

**Cognizant Worldwide Limited**

**Annual report and financial statements  
for the year ended 31 December 2022**

**Company number: 07195160**



# **Cognizant Worldwide Limited**

## **Contents**

	Page(s)
Directors and advisors	1
Strategic report for the year ended 31 December 2022	2-6
Directors' report for the year ended 31 December 2022	7-11
Independent auditors' report to the members of Cognizant Worldwide Limited	12-15
Statement of comprehensive income for the year ended 31 December 2022	16
Statement of financial position as at 31 December 2022	17
Statement of changes in equity for the year ended 31 December 2022	18
Notes to the financial statements for the year ended 31 December 2022	19-47

# **Cognizant Worldwide Limited**

## **Directors and advisors**

### **Directors**

E De Rocca-Serra

J Siegmund

J Yu

### **Company secretary**

S Laver

### **Registered office**

280 Bishopsgate

London

EC2M 4AG

### **Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

7 More London Riverside

London

SE1 2RT

### **Principal bankers**

JP Morgan Chase Bank, N.A.

125 London Wall

London EC2Y 5AJ

# Cognizant Worldwide Limited

## Strategic report for the year ended 31 December 2022

The directors present their Strategic Report on Cognizant Worldwide Limited ("the Company") for the year ended 31 December 2022.

### Review of Business

The Company is a subsidiary of Cognizant Technology Solutions Corporation, a NASDAQ listed company incorporated in the United States of America. Cognizant Technology Solutions Corporation and all of its consolidated subsidiaries are referred to as the Group.

The Company is principally engaged in the provision of digital services and solutions, consulting, application development, systems integration, application testing, application maintenance, infrastructure services and business process services.

The Company itself comprises five business units. These are: (1) a UK based business unit, within which certain strategic functions and processes for the ultimate parent, Cognizant Technology Solutions Corporation, are centralised and managed on a worldwide basis. These activities include global customer contracting and overall contract management and are accounted for on a separate basis to the legacy UK business; (2) The legacy UK business continues to provide our portfolio of services to customers, albeit that these contracts are managed by the aforementioned business unit. In addition, there are three overseas branches: (3) a Singapore branch, which facilitates contracting and invoicing for our Singapore customers; (4) a United States branch, which provides oversight of information technology development, consulting and business process outsourcing services, and (5) a Qatar branch, which provides a portfolio of services to clients in the Middle East. Digital services have become an increasingly important part of our portfolio, aligning with our clients' focus on becoming data-enabled, customer-centric and differentiated businesses. We tailor our services and solutions to specific industries with an integrated global delivery model that employs client service and delivery teams based at client locations and dedicated global and regional delivery centres.

Revenues for the Company were £11,058,962,000 (2021: £8,297,627,000) representing a year-on-year increase of 33%. The key drivers for the increase have been new customer contracts, the renewal of existing contracts executed by the Company and continuation of the strategic initiative to centralise Group customer contracting on a worldwide basis into the Company. Whilst we continue to centralise customer contracting we are nearing the peak, as such future revenue growth will be comparable to the wider Cognizant Technology Solutions group. With the competitive nature of the market place within which we operate and the effects of a challenging macro-economic environment, gross profit margin closed at 10% in the current year (2021: 11%).

The results for the full year of trading show a profit for the financial year of £770,082,000 (2021: £684,284,000). The increase is primarily due to the increased level of activity in the year. Gross margins decreased slightly due to impact of competitive macro environment and investments made in the delivery organisation. Net assets at the end of the reporting year were £1,460,421,000 (2021: £709,465,000). This increase in net assets was driven by the increased profit in the year net of dividends which resulted in an increase in retained earnings of £770,082,000 (2021: £410,683,000)

# Cognizant Worldwide Limited

## Strategic report for the year ended 31 December 2022 (continued)

During the year the Company acquired Contino Solutions Limited, from another company in the Cognizant Technology Solutions Corporation group, and incorporated a new entity Cognizant Technology Solutions Bulgaria EOOD.

Further information is included in note 14 of these financial statements.

In addition to the key performance indicators of revenue growth and margin, the Company monitors average headcount which increased by 16% year on year.

The Directors proposed and paid interim dividends of £nil (2021: £273,600,000) during the year. The Directors do not propose a final dividend.

Our vision is “to become the preeminent technology services partner to the Global 2000 C-Suite”. We aim to achieve this by focusing on our purpose: “We engineer modern businesses to improve everyday life”. To achieve our vision, we are executing a strategy with four related priorities: repositioning the Cognizant brand, globalizing the company, accelerating digital and increasing our value to our clients.

Accordingly, we are investing substantially in our brand and executing a fully integrated marketing approach. This approach combines sponsorships, broad-reach advertising and flagship thought leadership along with public relations, employee communications and social media campaigns.

Whilst the impact of the COVID-19 pandemic was reduced in 2022, this pandemic has led clients to accelerate towards operating with digital business models. Clients are shifting from an industrial to a software-centric model, transforming their business and IT architectures in parallel, and developing agile workflows underpinned by AI and data. In response, we are helping clients deploy a new business and technology stack to modernize their businesses. That way they can innovate faster, become more agile and stay relevant to their customers.

To increase our value to clients, we are determined to present a deeply informed point of view about their business challenges, along with the technology solutions and partner orchestration required to solve them. Therefore, we are deepening our industry and sub-industry knowledge to better serve their business priorities. In keeping with our evolution to more outcome-based client engagements, we are drawing on our rich history in application and data services, the scale and breadth of our skills and our ability to develop and deliver industry-specific solutions that leverage our partner ecosystem.

### Principal risks and uncertainties

The management of the business and execution of the Company’s strategy are subject to a number of risks. The key business risks affecting the Company are set out below:

#### *Competition:*

The markets for our services are highly competitive, characterised by a large number of participants and subject to rapid change. Principal competitive factors affecting the markets for our services include the provider’s reputation and experience, strategic advisory capabilities, digital services

# Cognizant Worldwide Limited

## Strategic report for the year ended 31 December 2022 (continued)

### *Principal risks and uncertainties (continued)*

#### *Competition (continued):*

performance and reliability, responsiveness to customer needs, financial stability, corporate governance and competitive pricing of services. In order to compete effectively in these markets, the Company is making investments to scale our digital services and continuing to focus on responsiveness to client needs, quality of services and competitive prices, project management capabilities and technical expertise.

#### *Employees:*

The Company's performance depends largely on its staff. The resignation of key individuals and the inability to recruit people with the right experience and skills from the local community could adversely impact the Company's results. To mitigate these risks the Company maintains close relationships with recruiters and leverages Cognizant's global resource pool. In addition, Cognizant has implemented a number of schemes linked to the Company's financial performance that are designed to retain key individuals.

#### *Cyber security:*

In order to provide our services and solutions, we depend on global information technology networks and systems to process, transmit, host and securely store electronic information (including our confidential information and the confidential information of our clients) and to communicate securely with our clients, suppliers, partners and employees based in different locations around the world. Security breaches, employee malfeasance or human or technological error create risks of shutdowns or disruptions of our operations and potential unauthorised access and / or disclosure of our clients' sensitive data which, in turn, could jeopardise projects that are critical to our or our clients' operations. A security compromise of our information systems, or of those of businesses with which we interact that results in confidential information being accessed by unauthorised or improper persons, could harm our reputation and expose us to regulatory actions, client attrition due to reputational concerns, remediation expenses and claims brought by our clients or others for breaching contractual confidentiality and security provisions or data protection laws. We continue to invest in a strong Corporate security infrastructure and train our employees with the latest information to help mitigate cyber risks.

#### *Political and Economic uncertainty:*

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

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

# Cognizant Worldwide Limited

## Strategic report for the year ended 31 December 2022 (continued)

### Key performance indicators (KPIs)

Progress on the overall Company strategy and the individual strategic elements is monitored by reference to two KPIs.

Key performance indicator	2022	2021	Definition, method of calculation and analysis
Growth in revenue	33%	25%	Annual revenue measured as a percentage. For further information, see the Review of Business section above.
Gross profit margin	10%	11%	Gross profit margin measured as a percentage. For further information, see the Review of Business section above.

Other performance indicators monitored by management were as follows:

Performance indicator	2022	2021	Definition, method of calculation and analysis
Change in average number of employees	16%	(4%)	The average number of employees increased by 960 heads during the year, as the Company invested in its delivery organisation

### Section 172(1) Statement

This Statement contains an overview of how the directors have performed their duty to promote the success of the Company as set out in section 172(1) of the UK's Companies Act 2006. That section requires a director of a company to act in a way that would most likely promote the success of the Company for the benefit of its shareholders. In doing this, the directors must have regard, amongst other matters, to:

- the likely consequences of any decision in the long term
- the interests of the Company's employees
- the need to foster the Company's business relationships with suppliers, customers and others
- the impact of the Company's operations on the community and the environment
- the desirability of the Company maintaining a reputation for high standards of business conduct and
- the need to act fairly between members of the Company.

# Cognizant Worldwide Limited

## Strategic report for the year ended 31 December 2022 (continued)

### **Decision Making**

The Directors understand our business and the markets within which we operate. By focusing on our purpose, the strategy set by the Board is intended to ensure that we continue to deliver value to our customers, partners and other stakeholders. All matters that, under the Company's governance arrangements, are reserved for decision by the Directors are presented at Board meetings. Directors are briefed on any potential impacts and risks for our customers, partners and other stakeholders and how these are to be managed. The Directors consider these factors before making a final decision, which as a Board, they believe is in the best interests of the Company.

### **Employees**

Employee engagement is a primary focus for the Directors of the Company – empowering employees to contribute to improving business performance and creating an environment in which everyone can fulfil their potential. We keep the Company's employees informed about what is happening across the Company through our intranet, podcasts, newsletters, email and leadership blogs and briefings.

### **Fostering Business Relationships with Suppliers, Customers and Others**

The Directors recognise that fostering business relationships with key stakeholders, such as customers, suppliers and regulatory authorities, is essential to the Company's success. The Company is part of the Cognizant Group and follow the group wide Code of Business Conduct and Ethics, which provides all employees of the Group with guidance on the key principles that each employee should follow.

### **Impact on the Community and the Environment**

The Directors recognise the importance of leading a company that not only generates value for shareholders but also contributes to wider society. Through the Cognizant Outreach programme, UK employees are encouraged to take part in charitable initiatives aimed at supporting the local communities within which we operate.

### **Maintaining a reputation for high standards of business conduct**

The Directors consider it fundamental to maintain a culture focused on embedding responsible business behaviours. All employees of the Company are expected to act in accordance with the requirements of the Code of Business Conduct and Ethics, at all times.

### **The need to act fairly between members of the Company**

The Directors recognise their responsibility in ensuring that all employees of the Company are treated fairly regardless of age, gender and orientation. The Company has implemented a number of programmes designed to celebrate the diversity that characterises our organisation.

On behalf of the Board



James S. Yu (Sep 28, 2023 22:35 GMT+9)

James S. Yu

**Director**

28 September 2023

# Cognizant Worldwide Limited

## Directors' report for the year ended 31 December 2022

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

Pursuant to Section 414C (11) of the Companies Act 2006, the Company has elected not to include a business review and a statement on engagement with others within this report as this is presented within the Strategic Report.

### Future Developments

There is a degree of uncertainty around the future strength of the economy given current macroeconomic conditions. The war in Ukraine has led to trade sanctions being levied against Russia and volatility in energy prices. In addition, there has been a significant increase in the level of inflation in the UK economy in comparison to recent years.

Despite the economic uncertainty, the Company's strategy going forward is to continue to serve existing clients and win new large deal business, whilst some level of smaller discretionary spend may stop, it is expected that large digital transformations will continue.

The Group has continued to centralise certain global functions into the Company, including its global customer contracting and overall contract management division. The impact has been an increase in revenues year-on-year as the Company continues to execute new customer contracts and renew existing customer contracts. The Company is trending towards the peak of centralisation of contracting at which point the growth will mirror the wider Cognizant Group.

Our ability to achieve this is dependent on our ability to attract and retain talented individuals within our organisation. This remains a key area of focus for the business through initiatives such as the graduate training programme and other employee engagement measures.

### Branches outside the UK

The Company has three branches outside the UK; one in Singapore to facilitate contracting and invoicing for our Singapore customers; one in the United States which provides oversight of information technology development, and one in Qatar to service clients in the Middle East.

### Dividends

During 2022 an interim dividend of £Nil (2021: £273,600,000) was proposed and paid to the immediate parent company, Cognizant Holdings UK Limited. The Directors do not recommend a final dividend for the year ended 31 December 2022.

### Financial instruments

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

#### *Foreign exchange risk:*

The Company enters into forward foreign currency contracts to hedge balance sheet exposure to certain monetary assets and liabilities denominated in currencies other than the functional currency of the Company. These contracts are not designated as hedges as the gains and losses on these contracts offset remeasurement gains or losses arising from the remeasurement of this net monetary exposure.

# Cognizant Worldwide Limited

## Directors' report for the year ended 31 December 2022 (continued)

### Financial instruments (continued)

#### *Credit risk:*

Credit risk on cash and cash equivalents is immaterial as the investments in deposits are placed with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

For other financial assets, the Company manages the credit risk through credit approvals, credit limits and monitoring the credit worthiness of customers when it grants credit terms in the normal course of business. The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress. A separate evaluation of the expected credit losses on contract assets is performed by management based on several factors such as age of the contract asset, billing and payment terms etc. and a credit loss is recorded in addition to the allowance recorded for trade receivables, if material.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

#### *Liquidity risk:*

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

Any surplus cash held by the Company over and above the balance required for working capital management is monitored by the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, money market deposits and marketable securities, choosing instruments with appropriate maturities or and liquidity profile to provide sufficient headroom as determined by the above-mentioned forecasts. The remainder of cash is held by the Company to facilitate future acquisitions of businesses across the UK and Europe.

### Directors

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

S Gossain (resigned 12 January 2022)

F Marty (appointed 12 January 2022, resigned 2 May 2023)

U Morgenstern (appointed 12 January 2022, resigned 24 June 2022)

J Siegmund

A Stafford (resigned 28 March 2023)

M C Uy (appointed 12 January 2022, resigned 30 May 2023)

R Walker (appointed 30 June 2022, resigned 8 August 2023)

J Yu

E De Rocca-Serra (appointed 31 May 2023)

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force through the year up to the date of the Annual Report.

# Cognizant Worldwide Limited

## Directors' report for the year ended 31 December 2022 (continued)

### Research and development

As part of its business, the Company undertakes development activities for its clients as part of its service offerings. £24,032,924 R&D tax incentive credit was booked in the year 2022 (2021: £8,399,000).

### Post balance sheet events

On 27 June 2023, the Company declared a dividend in specie to its immediate parent company of \$500,000,000 USD (£392,279,930.96).

On 10 March 2023, the Company acquired 100% of the share capital of Mobic Holdings Limited, a company incorporated in the United Kingdom for a consideration of £273,000,000.

In March 2023, the Company disposed of its 49% equity holding in ReD Associates Holding, Denmark for a consideration of £4,000,000.

### Employees

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled, the Company continues employment either in the same or an alternative position, with appropriate retraining being given if necessary.

Consultation with employees or their representatives has continued at all levels with the aim of ensuring that they have relevant information on matters concerning them as employees, their views are taken into account when decisions are made that are likely to affect their interest, and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole.

### Going concern

While the current economic conditions continue to create uncertainty, the Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves (including access to cash pooling arrangements around the Group). After making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

### Statement of corporate governance arrangements

As a member of the Group, the Company is required to adhere to its internal governance procedures. This includes, but is not limited to, adopting the Group's written code of ethics entitled "Core values and Code of Ethics" that applies to all employees.

In addition, the Company must follow the Group's Internal Control Framework which includes internal controls over financial reporting and follows the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control Integrated Framework.

The Company assesses compliance with the Group governance structure through periodic reviews that are carried out by the Group's Internal Audit function and independent testing on compliance

# Cognizant Worldwide Limited

## Directors' report for the year ended 31 December 2022 (continued)

### Statement of corporate governance arrangements (continued)

with The Sarbanes Oxley Act which is performed throughout the financial year by the Cognizant Group's independent auditors.

### Streamlined energy and carbon reporting

We believe a modern business is a sustainable one—one that understands that the health of its communities and of its value chain is connected to sustainable, healthy ecosystems. Technology can be a tool that supports sustainability efforts, and we think that makes it a business opportunity. As an active member of the international community, we know that climate change is a global concern and presents an urgent call for business leadership where a company has its most impact and opportunity. As a result, we are focused on reducing greenhouse gas (GHG) emissions and putting our technology and talent to work helping our clients meet their own resource reduction goals.

In 2021, we made a commitment to achieve Net Zero emissions. We will reduce emissions from our Group's global operations and supply chain by 50% by 2030, and by 90% by 2040, in each case compared to our 2019 emissions baseline. We will compensate for emissions reductions that are not physically or financially viable through the purchase of credibly certified carbon offsets.

In order to achieve our Net Zero Goal, we will address emissions in our operations, including our offices and facilities, as well as from our supply chain and business travel. The commitment will shape our real estate management, energy sourcing, supply chain and travel philosophy in addition to the equipment and technologies we use in our offices and data centres.

The table below shows emissions generated by the Company:

	Carbon dioxide equivalent (metric tonnes)	
	Year ended 31-Dec-22	Year ended 31-Dec-21
<b>Scope 1</b>	10	121
<b>Scope 2</b>		
Location-based method	104	121
Market-based method	182	41
<b>Total scope 2 (referencing market-based)</b>	<b>182</b>	<b>41</b>
<b>Scope 3</b>	<b>25,935</b>	<b>27,893</b>
<b>Total all scopes (referencing market-based)</b>	<b>26,127</b>	<b>31,856</b>

### 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.

# Cognizant Worldwide Limited

## Directors' report for the year ended 31 December 2022 (continued)

### Statement of Directors' responsibilities in respect of the financial statements (continued)

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.

### Provision of information to auditors


In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that she/he ought to have taken as a director in order to make her/himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Independent auditors

Pursuant to Section 487 of the Companies Act 2006 PricewaterhouseCoopers LLP will be deemed to be re-appointed and will continue in office.

On behalf of the Board

  
James Yu (Sep 28, 2023 22:35 GMT+9)

**James S. Yu**  
**Director**  
28 September 2023

# Independent auditors' report to the members of Cognizant Worldwide Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Cognizant Worldwide Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2022; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

### Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

### Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining a cash flow forecast from management for the 12 month period from the date of signing the financial statements and checking the forecast for mathematical accuracy;
- Considering the reasonableness of the forecasts in comparison to historical results;

- Considering potential business risks and assessing whether, in the context of the significant liquid resources available to the business, any reasonable downside scenario might result in material uncertainties in relation to going concern.

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

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

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

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

## **Reporting on other information**

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

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

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

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

### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' responsibilities for the audit of the financial statements**

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

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

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

- Discussions with management at different levels across the business throughout the year. These discussions have included consideration of known suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Assessing assumptions and judgements made by management in determining significant accounting estimates (because of the risk of management bias)
- Identifying and testing unusual journal entries, in particular journal entries posted with unusual account combinations; and
- Incorporating elements of unpredictability into the audit procedures performed.

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

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

### **Use of this report**

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

# Other required reporting

## **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



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

# Cognizant Worldwide Limited

## Statement of comprehensive income for the year ended 31 December 2022

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
<b>Revenue</b>	2	<b>11,058,962</b>	8,297,627
Cost of sales		<b>(9,919,109)</b>	(7,368,188)
<b>Gross profit</b>		<b>1,139,853</b>	929,439
Administrative expenses		<b>(88,639)</b>	(140,313)
Other operating income / (expense)		<b>(125,979)</b>	48,143
<b>Operating profit</b>	3	<b>925,235</b>	837,269
Income from shares in group undertakings	4	<b>7,744</b>	11,258
<b>Profit before interest and taxation</b>		<b>932,979</b>	848,527
Other interest receivable and similar income	5	<b>20,269</b>	3,895
Interest payable and similar expenses	5	<b>(9,540)</b>	(2,713)
<b>Net interest income</b>		<b>10,729</b>	1,182
<b>Profit before taxation</b>		<b>943,708</b>	849,709
Tax on profit	10	<b>(173,626)</b>	(165,425)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>770,082</b>	684,284
<b>Other comprehensive income/(expense):</b>			
<i>Items that may be recycled to profit and loss:</i>			
Exchange differences on translation		<b>(19,126)</b>	(5,132)
<b>Total other comprehensive</b>			
<b>Income for the year, net of tax</b>		<b>(19,126)</b>	(5,132)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>750,956</b>	679,152

The above results all relate to the continuing operations.

The notes on pages 19 to 47 are an integral part of these financial statements.


# Cognizant Worldwide Limited

## Statement of financial position as at 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
<b>Fixed assets</b>			
Intangible assets	11	222,016	224,261
Property, plant and equipment	12	21,155	9,718
Right-of-use assets	13	33,649	7,021
Investments	14	455,265	316,911
		<b>732,085</b>	<b>557,911</b>
<b>Current assets</b>			
Debtors and other receivables	15	3,335,470	2,592,508
Derivative financial instruments	16	4,716	48,516
Cash at bank and in hand		437,506	358,073
		<b>3,777,692</b>	<b>2,999,097</b>
Creditors: amounts falling due within one year	17	(2,989,087)	(2,833,970)
<b>Net current assets</b>		<b>788,605</b>	<b>165,127</b>
<b>Total assets less current liabilities</b>		<b>1,520,690</b>	<b>723,038</b>
Creditors: amounts falling due after more than one year	18	(60,269)	(13,573)
<b>Net assets</b>		<b>1,460,421</b>	<b>709,465</b>
<b>Capital and reserves</b>			
Called up share capital	20	-	-
Share premium account		27,542	27,542
Other reserves			
Foreign currency translation reserve		(22,619)	(3,493)
Capital contribution reserve	21	2,360	2,360
Merger reserve funds	21	83,797	83,797
Retained earnings		1,369,341	599,259
<b>Total shareholders' funds</b>		<b>1,460,421</b>	<b>709,465</b>

The notes on pages 19 to 47 are an integral part of these financial statements.

The financial statements on pages 16 to 47 were authorised for issue by the Board of directors on 28 September 2023 and were signed on its behalf by:

  
James Yu (Sep 28, 2023 22:35 GMT+9)

**James S. Yu**  
**Director**  
Cognizant Worldwide Limited  
Company number: 07195160

# Cognizant Worldwide Limited

## Statement of changes in equity for the year ended 31 December 2022

	Called up share capital	Share premium account	Foreign currency translation reserve	Capital contribution reserve	Merger reserve	Retained earnings	Total shareholders funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	-	27,542	1,639	2,360	82,802	188,575	302,918
Profit for the financial year	-	-	-	-	-	684,284	684,284
Other comprehensive expense	-	-	(5,132)	-	-	-	(5,132)
<b>Total comprehensive income for year</b>	-	-	<b>(5,132)</b>	-	-	<b>684,284</b>	<b>679,152</b>
Dividends	-	-	-	-	-	(273,600)	(273,600)
Transfer to merger reserve (note 21)	-	-	-	-	995	-	995
<b>Total transactions with owners, directly recognised in equity</b>	-	-	-	-	<b>995</b>	<b>(273,600)</b>	<b>(272,605)</b>
<b>At 31 December 2021</b>	-	<b>27,542</b>	<b>(3,493)</b>	<b>2,360</b>	<b>83,797</b>	<b>599,259</b>	<b>709,465</b>
Balance at 1 January 2022	-	27,542	(3,493)	2,360	83,797	599,259	709,465
Profit for the financial year	-	-	-	-	-	770,082	770,082
Other comprehensive expense	-	-	(19,126)	-	-	-	(19,126)
<b>Total comprehensive income for year</b>	-	-	<b>(19,126)</b>	-	-	<b>770,082</b>	<b>750,956</b>
<b>At 31 December 2022</b>	-	<b>27,542</b>	<b>(22,619)</b>	<b>2,360</b>	<b>83,797</b>	<b>1,369,341</b>	<b>1,460,421</b>

### Dividends

In 2022, the Company declared and paid interim dividends to its parent company, Cognizant Holdings UK Limited amounting to £Nil (2021: £153,271,000 and £120,329,000).

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022

### 1. Accounting policies

#### General information

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

The Company is a wholly owned subsidiary of Cognizant Holdings UK Limited. Its ultimate parent is Cognizant Technology Solutions Corporation (hereafter, the "ultimate parent" or the "Group" when referred to along with all other subsidiaries) a NASDAQ listed company incorporated in the United States of America.

The Company is principally engaged in the provision of digital services and solutions, consulting, application development, systems integration, application testing, application maintenance, infrastructure services and business process services.

#### Summary of significant accounting policies

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

##### a. Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101 'Reduced Disclosure Framework'. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments measured at fair value through profit or loss, and in accordance with the Companies Act 2006 except for the departure from the Companies Act explained in note 11 as regards the non-amortisation of goodwill.

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

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 1. Accounting policies (continued)

#### a. Basis of preparation (continued)

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

- a) Paragraphs 45(b) and 46 to 52 of IFRS 2, *Share-based payment*.
- b) IFRS 7, *Financial Instruments: Disclosures*.
- c) Paragraphs 91 to 99 of IFRS 13, *Fair value measurement* (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- d) Paragraph 38 of IAS 1, *Presentation of financial statements* comparative information requirements in respect of:
  - 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)
- e) The following paragraphs of IAS 1, *Presentation of financial statements*:
  - i. 10(d), (statement of cash flows)
  - ii. 16 (statement of compliance with all IFRS),
  - iii. 38A (requirement for minimum of two primary statements, including cash flow statements),
  - iv. 38B-D (additional comparative information),
  - v. 111 (statement of cash flows information), and
  - vi. 134-136 (capital management disclosures)
- f) IAS 7, *Statement of cash flows*
- g) Paragraph 30 and 31 of IAS 8 *Accounting policies, changes in accounting estimates and errors* (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- h) Paragraph 17 of IAS 24, *Related party disclosures* (key management compensation)
- i) The requirements in IAS 24, *Related party disclosures* to disclose related party transactions entered into between two or more members of a group.
- j) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from Contracts with Customers*.
- k) Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets' (disclosures regarding recoverable amounts)"

#### b. Going concern

While the current economic conditions continue to create uncertainty, the Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves (including access to cash pooling arrangements around the Group). After making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### c. New standards, amendments and IFRS Interpretations Committee

There are no amendments to accounting standards, or IFRS interpretations Committee that are effective for the year ended 31 December 2022 that have had a material impact on the Company's financial statements.

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 1. Accounting policies (continued)

#### d. Consolidation

The Company is a wholly owned subsidiary of Cognizant Holdings UK Limited and of its ultimate parent, Cognizant Technology Solutions Corporation. It is included in the consolidated financial statements of Cognizant Technology Solutions Corporation 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.

These financial statements are separate financial statements.

#### e. Foreign currency

##### i. Functional and presentation currency

The Company has five business units operating in different primary economic environments. As such, they have different functional currencies being Pound Sterling, US Dollar, Singapore Dollar and Qatar Riyals. The financial statements are presented in Pound Sterling, which is the Company's presentation currency, and all values are rounded to the nearest thousand pounds (£000) except where indicated otherwise.

##### ii. Transactions and balances

Foreign currency transactions are measured in the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement at year-end exchange rates of monetary assets and monetary liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. All other foreign exchange gains and losses are presented in the statement of comprehensive income.

##### iii. Translation of financial statements into presentation currency

The results and financial position of the units that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of the balance sheet; Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of each transaction); and
- All resulting exchange differences are recognised in other comprehensive income.

#### f. Revenue

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

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 1. Accounting policies (continued)

#### f. Revenue (continued)

For performance obligations where control is transferred over time, revenues are recognised based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the deliverables to be provided.

Revenues related to fixed-price contracts for application development and systems integration services, or other technology services are recognized as the service is performed using the cost-to-cost method, under which the total value of revenues is recognized on the basis of the percentage that each contract's total labour cost to date bears to the total expected labour costs.

Revenues related to fixed-price application maintenance and business process services are recognised based on our right to invoice for services performed for contracts in which the invoicing is representative of the value delivered. If our invoicing is not consistent with the value delivered, revenues are recognised as the service is performed based on the cost-to-cost method described above.

Revenues related to fixed-price infrastructure services are recognised based on our right to invoice for services performed for contracts in which the invoicing is representative of the value delivered. If our invoicing is not consistent with the value delivered, revenues are recognised on a straight-line basis unless revenues are earned and obligations are fulfilled in a different pattern.

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

We include in the transaction price variable consideration only to the extent it is highly probable that a significant reversal of revenues recognised will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

We may enter into arrangements that consist of multiple performance obligations. Such arrangements may include any combination of our deliverables. To the extent a contract includes multiple promised deliverables, we apply judgment to determine whether promised deliverables are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised deliverables are accounted for as a combined performance obligation. For arrangements with multiple distinct performance obligations, we allocate consideration among the performance obligations based on their relative standalone selling price. Standalone selling price is the price at which we would sell a promised good or service separately to the customer. When not directly observable, we typically estimate standalone selling price by using the expected cost plus a margin approach. We typically establish a standalone selling price range for our deliverables, which is reassessed on a periodic basis or when facts and circumstances change.

Our contracts may be modified to add, remove or change existing performance obligations. The accounting for modifications to our contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 1. Accounting policies (continued)

#### f. Revenue (continued)

new contract if not priced at the standalone selling price. Services added to our application development and systems integration service contracts are typically not distinct, while services added to our other contracts, including application maintenance, and business process services contracts, are typically distinct.

*Cost to fulfil:* Recurring operating costs for contracts with customers are recognised as incurred. Certain eligible, nonrecurring costs incurred in the initial phases of our contracts (i.e., set-up or transition costs) are capitalised when such costs (1) relate directly to the contract, (2) generate or enhance resources of the Company that will be used in satisfying the performance obligation in the future, and (3) are expected to be recovered. These costs are expensed ratably over the estimated life of the customer relationship, including expected contract renewals.

#### g. Interest income

Interest income is recognised using the effective interest method.

#### h. Employee Benefits

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

##### (i) Short term benefits

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

##### (ii) Defined contribution pension plans

Payments to defined contribution pension schemes are recognised as an expense in the period to which they relate. The assets of the scheme are held separately from those of the Company in an independently administered fund.

##### (iii) Share-based payments

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

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

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 1. Accounting policies (continued)

#### h. Employee Benefits (continued)

##### *(iii) Share-based payments (continued)*

Performance Stock Units ("PSUs") vest over periods ranging from one to four years. The vesting of PSUs is contingent on both meeting certain financial performance targets and continued service. Stock-based compensation costs for PSUs that vest proportionally are recognised on a graded-vesting basis over the vesting period based on the most probable outcome of the performance conditions.

#### i. Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

##### *(i) Current tax*

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

##### *(ii) Deferred tax*

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

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

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

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 1. Accounting policies (continued)

#### j. Property, plant and equipment

Property, plant and equipment are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Depreciation is calculated on a straight-line basis over their estimated useful lives based on the cost of property, plant and equipment, less their residual values.

Useful lives applied are as follows:

Office equipment	-	5-9 years
Computer equipment	-	3-5 years
Fixtures and fittings	-	5-9 years
Computer software	-	3-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Computer software that is an integral part of the related hardware is classified as computer equipment.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income.

#### k. Intangible assets

Certain costs are capitalised that are incurred to purchase, develop and implement internal-use software during the application development phase, which primarily include coding, testing and certain data conversion activities. Capitalised costs are amortised on a straight-line basis over the useful life of the software. Costs incurred in performing activities associated with the preliminary project phase and the post-implementation phase are expensed as incurred. Capitalised software has a useful life of 3-7 years.

Customer relationship assets and other intangibles create value over finite period and are amortised between 3-10 years.

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 1. Accounting policies (continued)

#### I. Leases

The Company leases various office spaces, datacentres and equipment. Rental contracts are typically made for several years but may have extension options and early termination options.

Some of our lease agreements contain both lease and non-lease components that we account for as a single lease component for all our lease asset classes.

Right-of-use assets and lease liabilities are recognised at the commencement of the lease and measured using the present value of lease payments over the lease term. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Right-of-use assets are further adjusted for: any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs; and restoration costs. Our lease terms may include the option to extend or terminate the lease before the end of the contractual lease term. Our right-of-use lease assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases are leases with a lease term of 12 months or less. The Company has elected to apply the scope exception for short-term equipment leases. The associated lease payments are recognised on a straight-line basis over the lease term as an expense in the profit or loss. We also made a policy election to apply the scope exception for low value leases.

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 1. Accounting policies (continued)

#### m. Impairment of goodwill and non-financial assets

Goodwill arising on internal reorganisations such as mergers and hive-ups of businesses from subsidiaries is allocated to cash generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the reorganisation. Where existing businesses are hived up into the Company goodwill and other intangibles are recognised at their predecessor values, with goodwill being tested for impairment on an annual basis.

At each balance sheet date non-financial assets not carried at fair value, other than goodwill, are assessed to determine whether there is an indication that the asset may be impaired.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

If there is an indication of impairment the recoverable amount of the asset is compared to the carrying amount of the asset. The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of comprehensive income.

An impairment loss in respect of goodwill is not reversed. For other assets, if an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

#### n. Investments in subsidiaries and associate companies

##### (i) Investment in subsidiary companies

Investments in subsidiaries are measured at cost less accumulated impairment. Fair value of contingent consideration at the date of acquisition of an investment is included in the cost. Subsequent changes in the fair value of contingent consideration are recorded as an adjustment to the cost of investment initially recorded.

##### (ii) Investment in associate

Investments in associates are held at cost less accumulated impairment.

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 1. Accounting policies (continued)

#### **o. Cash and cash equivalents**

Cash and cash equivalents include cash, deposits held at call with banks, other short-term highly liquid investments with their maturities of 90 days or less at the date of purchase, and bank overdrafts.

#### **p. Dividend distribution and income**

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised as a liability when declared.

Dividend income is recognised when the right to receive payment is established.

#### **q. Financial instruments**

##### *(i) Financial assets*

##### *Initial recognition and measurement*

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

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

Purchases and sales of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the asset.

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

##### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

##### *Financial assets measured at amortised cost*

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired. The Company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired.

##### *Financial assets measured at fair value through profit and loss*

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at fair value through profit and loss (FVPL). A gain or loss on a debt investment that is subsequently measured at fair value through profit and loss and is not part of a hedging relationship is recognised in the statement of comprehensive income in the period in which it arises.

##### *Trade receivables*

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

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 1. Accounting policies (continued)

#### q. Financial instruments (continued)

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

##### *(ii) Financial liabilities*

##### *Initial recognition and measurement*

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

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

##### *Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

##### *Financial liabilities at amortised cost*

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

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

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

##### *Derecognition of financial liabilities*

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

##### *Trade payables and other payables*

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

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 1. Accounting policies (continued)

#### q. Financial instruments (continued)

##### *(iii) Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### *(iv) Fair values*

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

##### *(v) Derivative financial instruments and hedging*

The Company uses derivative financial instruments to hedge its risks associated with foreign currency. The derivative financial instruments consist of foreign exchange forward contracts. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Currently, foreign exchange forward contracts are not designated in formal hedge relationships in the Company's financial statements.

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

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. On an on-going basis, management re-evaluates these estimates.

There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. Other areas which are of most significance in the preparation of the Company's financial statements where estimates and judgement are required are as follows:

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies.

##### *(i) Revenue recognition*

Revenues related to fixed-price contracts for application development and systems integration services, consulting or other technology services are recognised as the service is performed using the cost-to-cost method, under which the total value of revenues is recognised on the basis of the percentage that each contract's total labour cost-to-date bears to the total expected labour costs. Revenues related to fixed-price application maintenance, testing and business process services are recognized using the cost-to-cost method, if the right to invoice is not representative of the value being delivered.

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 1. Accounting policies (continued)

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

The following are the critical estimates that have been made when assessing the carrying value of the Company's assets and liabilities.

##### *(i) Revenue recognition*

The cost-to-cost method requires estimation of future costs, which is updated as the project progresses to reflect the latest available information. Such estimates and changes in estimates involve the use of judgment. The cumulative impact of any revision in estimates is reflected in the financial reporting period in which the change in estimate becomes known and any anticipated losses on contracts are recognized immediately. Changes in estimates of such future costs and contract losses were immaterial to the results of operations for the periods presented.

Further, we include in the transaction price variable consideration only to the extent it is highly probable that a significant reversal of revenues recognised will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us. Our estimates of variable consideration were immaterial to the results of operations for the periods presented.

##### *(ii) Recoverability of debtors and unbilled revenue*

Management estimates the recoverability of debtors and unbilled revenue at the year-end. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress.

##### *(iii) Impairment of non-financial assets*

Goodwill and intangible assets, including indefinite-lived intangible assets, arise from internal reorganisations such as mergers and hive-ups of businesses of the subsidiaries of the Company.

Goodwill and intangible assets with indefinite-useful life are tested for impairment at the cash generating unit (CGU) level on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of CGU below its carrying value. These events or circumstances could include a significant change in the business climate, regulatory environment, established business plans, operating performance indicators or competition. Evaluation of goodwill for impairment requires judgment as this involves determining recoverable amount of the CGU (i.e. higher of its fair value less costs of disposal and value in use).

We also evaluate, at each reporting date, whether there is any indication that an investment in a subsidiary might be impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs.

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 2. Revenue

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
<b>Revenue</b>		
<i>Analysis of revenue by destination</i>		
United Kingdom	1,192,623	941,120
Europe	1,133,393	967,976
United States	8,389,475	6,121,698
Rest of the world	343,471	266,833
	<b>11,058,962</b>	<b>8,297,627</b>

All revenue is from sales of services.

#### (i) Contract assets

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets are within debtors in our statements of financial position and primarily relate to unbilled amounts on fixed-price contracts utilizing the cost-to-cost method of revenue recognition. There was no impairment of contract assets during the periods presented. The table below shows significant movements in contract assets during the year:

	2022 £'000	2021 £'000
At the beginning of the year	263,894	217,953
Movement in the year	17,197	45,159
Foreign exchange differences	25,514	782
At the end of the year	<b>306,605</b>	<b>263,894</b>

#### (ii) Contract liabilities

Our contract liabilities consist of advance payments and billings in excess of revenues recognized. The difference between the opening and closing balances of our contract liabilities primarily results from the timing difference between our performance obligations and the customer's payment. We receive payments from customers based on the terms established in our contracts, which vary by contract type.

The table below shows significant movements in contract liabilities during the year:

	2022 £'000	2021 £'000
At the beginning of the year	175,297	123,397
Amounts billed but not recognised as revenue	183,142	146,990
Opening contract liabilities recognised as revenue during the year	(188,175)	(97,550)
Foreign exchange differences	18,386	2,460
At the end of the year	<b>188,650</b>	<b>175,297</b>

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 2. Revenue (continued)

#### (iii) Costs to fulfill

The following table presents information related to the capitalized costs to fulfill, such as set-up or transition activities. Costs to fulfill are included in Other debtors in the statement of financial position and the amortization expense of costs to fulfill is included in administrative expenses in the statement of comprehensive income. Costs to obtain contracts were immaterial for the years presented.

	2022	2021
	£'000	£'000
At the beginning of the year	73,289	76,837
Amortisation during the year	(23,790)	(12,727)
Additions during the year	24,929	8,352
Foreign exchange differences	8,676	827
At the end of the year	83,104	73,289

### 3. Profit before interest and taxation

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
--	--	--

Profit before interest and taxation is stated after (crediting)/ charging:

#### **Amounts within cost of sales:**

Intercompany subcontracting costs recharged	9,304,339	6,748,192
Employee costs	574,476	564,720
Foreign exchange (gains) / losses	(142,632)	9,778

#### **Amounts included within administrative expenses:**

Employee costs	36,632	39,195
Loss on disposal of fixed assets	69	6
Depreciation of property, plant and equipment	6,013	5,827
Depreciation of right-of-use assets	8,390	6,966
Amortisation of intangible assets	2,245	1,895
Lease expenses	842	1,291
Allowance on trade receivables	4,869	(2,508)
Services provided by the Company's auditors - fees payable for the audit	316	383

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 4. Income from shares in group undertakings

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Amounts receivable from interests in group undertakings	7,744	11,258

On 30 June 2022 the Company received a dividend from Cognizant Technology Solutions Romania SRL and Cognizant Technology Solutions Lithuania, UAB.

### 5. Interest income and expense

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
<b>Interest receivable and similar income:</b>		
Intercompany interest receivable	13,515	3,768
Bank interest receivable	6,754	127
	<b>20,269</b>	<b>3,895</b>
<b>Interest payable and similar expenses:</b>		
Intercompany interest payable	(8,823)	(2,366)
Interest on lease liability	(717)	(271)
Other	-	(76)
	<b>(9,540)</b>	<b>(2,713)</b>

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 6. Directors' emoluments

The Company received services from 8 directors in 2022 (2021: 6). The aggregated emoluments received by the 5 directors (2021: 4) remunerated by the Company is presented below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Amount of emoluments	4,378	2,542
Amount of compensation in respect of loss of office	1,213	-
Pension contributions to the defined contribution scheme	69	20
	<b>5,660</b>	<b>2,562</b>

The aggregated emoluments received by the highest paid director from the Company is presented below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Amount of emoluments	1,318	1,422
Amount of compensation in respect of loss of office	756	-
Pension contributions to the defined contribution scheme	22	-
	<b>2,096</b>	<b>1,422</b>

Each of the 5 directors received shares as part of qualifying services under long term incentive schemes.

The 3 remaining Directors of the Company (2021: 2) did not receive any emoluments specifically for services as directors of the Company. These individuals are paid by an affiliate of the ultimate parent for services provided to the wider Group with no recharge made from the Group. It is not possible to make a reasonable apportionment of the compensation in respect of each of the subsidiaries.

### 7. Employee information

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

	Year ended 31 December 2022 Number	Year ended 31 December 2021 Number
Direct sales	6,633	5,658
Administration	387	402
	<b>7,020</b>	<b>6,060</b>

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 8. Employee costs

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Wages and salaries	526,803	504,068
Social security costs	57,667	52,070
Other pension costs	16,792	13,017
Share based compensation (note 9)	9,846	34,759
	<b>611,108</b>	<b>603,914</b>

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

### 9. Share-based payments

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

PSUs and RSUs outstanding at 31 December 2022 had a weighted average remaining contractual life of 0.83 years and 1.70 years respectively (2021: 1.57 and 1.70 years).

### 10. Tax on profit

Tax expense included in the statement of comprehensive income:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
<b>Current tax</b>		
Corporation tax on profits for the year	171,187	164,018
Adjustments in respect of prior period	1,016	5,673
Total current tax	<b>172,203</b>	<b>169,691</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences (Note 19)	1,423	(4,253)
Adjustments in respect of prior period	-	(13)
Total deferred tax	<b>1,423</b>	<b>(4,266)</b>
<b>Tax on profit</b>	<b>173,626</b>	<b>165,425</b>

The effective tax rate for the year is lower (2021: lower) than the standard rate of corporation tax rate of 19% (2021: 19%).

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 10. Tax on Profit (continued)

Prior period adjustments relate to instances where estimates have been used when calculating the provision, including the tax liabilities for overseas branches. This also includes an increase in the Research and Development Expenditure Credit claim being made following the completion of our Research and Development (R&D) report for the year.

Factors affecting tax for the year:

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
<b>Profit before taxation</b>	<b>943,708</b>	<b>849,709</b>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	<b>179,305</b>	161,445
Effects of:		
Impact of super deduction	<b>(894)</b>	-
Expenses not deductible for tax purposes	<b>2,305</b>	7,145
Non-taxable income	<b>(6,078)</b>	(6,217)
R&D expenditure credits	<b>(2,267)</b>	-
Other temporary timing differences	<b>(102)</b>	(397)
Impact of change in tax rates	<b>341</b>	(2,210)
Adjustments in respect of prior period	<b>1,016</b>	5,659
<b>Total tax charge</b>	<b>173,626</b>	<b>165,425</b>

No tax benefit or charge was included directly in equity.

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

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 11. Intangible assets

	Goodwill	Customer relationship asset	Computer software	Other intangibles	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2022	210,084	18,907	312	269	229,572
Additions	-	-	-	-	-
<b>At 31 December 2022</b>	<b>210,084</b>	<b>18,907</b>	<b>312</b>	<b>269</b>	<b>229,572</b>
<b>Accumulated amortisation</b>					
At 1 January 2022	-	4,730	312	269	5,311
Charge for the year	-	2,245	-	-	2,245
<b>At 31 December 2022</b>	<b>-</b>	<b>6,975</b>	<b>312</b>	<b>269</b>	<b>7,556</b>
<b>Net book amount at 31 December 2022</b>	<b>210,084</b>	<b>11,932</b>	<b>-</b>	<b>-</b>	<b>222,016</b>
Net book amount at 31 December 2021	210,084	14,177	-	-	224,261

There were no additions to intangible assets in 2022.

The Company does not amortise goodwill in accordance with the requirements of IFRS as applied under FRS 101. Instead, an annual impairment test is performed and any impairment that is identified is recognised in the income statement. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to 'The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410), which requires acquired goodwill to be written off over its useful economic life. As such, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to the Regulations. If goodwill were amortised over its estimated economic life of 10 years, profit for the financial year would be lower by £21,008,428 (2021: £15,746,300).

Amortisation of intangible assets is included in administrative expenses in the statement of comprehensive income.

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 12. Property, plant and equipment

	Office Equipment	Fixtures and fittings	Computer equipment	Computer software	Construction in Progress	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 January 2022	20,006	862	11,112	5,845	-	37,825
Additions	81	-	4,463	21	13,017	17,582
Disposals	(20)	(121)	-	-	-	(141)
At 31 December 2022	20,067	741	15,575	5,866	13,017	55,266
<b>Accumulated depreciation</b>						
At 1 January 2022	14,029	509	8,819	4,750	-	28,107
Charge for the year	3,120	21	2,262	610	-	6,013
Disposals	(9)	-	-	-	-	(9)
At 31 December 2022	17,140	530	11,081	5,360	-	34,111
<b>Net book amount at 31 December 2022</b>	<b>2,927</b>	<b>211</b>	<b>4,494</b>	<b>506</b>	<b>13,017</b>	<b>21,155</b>
Net book amount at 31 December 2021	5,977	353	2,293	1,095	-	9,718

### 13. Leases

The Company has lease contracts for various office spaces, data centres and equipment used in the Company's operations. The amounts recognised in the financial statements in relation to the leases are as follows:

#### (i) Amounts recognised in the statement of financial position

	31 December 2022 £'000	31 December 2021 £'000
<b>Right-of-use assets</b>		
Building	29,173	4,266
Equipment	4,476	2,755
	33,649	7,021
<b>Lease liabilities</b>		
Current	2,522	6,764
Non-current	33,843	1,290
	36,365	8,054

Additions to the right-of-use assets during the 2022 financial year were £34,722,000 (2021: £2,176,415).

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 13. Leases (continued)

#### (ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	<b>Note</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Depreciation charge on right-of-use assets			
Building		5,747	4,113
Equipment		2,643	2,853
		<b>8,390</b>	<b>6,966</b>
Interest expense (included in interest costs)	5	717	271
Expense relating to short-term leases (included in administrative expenses)		842	911
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)		1,207	380
iii) Future minimum lease payments as at 31 December are as follows:			
Not later than one year		3,016	6,406
1-5 years		19,930	1,306
> 5 years		18,025	-
Total gross payments		<b>40,971</b>	<b>7,712</b>
Impact of interest expenses		<b>(4,606)</b>	<b>(85)</b>
Carrying amount of liability		<b>36,365</b>	<b>7,627</b>

The total cash outflow for leases in 2022 was £7,019,000 (2021: £7,806,000).

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 14. Investments

	<b>Subsidiary undertakings £'000</b>	<b>Associates £'000</b>	<b>Total £'000</b>
<b>As at 1 January 2022</b>	<b>312,838</b>	<b>4,073</b>	<b>316,911</b>
Acquisitions during the year	137,902	-	137,902
Adjustments during the year	452	-	452
<b>As at 31 December 2022</b>	<b>451,192</b>	<b>4,073</b>	<b>455,265</b>

On 15 August 2022, the Company acquired 100% of the share capital in Contino Solutions Limited, for a consideration of \$177,350,000 (£137,055,641) from Contino Holdings Inc, another Cognizant group company.

On 30 September 2022, the Company incorporated and holds 100% of the share capital in Cognizant Technology Solutions Bulgaria EOOD, total investment in the year was £846,369.

The Company held a 49% equity investment in ReD Associates Holding, Denmark (an unlisted entity) (2021: 49%). The investment in associate is held at cost less impairment.

The Company received dividends from Cognizant Technology Solutions Romania SRL and Cognizant Technology Solutions Lithuania, UAB during the financial year presented.

Listed below are the details of the Company's subsidiaries held at the year-end, none of which are publicly traded, all investments held are ordinary shares:

#### Direct subsidiaries:

Name	Type	Ownership	Country of incorporation	Registered address
Cognizant (GB) Limited	Consultancy Company	100%	UK	1 Kingdom Street, London, W2 6BD
Cognizant Business Services UK Limited	Non Trading Company	100%	UK	1 Kingdom Street, London, W2 6BD
Cognizant Oil and Gas Consulting Services Norway AS	Consultancy Company	100%	Norway	Snarøyveien 36, 1364 Fornebu, Bærum 0219
Cognizant Oil and Gas Consulting Services UK Ltd	Consultancy Company	100%	UK	1 Kingdom Street, London, W2 6BD
Cognizant Technology Solutions Lithuania, UAB (formerly known as Storebrand Baltic, UAB)	Consultancy Company	66%	Lithuania	Savanorių pr. 16-201, Vilnius, Lithuania

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 14. Investments (continued)

#### Direct subsidiaries (continued):

<b>Name</b>	<b>Type</b>	<b>Ownership</b>	<b>Country of incorporation</b>	<b>Registered address</b>
Contino Solutions Limited	Consultancy Company	100%	UK	37 Commercial Road, Poole, England, BH14 0HU
Cognizant Technology Solutions Bulgaria EOOD	Consultancy Company	100%	Bulgaria	132 Mimi Balkanska Str., Sofia, 1540, Bulgaria
Inawisdom Limited	IT Consultancy Company	100%	UK	Cardinal House, St Nicholas Street, Ipswich IP1 1TT
Merit Research Limited	Software Licencing Company	100%	UK	6/7 St. Cross St, London, EC1N 8UB
Netcentric AG	Consultancy Company	100%	Switzerland	Prime Tower, Hardstrasse 201, 8005 Zurich
Netcentric UK Ltd	Consultancy Company	100%	UK	12-13 Stable St, Kings Cross, London N1C 4AB
UK BSI Holdings Limited	Holding Company	100%	UK	12-13 Stable St, Kings Cross, London N1C 4AB
Cognizant Technology Solutions Romania S.R.L (Softvision S.R.L)	Digital Consultancy Company	100%	Romania	Cluj-Napoca, 57-59 Republicii Street, Ap. 3 Cluj
Zentek Engineering (UK) Ltd	Digital Automation Company	100%	UK	2nd Floor, Rutherford House, Warrington Road, Warrington, WA3 6ZH
Zone Limited	Digital Consultancy Company	100%	United Kingdom	Western Transit Shed, 12-13 Stable Street, London, N1C 4AB

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 14. Investments (continued)

#### Indirect subsidiaries:

Name	Type	Ownership	Country of incorporation	Registered address
Cognizant Accounting Services Norway AS	Consultancy Company	100%	Norway	Professor Kohts vei 9, 1366 Lysaker, Norway
Cognizant Oil and Gas Consulting Services Malaysia SDN. BHD.	Consultancy Company	100%	Malaysia	348 Jalan Tun Razak, 50400 Ampang, Kuala Lumpur, Malaysia
New Signature UK Limited	Consultancy Company	100%	UK	Western Transit Shed, 12-13 Stable Street, London, N1C 4AB
Head London Limited	Digital Consultancy Company	100%	UK	Western Transit Shed, 12-13 Stable Street, London, N1C 4AB
Netcentric Deutschland GmbH	Consultancy Company	100%	Germany	Landsberger Str. 110. DE-80339 Munich
Netcentric Eastern Europe S.R.L.	Consultancy Company	100%	Romania	Splaiul Unirii 165, București 040042, Romania
Netcentric Ibérica SLU	Consultancy Company	100%	Spain	Camí Antic de València, 54, 9ª, 08005 Barcelona, Spain
Contino Pty Ltd	Consultancy Company	100%	Australia	Vital Addition, Level 3, 360 Kent Street, Sydney NSW 2000
Dylis Consulting Pty Ltd	Consultancy Company	100%	Australia	Port Phillip Group, Level 1, 73 Canadian Bay Road, Mount Eliza VIC 3930
Inawisdom Europe B.V.	Consultancy Company	100%	Netherlands	40 Boompjes, 3011 XB, Rotterdam, The Netherlands

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 15. Debtors and other receivables

	31 December 2022	31 December 2021
	£'000	£'000
Trade debtors	2,160,281	1,620,991
Amounts owed by group undertakings	669,908	611,269
Short term investments	41,333	-
Other debtors	128,796	76,217
Deferred tax asset (Note 19)	7,785	9,208
Prepayments	20,762	10,929
Contract assets	306,605	263,894
	<b>3,335,470</b>	<b>2,592,508</b>

No trade debtors fall due after more than one year during the year presented. Trade debtors are stated after credit loss allowances of £9,878,622 (2021: £6,420,991).

Included within amounts owed by group undertakings are intercompany loans totalling £268,766,030 (2021: £257,694,000). These loan transactions are repayable on demand and accrue interest. The remaining amounts owed by group undertakings are unsecured and relate to intercompany balances from normal trading. The amounts owed are interest free, have no fixed date of repayment and are repayable on demand.

Within prepayments, £5,510,996 (2021: £1,033,000) falls due after more than one year.

### 16. Financial instruments

The Company has the following financial assets and liabilities measured at fair value through profit or loss:

	31 December 2022	31 December 2021
	£'000	£'000
<b>Derivative financial instruments:</b>		
Current derivative assets	3,709	37,301
Non-current derivative assets	1,007	11,215
Current derivative liability (note 17)	(47,910)	(5,210)
Non-current derivative liability (note 18)	(13,572)	-

#### *Derivative financial instruments*

The Company is exposed to foreign currency exchange rate risk for transactions denominated in currencies other than the functional currencies of its business units.

The Company enters into foreign currency forward contracts to hedge balance sheet exposure to certain monetary assets and liabilities denominated in currencies other than the functional currency of the business units of Company. These contracts are not designated as hedges and are intended to offset the foreign currency exchange gains or losses upon remeasurement of this net monetary exposure.

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 16. Financial instruments (continued)

The Company has also entered into a series of foreign exchange forward and option contracts that are intended to partially offset the impact of movement of exchange rates on future operating costs. Under these contracts, we purchase Indian rupees and sell U.S. dollars. The notional amount of these contracts at the balance sheet date was \$2,875,000,000 (2021: \$2,552,500,000). As at 31 December 2022 the option trades outstanding are \$Nil (2021: \$100,000,000).

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

	31 December 2022	31 December 2021
	£'000	£'000
Trade creditors	7,540	1,647
Amounts owed to group undertakings	2,335,654	2,346,043
Lease liabilities (note 13)	2,522	6,337
Other creditors	138	2,191
Corporation tax	42,601	13,796
Other taxation and social security	49,947	41,103
Derivative financial instruments (note 16)	47,910	5,210
Accruals	324,900	251,360
Contract liabilities	177,875	166,283
	<b>2,989,087</b>	<b>2,833,970</b>

Amounts owed to group undertakings are unsecured and the balance relates to intercompany payables from normal trading and parent company recharges in respect of stock-based compensation. The amounts owed are interest free, have no fixed date of repayment and are repayable on demand.

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

Amounts falling due after more than one year and less than five years:

	31 December 2022	31 December 2021
	£'000	£'000
Other creditors	2,079	3,269
Lease liabilities (note 13)	33,843	1,290
Derivative financial instruments (note 16)	13,572	-
Contract liabilities	10,775	9,014
	<b>60,269</b>	<b>13,573</b>

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 19. Deferred tax asset

	Year Ended 31 December 2022	Year Ended 31 December 2021
	£'000	£'000
Deferred tax asset at 1 January	9,208	4,942
Deferred tax movement (Note 10)	(1,423)	4,266
Deferred tax asset at 31 December	7,785	9,208
Decelerated capital allowances charged to income	6,285	7,842
Other temporary timing differences charged to income	1,500	1,366
<b>Deferred tax asset</b>	<b>7,785</b>	<b>9,208</b>

Deferred tax assets	Decelerated capital allowances £'000	Other temporary timing differences £'000	Total £'000
At 1 January 2021	4,300	642	4,942
Credited to the income statement	3,542	724	4,266
<b>At 31 December 2021</b>	<b>7,842</b>	<b>1,366</b>	<b>9,208</b>
Charged to the income statement	(1,557)	134	(1,423)
<b>At 31 December 2022</b>	<b>6,285</b>	<b>1,500</b>	<b>7,785</b>

### 20. Called up share capital

	31 December 2022	31 December 2021
	£	£
<b>Authorised</b>		
10,000 (2021: 10,000) ordinary shares of £1 each	10,000	10,000
<b>Allotted, issued and fully paid up</b>		
201 (2021: 201) ordinary shares of £1 each	201	201

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

# Cognizant Worldwide Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 21. Other reserves

#### **Capital contribution reserve:**

Capital contribution reserve relates to shares gifted by the ultimate parent company to facilitate an acquisition in 2010.

#### **Merger reserve**

Merger reserve reflects the excess of the carrying value of investments in wholly-owned subsidiaries, over the predecessor values of net assets of those subsidiaries transferred to the Company in internal reorganisations. There were no additions in FY 2022.

During FY 2021, additions to the merger reserve were as a result of reorganisations involving Netcentric UK Limited, UK BSI Holdings Limited, New Signature UK Limited and Zentek Engineering UK Limited.

### 22. Related party disclosures

The Company has taken advantage of the exemption contained in paragraph 8(k) of FRS 101 and has therefore not disclosed transactions with group companies on the grounds that it is a wholly owned subsidiary of a group headed by Cognizant Technology Solutions Corporation, whose consolidated financial statements are publicly available. The amounts owed by and to group companies are disclosed in notes 15 and 17 respectively. These receivables are unsecured and no guarantees have been received or given.

### 23. Post balance sheet events

On 27 June 2023, the Company declared a dividend in specie to its immediate parent company of \$500,000,000 USD (£392,279,930.96).

On 10 March 2023, the Company acquired 100% of the share capital of Mobica Holdings Limited, a company incorporated in the United Kingdom for a consideration of £273,000,000.

In March 2023, the Company disposed of its 49% equity holding in ReD Associates Holding, Denmark for a consideration of £4,000,000.

### 24. Other commitments and Contingent Liabilities

*There are no other commitments or contingent liabilities at the end of the financial year.*

### 25. Ultimate parent and controlling party

The immediate parent is Cognizant Holdings UK Limited. The ultimate parent and controlling party is Cognizant Technology Solutions Corporation ("CTSC"), a company incorporated in the United States of America. CTSC is the parent of the largest and smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of CTSC are available from 300 Frank W. Burr Blvd, Teaneck, NJ 07666 or from [www.cognizant.com](http://www.cognizant.com) and [www.sec.gov](http://www.sec.gov) as soon as reasonably practicable after such materials are filed with the SEC.