benefits	86,639	83,024	(40,666)	(27,075)	45,973	55,949
Share-based payments	4,347	3,683	-	-	4,347	3,683
Provisions for liabilities	3,209	4,758	-	-	3,209	4,758
Other	724	843	-	-	724	843
<b>Total</b>	<b>106,404</b>	<b>101,067</b>	<b>(40,666)</b>	<b>(27,075)</b>	<b>65,738</b>	<b>73,992</b>

The Company recognises deferred tax assets to the extent that there are anticipated to be future taxable profits available.

Movement in deferred tax during the year:

	Amounts				
	1 Jan 2020 £'000	Acquired as part of Business Combinations* £'000	Recognised in income statement £'000	Recognised in equity £'000	31 Dec 2020 £'000
Property, plant and equipment	5,188	30	506	-	5,724
Derivatives	3,571	8	2,182	-	5,761
Employee benefits	55,949	-	(13,591)	3,615	45,973
Share-based payments	3,683	72	960	(368)	4,347
Provisions for liabilities	4,758	-	(1,549)	-	3,209
Other	843	-	-	(119)	724
	<b>73,992</b>	<b>110</b>	<b>(11,492)</b>	<b>3,128</b>	<b>65,738</b>

\* see note 23 for Business Combinations

## Notes to the financial statements for the year ended 31 December 2020

### 20. Deferred tax assets and liabilities (continued)

Movement in deferred tax during the prior year:

	1 Jan 2019	Effect of adoption of IFRS 16: Leases	Recognised in income statement	Recognised in equity	31 Dec 2019
	£'000	£'000	£'000	£'000	£'000
Property, plant and equipment	5,229	-	(41)	-	5,188
Derivatives	1,613	-	1,958	-	3,571
Employee benefits	68,940	-	(7,539)	(5,452)	55,949
Share-based payments	2,607	-	307	769	3,683
Provisions for liabilities	6,028	-	(1,270)	-	4,758
Other		1,038	(195)	-	843
	<b>84,417</b>	<b>1,038</b>	<b>(6,780)</b>	<b>(4,683)</b>	<b>73,992</b>

### 21. Provisions for liabilities

	Vacant properties £'000	Restructuring £'000	Contracts £'000	Total £'000
<b>At 1 January 2020</b>	<b>2,007</b>	<b>2,080</b>	<b>22,667</b>	<b>26,754</b>
Charged to the income statement	870	9,123	10,260	20,253
Unwinding of discount on provisions	56	-	-	56
Utilised during the year	(2,185)	(9,181)	(15,525)	(26,891)
Unused amounts reversed	-	(373)	(4,521)	(4,894)
<b>At 31 December 2020</b>	<b>748</b>	<b>1,649</b>	<b>12,881</b>	<b>15,278</b>

#### Vacant properties

The Company re-assesses annually its property portfolio and identifies any vacant leasehold properties. Full provision is made for the residual lease commitments together with other outgoings for the remaining periods of the leases which range up to 3 years. The provision is made net of any anticipated rental income.

#### Restructuring

Restructuring provisions arise when, as at the balance sheet date, the Company has committed to reduce physical operations or people costs in certain areas of the business. These costs are expected to be utilised within the forthcoming financial year.

#### Contracts

Contract provisions arise when financial risks have been identified on contracts and relate to both:

- Contract asset provisions (2020: £4,600,000; 2019: £3,113,000) – where there has been a de-recognition of revenue to reflect an identified financial risk of realisation of that revenue.
- Other contract provisions (2020: £8,281,000; 2019: £19,554,000) – arising from estimated outflows in relation to customer contracts that are non-recoverable.

Given their nature, contract provisions carry a degree of uncertainty in their outcome both in terms of the timing and the final outflow required and the final settlement may be significantly higher or lower than the estimate. They are assessed and reviewed periodically using all available company and third-party information in order to form the best estimate of the potential outflow.

## Notes to the financial statements for the year ended 31 December 2020

### 22. Financial commitments

The Company's minimum lease commitments were as follows:

	Land and buildings		Other	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Falling due:</b>				
Within one year	1,900	903	129	27
Within two to five years	5,862	2,792	312	23
Over five years	2,705	132	-	-
<b>Total</b>	<b>10,467</b>	<b>3,827</b>	<b>441</b>	<b>50</b>

Commitments at 31 December 2020 principally relate to components of property lease arrangements that do not fall within the scope of IFRS 16 *Leases* (see note 2.9). As at 31 December 2019 the Company no longer received sub-letting income from non-cancellable operating leases; therefore, there are no lease income commitments and no sub-letting income was received in year ended 31 December 2020 (2019: £192,000).

Other financial commitments principally relate to service charges on computer equipment leases.

### 23. Business Combinations

On 1 January 2020, the Company acquired the trade and assets of Sogeti UK Limited, a fellow Capgemini group company, for consideration of £17,415,000.

On 1 April 2020, the Company also acquired the trade and assets of the Restaurant Application Development International UK Limited (RADI UK Limited) for £392,700.

The identifiable net assets/(liabilities) acquired/(assumed) and goodwill recognised were as follows:

	Sogeti UK Limited £'000	RADI UK Limited £'000	Total £'000
Right-of-use assets	120	-	120
Trade and other receivables	12,348	524	12,872
Trade and other payables	(8,945)	(552)	(9,497)
Fair value of net (liabilities)/assets (assumed)/acquired	3,523	(28)	3,495
Cash consideration	17,415	393	17,808
Cash acquired on business combination	(664)	(397)	(1,061)
Net cash consideration	16,751	(4)	16,747
Goodwill arising	13,892	421	14,313

Goodwill arising on business combinations principally represents the future anticipated growth in business activities.

## Notes to the financial statements for the year ended 31 December 2020

### 24. Pension obligation

The Company operates two pension schemes, the Capgemini UK Pension Plan and the Capgemini UK (2004) Pension Plan, which have defined benefit and defined contribution sections. The assets of these schemes are held in a separate professionally managed, trustee-administered fund. The defined benefit section of the Capgemini UK Pension Plan is closed to new entrants. The defined benefit section of the Capgemini UK (2004) Pension Plan is closed to new entrants other than for certain exceptional TUPE transactions. During 2018, a section of the Capgemini UK (2004) Pension Plan was closed to future accrual, with participants joining alternative defined contributions arrangements. No such changes have occurred in 2019 or 2020.

Recruits to the Company after October 2001, are entitled to join the defined contribution sections of the Capgemini UK Pension Plan. The costs of this scheme, and the defined contribution section of the 2004 plan, are charged to profit and loss as incurred. Costs in the year were £58,688,000 (2019: £58,479,000). There were no contributions outstanding at the balance sheet date (2019: £nil).

Total pension costs in respect of service to the Company charged to operating profit in the year were £60,817,000 (2019: £60,756,000).

As at the reporting date the weighted average duration of the defined benefit liabilities of the Capgemini UK Pension Plan was 19 years (2019: 19 years) and for the Capgemini UK (2004) Pension Plan was 21 years (2019: 22 years).

The total future contributions expected to be made to the schemes by Capgemini UK plc in the year to 31 December 2021 is £51,253,000.

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
<b>Balance at 1 January</b>	(3,057,173)	(2,789,251)	2,728,061	2,392,018	(329,112)	(397,233)
<b>Included in profit or loss</b>						
Current service cost	(2,129)	(2,277)	-	-	(2,129)	(2,277)
Net interest expense	(59,523)	(76,886)	53,029	65,703	(6,494)	(11,183)
<b>Included in other comprehensive income</b>						
Actuarial gain/(loss)	(265,228)	(272,248)	297,609	304,320	32,381*	32,072*
<b>Other</b>						
Contributions paid by the employer	-	-	63,389	49,509	63,389	49,509
Contributions paid by the employee	(104)	(110)	104	110	-	-
Benefits paid	74,789	83,599	(74,789)	(83,599)	-	-
<b>Balance at 31 December</b>	<b>(3,309,368)</b>	<b>(3,057,173)</b>	<b>3,067,403</b>	<b>2,728,061</b>	<b>(241,965)</b>	<b>(329,112)</b>

\*Presented before £3,090,000 (2019: £3,382,000) of Investment Management fees deducted in accordance with IAS19. This does not form part of the fair value of plan assets.

## Notes to the financial statements for the year ended 31 December 2020

### 24. Pension obligation (continued)

The assets in the scheme and expected rates of return were:

	2020 Long term expected rate of return		£'000	2019 Long term expected rate of return		£'000
	Main Plan (UK)	2004 Plan		Main Plan (UK)	2004 Plan	
Equities	1.26%	1.34%	531,964	1.97%	1.99%	586,476
Absolute return vehicles	1.26%	1.34%	1,063,906	1.97%	1.99%	993,332
Gilts	1.26%	1.34%	-	1.97%	1.99%	-
Fixed Interest Bonds	1.26%	1.34%	600,322	1.97%	1.99%	479,920
Matching Portfolio	1.26%	1.34%	618,476	1.97%	1.99%	488,902
Property	1.26%	1.34%	125,273	1.97%	1.99%	125,059
Other	1.26%	1.34%	127,462	1.97%	1.99%	54,372
Total fair value of plan assets			3,067,403			2,728,061
Present value of defined benefit obligation			(3,309,368)			(3,057,173)
<b>Deficit in the scheme</b>			<b>(241,965)</b>			<b>(329,112)</b>

The expected rate of return on plan assets has been set equal to the scheme discount rate in line with IAS19.

Scheme assets do not include any of Capgemini UK plc's own financial instruments, or any property occupied by Capgemini UK plc.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date, a level 1 input. Expected returns on equity investments reflect long-term real rates of return experienced in respective markets, a level 1 input.

The actual return on scheme assets in the year was a gain of £350,638,000 (2019: £370,023,000 gain).

An independent actuarial review of the pension schemes, using the projected unit method, was carried out by XPS. The most significant assumptions incorporated were:

	Main Plan (UK)		2004 Plan	
	2020	2019	2020	2019
Discount rate	1.26%	1.97%	1.34%	1.99%
Inflation assumption	2.86%	2.84%	2.86%	2.82%
Rate of increase in pensions payment	2.86%	2.84%	2.86%	2.82%
Rate of increase in pensionable salaries	2.25%	2.23%	2.86%	2.82%

## Notes to the financial statements for the year ended 31 December 2020

## 24. Pension obligation (continued)

	2020 Years	2019 Years
Longevity at age 65 for current pensioners:		
- Men	22.2	22.3
- Women	24.1	24.3
Longevity at age 65 for future pensioners:		
- Men	23.2	23.7
- Women	25.4	25.8

## Sensitivity

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions as set out below.

	Impact 2020 £'000	Present value of obligation 2020 £'000	Impact 2019 £'000	Present value of obligation 2019 £'000
Present value of obligations	-	(3,309,367)	-	(3,057,173)
<b>Discount rate:</b>				
Increase of 100 basis points	559,880	(2,749,488)	541,684	(2,515,490)
Decrease of 100 basis points	(734,653)	(4,044,021)	(626,662)	(3,683,835)
<b>Inflation rate:</b>				
Increase of 100 basis points	(470,969)	(3,780,336)	(395,345)	(3,452,519)
Decrease of 100 basis points	437,963	(2,871,405)	431,895	(2,625,279)
<b>Future mortality rate:</b>				
Increase of 1 year	(130,890)	(3,440,258)	(74,778)	(3,131,951)
Decrease of 1 year	133,616	(3,175,751)	143,706	(2,913,467)

## Notes to the financial statements for the year ended 31 December 2020

### 25. Share arrangements

#### Performance share schemes

Some of the management team of the Company are granted share awards in the ultimate parent company, Capgemini SE, under performance share award schemes. There were five different performance share plans in operation during the period.

The vesting period for all existing plans is 4 years. The schemes include both internal and external performance conditions. All share options are equity-settled schemes. Detailed disclosure in respect of the share option schemes as a whole are disclosed in the consolidated financial statements of Capgemini SE.

There were 141,000 shares vested during the year (2019: 105,600), of which 13,150 (2019: 14,50) related to the Company directors.

The number of granted shares outstanding at 31 December 2020 was 567,155 (2019: 589,480), of which 72,200 (2019: 68,700) related to the Company directors. Share arrangements acquired with respect to business combinations (see note 23) totalled 3,450 shares.

The total share based payment expense for the year relating to share schemes was £7,980,000 (2019: £7,879,000) all of which related to equity-settled share-based payment transactions; these costs have been recorded in administrative expenses with a corresponding adjustment to equity. The amount attributable to the weighted average outstanding shares of the Company directors is £972,000 (2019: £894,000).

The total expense charged during the year by the ultimate parent undertaking to the Company, in respect of settling the equity-settled options, was £14,455,000 (2019: £10,247,000) recorded directly in equity.

#### Employee Share Ownership

The Group gives the opportunity to employees to become a shareholder in Capgemini SE through Employee Share Ownership Plans issued once a year. Each plan vests after 5 years, so in any given year there could be 5 active plans.

There were 27,460 shares vested during the year (2019: nil). New arrangements amounted to 17,779 shares (2019: 13,067) and 515 additional shares were incorporated owing to business combinations (see note 23).

The number of granted shares outstanding at 31 December 2020 was 52,045 (2019: 61,211).

### 26. Share capital

The share capital of Capgemini UK plc consists of fully paid ordinary shares with a nominal (par) value of 5 pence per share. There were 169,409,000 (2019: 169,409,000) shares in issue. All shares are authorised and there are no shares not fully paid (2019: nil).

### 27. Ultimate parent undertaking

The immediate parent undertaking is CGS Holdings Limited, itself a subsidiary of the ultimate parent undertaking and controlling party, Capgemini SE, incorporated in France, which is the parent undertaking of the largest and smallest group to consolidate these financial statements. Copies of the annual report and financial statements of Capgemini SE can be obtained by writing to Capgemini SE, 11 Rue de Tilsitt, 75017 Paris, France.

## **Notes to the financial statements for the year ended 31 December 2020**

### **28. Events after the end of the reporting period**

On 1 January 2021, the Company acquired the trade and assets of Ilean Caggemini Creative Studios UK Limited, a fellow Caggemini group company, for consideration (settled in cash) of £8,463,964. The trade principally relates to digital design and innovation, delivering innovative services and driving digital transformation.