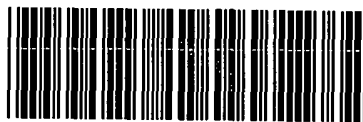


Cognizant Worldwide Limited

Annual report and financial statements

for the year ended 31 December 2023

Company number: 07195160



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Cognizant Worldwide Limited

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Cognizant Worldwide Limited

Directors and advisors

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J Dalal

E De Rocca-Serra

Y Shor

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Company secretary

S Laver

Registered office

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Principal bankers

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London EC2Y 5AJ

Cognizant Worldwide Limited

Strategic report for the year ended 31 December 2023

The directors present their Strategic Report on Cognizant Worldwide Limited ("the Company") for the year ended 31 December 2023.

Review of Business

The Company is a subsidiary of Cognizant Technology Solutions Corporation (the ultimate parent), a NASDAQ listed company incorporated in the United States of America. The ultimate parent 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 comprises five business units. These are: (1) a UK based unit, within which certain strategic functions and processes for the ultimate parent are centralised and managed on a worldwide basis. These activities include global customer contracting and overall contract management; (2) a UK based unit that provides a portfolio of services to UK customers (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 £11,387,701,000 (2022: £11,058,962,000) representing a year-on-year increase of 3%. The key drivers for the increase have been new customer contracts and the renewal of existing contracts executed by the Company. We are near the peak of centralising customer contracting, as such future revenue growth will be comparable to that of the Group. While we saw revenue growth, our gross profit margin declined to 7% this year, compared to 10% in 2022. This decrease is attributed to:

- the impact of challenging macroeconomic factors, including a reduction in discretionary IT services spending and an increasingly competitive environment, and
- the costs absorbed by the Company in relation to the Group-wide restructuring programme initiated by the ultimate parent for simplifying the Group's operating model, optimizing corporate functions and consolidating and realigning office space.

The results for the full year of trading show a profit for the financial year of £588,902,000 (2022: £770,082,000). The decrease is primarily due to declining gross margins for the reasons explained in the previous paragraph. Net assets at the end of the reporting year were £1,399,157,000 (2022: £1,460,421,000). The net assets movement year on year is attributed to an increase in intercompany payables offset by additions of intangible assets arising due to the hive up of the trade and assets

Cognizant Worldwide Limited

Strategic report for the year ended 31 December 2023 (continued)

of Inawisdom Limited and Devbridge Limited, all of which were dated 1 October 2023 (further information is included in note 11 of these financial statements) as well as increase in investment due to the acquisition of Mobica Group. Profit in the year net of dividends resulted in an increase in retained earnings of £192,899,000 (2022: £770,082,000). During the year the Company acquired Mobica Holdings Limited, which heads a group of companies specialising in software development services. 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 2% year on year which was primarily driven by the hive up of Inawisdom Limited, Contino Solutions Limited, and Devbridge Limited, offset by a reduction in headcount as part of the Group-wide restructuring programme.

In 2023, the Company declared a dividend to its parent company, Cognizant Holdings UK Limited amounting to \$500,000,000 USD (£396,003,000) (2022: £Nil).

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.

Over the recent years clients are accelerating 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 performance and reliability, responsiveness to customer needs, financial stability, corporate governance and competitive pricing of services.

Cognizant Worldwide Limited

Strategic report for the year ended 31 December 2023 (continued)

Principal risks and uncertainties (continued)

Competition (continued):

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.

There continues to be significant economic and geopolitical uncertainty in many markets around the world, which may impact our business. The continuation of the Russian invasion of Ukraine and the sanctions and other measures being imposed in response to this conflict, as well as the expansion of the hostilities in the Middle East, particularly compared to previous years, could impact Cognizant, our clients, vendors or subcontractors.

Cognizant Worldwide Limited

Strategic report for the year ended 31 December 2023 (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	2023	2022	Definition, method of calculation and analysis
Growth in revenue	3%	33%	Annual revenue measured as a percentage. For further information, see the Review of Business section above.
Gross profit margin	7%	10%	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	2023	2022	Definition, method of calculation and analysis
Change in average number of employees	2%	16%	The average number of employees increased by 115 heads driven by the hive up of the trade and assets of Inawisdom Limited, Contino Solutions Limited and Devbridge Limited and offset by restructuring efforts to simplify the organization.

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 2023 (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.

Non-financial and sustainability information statement

The Company focuses on the impact that climate risks, both physical and transitional, have on our business and operations. Reporting of our management of climate-related risks is aligned with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations and below we have reported all material information in line with Companies Act section 414CB.

An assessment is included in Cognizant's annual global Sustainability and Corporate Citizenship report, which contains global data pertaining to the company's operations and impacts worldwide, including within the UK. Information included below should be read in conjunction with Cognizant's annual global Sustainability and Corporate Citizenship report.

Cognizant Worldwide Limited

Strategic report for the year ended 31 December 2023 (continued)

Non-financial and sustainability information statement (continued)

We use a suite of tooling provided by credible external providers to assess climate risks to our operations globally. In 2023, we also conducted scenario analysis to measure the financial impact of climate risks on our operations. Two physical risks emerged as having a potential financial impact in the short to medium term (next five to fifteen years):

- **Extreme heat and flooding impacting associates' wellbeing and the likelihood of electricity grid outages in Chennai, Bangalore and Pune, in India**
- **Coastal flooding in Chennai through rising sea levels, storm surges, high tides and oceanic events.**

Building resilience against these risks is important for ensuring maintenance of our delivery of services to our clients in the UK. Our processes include identification and performing scenario analysis, this is incorporated into wider risk management which is discussed at CWW board level (which includes the CWW directors). Our adaptation plans include:

- Providing support and guidance to associates on managing heat and flooding while working remotely, commuting and in the office
- Regular monitoring of back-up power provision, and engagement with public authorities and power suppliers on grid stability measures to mitigate the impact of any electricity grid outages
- Regular monitoring of building flood defence and drainage measures.


We have also assessed climate risks posed directly to the sites from which we operate in the UK. The results indicate that the threat of water stress presents the highest risk to these sites. This risk is, however, relatively low compared to the threat to our operations in India.

We will continue to apply our tools to monitor the evolution of this and all other potential climate risks in the UK specifically. The directors do not consider that it is necessary for an understanding of the company's business to establish specific targets, key performance indicators or perform resilience testing as of yet, because of the nature of these risks are not material or severe to impact our business model and strategy in the UK, as such disclosure of actual or potential impact of climate risks or opportunities to our business model and strategy is not deemed necessary. Any significant increases in risk will be reported to the CWW Board on which the UK directors sit. The board meets on a quarterly basis and have overall responsibility for overseeing climate risk management in the UK.

Our scenario analysis also highlighted the risk of increased global cost of carbon due to the transition to renewable energy and the continued generation of emissions. This risk is relevant to our operations in the UK. Cognizant's Net Zero greenhouse gas (GHG) emissions will support mitigation of this risk.

In addition, we have identified a market opportunity generated by the transition to a low carbon economy: supporting our clients, including those operating in the UK, to deliver on their Net Zero emission decarbonization goals.

On behalf of the Board


James S. Yu (Sep 26, 2024 14:41 GMT+1)

James S. Yu

Director

26 September 2024

Cognizant Worldwide Limited

Directors' report for the year ended 31 December 2023

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2023.

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, albeit wider macro-economic factors have impacted growth rates. 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 2023, a dividend was declared to its parent company, Cognizant Holdings UK Limited amounting to \$500,000,000 USD (£396,003,000) (2022: £Nil). The Directors recommend a final dividend for the year ended 31 December 2023 of £ £393,000,000.

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 monetary liabilities denominated in currencies other than the functional currency of the business unit. 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 2023 (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 (the Group treasury) 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. The 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:

F Marty (appointed 12 January 2022, resigned 2 May 2023)
J Siegmund (resigned 6 December 2023)
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)
Y Shor (appointed 4 December 2023)
A Samuel (appointed 4 December 2023)
J Dalal (appointed 1 September 2024)

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 2023 (continued)

Research and development

As part of its business, the Company undertakes development activities for its clients as part of its service offerings. £15,401,254 R&D tax incentive credit was booked in the year 2023 (2022: £24,032,924).

Post balance sheet events

On 4 March 2024, the Directors declared an interim dividend of \$600,000,000 USD (£474,000,000) and a final dividend of \$500,000,000 (£393,000,000) on 12 June 2024.

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 2023 (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.

We are committed to reducing our greenhouse gas (GHG) emissions and building operational resilience in the face of future environmental challenges. We embed this need in our business, operations, associate training and risk management and have set science-based net zero emissions goal comprised of the following targets:

- Obtain 100% of our electricity from renewable sources by 2026
- Reduce absolute GHG emissions by 50% by 2030
- Reduce absolute GHG emissions by 90% by 2040.

Our reduction targets are set against a baseline year of 2019 for our Scope 1, 2 and 3 emissions. From 2030, we will compensate for all remaining emissions through the purchase of credibly certified carbon offsets.

The table below shows emissions generated by the Company:

	Carbon dioxide equivalent (metric tonnes)	
	Year ended 31 December 23	Year ended 31 December 22
Scope 1	3	10
Scope 2		
Location-based method	159	104
Market-based method	275	182
Total scope 2 (referencing market-based)	275	182
Scope 3	8,583	25,935
Total all scopes (referencing market-based)	8,861	26,127

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

Cognizant Worldwide Limited

Directors' report for the year ended 31 December 2023 (continued)

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

101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

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 26, 2024 14:41 GMT+1)

James S. Yu
Director
26 September 2024

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 2023 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: Statement of financial position as at 31 December 2023; Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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 board approved cash flow forecast from management for a period of at least 12 months from the date of signing the financial statements;
- Checking the mathematical accuracy of the forecast provided by management and agreeing the starting cash position back to supporting evidence such as bank statements;
- Assessing management's ability to accurately forecast by comparing the budgets used to prepare the cash flows to historical results and considering any known changes in the business; and
- 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 2023 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 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 across the business throughout the year. At year end this also included a discussion with the group's legal counsel. 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. 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
26 September 2024

Cognizant Worldwide Limited

Statement of comprehensive income for the year ended 31 December 2023

	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Revenue	2	11,387,701	11,058,962
Cost of sales		(10,594,736)	(9,919,109)
Gross profit		792,965	1,139,853
Administrative expenses		(109,127)	(88,639)
Other operating income / (expense)		44,145	(125,979)
Operating profit		727,983	925,235
Income from shares in group undertakings	3	4,230	7,744
Profit before interest and taxation	4	732,213	932,979
Other interest receivable and similar income	5	74,050	20,269
Interest payable and similar expenses	5	(46,088)	(9,540)
Net interest income		27,962	10,729
Profit before taxation		760,175	943,708
Tax on profit	10	(171,273)	(173,626)
PROFIT FOR THE FINANCIAL YEAR		588,902	770,082
Other comprehensive expense:			
<i>Items that may be recycled to profit and loss:</i>			
Exchange differences on translation		(18,847)	(19,126)
Total other comprehensive Expense for the year, net of tax		(18,847)	(19,126)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		570,055	750,956

The above results all relate to the continuing operations.

The notes on pages 20 to 48 are an integral part of these financial statements.


Cognizant Worldwide Limited

Statement of financial position as at 31 December 2023

	Note	31 December 2023 £'000	31 December 2022 £'000
Fixed assets			
Intangible assets	11	251,591	222,016
Property and equipment	12	24,434	21,155
Right-of-use assets	13	37,021	33,649
Investments	14	569,633	455,265
		882,679	732,085
Current assets			
Debtors and other receivables	15	3,347,248	3,335,470
Derivative financial instruments	16	15,810	4,716
Cash at bank and in hand		571,066	437,506
		3,934,124	3,777,692
Creditors: amounts falling due within one year	17	(3,353,797)	(2,989,087)
Net current assets		580,327	788,605
Total assets less current liabilities		1,463,006	1,520,690
Creditors: amounts falling due after more than one year	18	(63,849)	(60,269)
Net assets		1,399,157	1,460,421
Capital and reserves			
Called up share capital	20	-	-
Share premium account		27,542	27,542
Other reserves			
Foreign currency translation reserve		(41,466)	(22,619)
Capital contribution reserve	21	2,360	2,360
Merger reserve (deficit) / funds	21	(151,519)	83,797
Retained earnings		1,562,240	1,369,341
Total shareholders' funds		1,399,157	1,460,421

The notes on pages 20 to 48 are an integral part of these financial statements.

The financial statements on pages 17 to 48 were authorised for issue by the Board of directors on 20 September 2024 and were signed on its behalf by:


James Yu (Sep 26, 2024 14:41 GMT+1)

James S. Yu
Director

Cognizant Worldwide Limited
Company number: 07195160

Cognizant Worldwide Limited

Statement of changes in equity for the year ended 31 December 2023

	Called up share capital	Share premium account	Foreign currency translation reserve	Capital contribution reserve	Merger reserve Funds/ (deficit)	Retained earnings	Total shareholders funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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)
Total comprehensive income for year	-	-	(19,126)	-	-	770,082	750,956
At 31 December 2022	-	27,542	(22,619)	2,360	83,797	1,369,341	1,460,421
Balance at 1 January 2023	-	27,542	(22,619)	2,360	83,797	1,369,341	1,460,421
Profit for the financial year	-	-	-	-	-	588,902	588,902
Other comprehensive expense	-	-	(18,847)	-	-	-	(18,847)
Total comprehensive income for year	-	-	(18,847)	-	-	588,902	570,055
Dividends	-	-	-	-	-	(396,003)	(396,003)
Transfer to merger reserve (Note 21)	-	-	-	-	(235,316)	-	(235,316)
At 31 December 2023	-	27,542	(41,466)	2,360	(151,519)	1,562,240	1,399,157

Dividends

In 2023, the Company declared a dividend to its parent company, Cognizant Holdings UK Limited amounting to \$500,000,000 USD (£396,003,000) (2022: £Nil).

Cognizant Worldwide Limited

Notes to the financial statements for the year ended 31 December 2023

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 material 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 2023 (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 IFRIC Interpretations

New standards, amendments and IFRIC Interpretations that are effective for the year ended 31 December 2023 have not had a material impact on the Company's financial statements. The Company has assessed the requirements of the Pillar Two model rules as released by the Organisation for Economic Co-operation and Development (OECD) and assessed these do not have a material impact on the Company's financial statements.

Cognizant Worldwide Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

1. Accounting policies (continued)

d. Consolidation

The Company is included in the consolidated financial statements of its ultimate parent. The consolidated financial statements of the ultimate parent are available from 300 Frank W. Burr Blvd, Teaneck, NJ 07666 or from www.cognizant.com and www.sec.gov as soon as reasonably practicable after such materials are filed with the SEC.

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 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, 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 or 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 profit or loss.

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 2023 (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 2023 (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 rateably 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 2023 (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 2023 (continued)

1. Accounting policies (continued)

j. Property and equipment

Property 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 and equipment, less their residual values.

Useful lives applied are as follows:

Office equipment	-	5-9 years
Leasehold improvements	-	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 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 2023 (continued)

1. Accounting policies (continued)

i. Leases — Company as a lessee

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 include penalties for terminating the lease, if the lease term reflects the Company exercising that option, and payments to be made under reasonably certain extension options. 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.

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.

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.

Cognizant Worldwide Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

1. Accounting policies (continued)

m. Impairment of goodwill and non-financial assets (continued)

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 cash-generating units (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.

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 profit or loss, 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 profit or loss.

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. Management assess investments for impairment, reviewing for any impairment indicators. Any impairment loss is recognised in the statement of comprehensive income.

(ii) Investment in associate

Investments in associates are held at cost less accumulated impairment.

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.

Cognizant Worldwide Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

1. Accounting policies (continued)

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 or loss (FVPL) 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 or 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 or loss and is not part of a hedging relationship is recognised in profit or loss 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.

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.

Intercompany receivables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method. The Company applies IFRS general model for assessing the expected credit losses for intercompany receivables. Intercompany receivables comprise of trade receivables which are payable within pre-defined credit terms and intercompany loan balances. Based on Management's assessment utilising the impairment model there is no credit risk identified.

Cognizant Worldwide Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

1. Accounting policies (continued)

q. Financial instruments (continued)

(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 2023 (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.

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

Cognizant Worldwide Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

1. Accounting policies (continued)

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

(i) Revenue recognition (continued)

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. Intercompany receivables comprise of trade receivables which are payable within pre-defined credit terms and intercompany loan balances. Based on Management's assessment utilising the impairment model there is no credit risk identified.

(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).

Management assesses investments for impairment, reviewing for any impairment indicators. Management review periodic performance against forecasts, capturing any cross selling of services to Group companies. Management have not assessed any impairment based on their assessments.

Cognizant Worldwide Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

2. Revenue

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Revenue		
<i>Analysis of revenue by destination</i>		
United Kingdom	1,232,861	1,192,623
Europe	1,259,155	1,133,393
United States	8,558,388	8,389,475
Rest of the world	337,297	343,471
	11,387,701	11,058,962

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 accounted for using 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:

	2023 £'000	2022 £'000
At the beginning of the year	306,605	263,894
Movement in the year	97,072	17,197
Foreign exchange differences	(10,514)	25,514
At the end of the year	393,163	306,605

(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:

	2023 £'000	2022 £'000
At the beginning of the year	188,650	175,297
Amounts billed but not recognised as revenue	167,981	183,142
Opening contract liabilities recognised as revenue during the year	(166,068)	(188,175)
Foreign exchange differences	(6,741)	18,386
At the end of the year	183,822	188,650

Cognizant Worldwide Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

2. Revenue (continued)

(iii) Costs to fulfil

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

	2023	2022
	£'000	£'000
At the beginning of the year	83,104	73,289
Amortisation during the year	(25,730)	(23,790)
Additions during the year	48,484	24,929
Foreign exchange differences	(4,126)	8,676
At the end of the year	101,732	83,104

3. Income from shares in group undertakings

	Year ended	Year ended
	31 December	31 December
	2023	2022
	£'000	£'000
Amounts receivable from interests in group undertakings	4,081	7,744
Gain on disposal of share in affiliate	149	-

On 16 August 2023 the Company received a dividend from Cognizant Oil and Gas Consulting Services Norway AS and on 8 August 2023 the Company received a dividend from Cognizant Technology Solutions Lithuania, UAB.

Cognizant Worldwide Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

4. Profit before interest and taxation

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Profit before interest and taxation is stated after charging/(crediting):		
Amounts within cost of sales:		
Intercompany subcontracting costs recharged	9,872,650	9,304,339
Employee costs	670,172	574,476
Foreign exchange gains	(58,678)	(142,632)
Amounts included within administrative expenses:		
Employee costs	37,106	36,632
Loss on disposal of fixed assets	60	69
Depreciation of property and equipment	8,634	6,013
Depreciation of right-of-use assets	7,956	8,390
Amortisation of intangible assets	2,349	2,245
Lease expenses	1,332	842
Allowance on trade receivables	4,127	4,869
Services provided by the Company's auditors - fees payable for the audit	451	316

There are no non-audit fees payable to the company's auditors.

5. Interest income and expense

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Interest receivable and similar income:		
Intercompany interest receivable	41,146	13,515
Bank interest receivable	32,904	6,754
	74,050	20,269
Interest payable and similar expenses:		
Intercompany interest payable	(44,660)	(8,823)
Interest on lease liability	(1,428)	(717)
	(46,088)	(9,540)

Cognizant Worldwide Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

6. Directors' emoluments

The Company received services from 9 directors in 2023 (2022: 8). The aggregated emoluments received by the 4 directors (2022: 5) remunerated by the Company is presented below:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Amount of emoluments	1,644	4,378
Amount of emoluments in respect of loss of office	907	1,213
Pension contributions to the defined contribution scheme	27	69
	2,578	5,660

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

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Amount of emoluments	463	1,318
Amount of emoluments in respect of loss of office	907	756
Pension contributions to the defined contribution scheme	-	22
	1,370	2,096

Each of the 4 directors received shares as part of qualifying services under long term incentive schemes.

The 5 remaining Directors of the Company (2022: 3) 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 2023 Number	Year ended 31 December 2022 Number
Direct sales	6,694	6,633
Administration	441	387
	7,135	7,020

Cognizant Worldwide Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

8. Employee costs

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Wages and salaries	628,497	526,803
Social security costs	61,851	57,667
Other pension costs	21,442	16,792
Share based compensation (note 9)	(4,512)	9,846
	707,278	611,108

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 2023 had a weighted average remaining contractual life of 1.08 years and 1.65 years respectively (2022: 0.83 and 1.70 years).

10. Tax on profit

Tax expense included in the statement of comprehensive income:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Current tax		
Corporation tax on profits for the year	170,935	171,187
Adjustments in respect of prior period	-	1,016
Total current tax	170,935	172,203
Deferred tax		
Origination and reversal of temporary differences (Note 19)	338	1,423
Adjustments in respect of prior period	-	-
Total deferred tax	338	1,423
Tax on profit	171,273	173,626

The effective tax rate for the year is lower (2022: lower) than the blended standard rate of corporation tax rate of 23.52% (2022: 19%).

Cognizant Worldwide Limited

Notes to the financial statements for the year ended 31 December 2023 (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 2023	Year ended 31 December 2022
	£'000	£'000
Profit before taxation	760,175	943,708
Profit before taxation multiplied by standard rate of corporation tax in the UK of 23.52% (2022: 19%)	178,793	179,305
Effects of:		
Impact of super deduction	-	(894)
Expenses not deductible for tax purposes	331	2,305
Non-taxable income	(8,646)	(6,078)
R&D expenditure credits	-	(2,267)
Other temporary timing differences	825	(102)
Impact of change in tax rates	20	341
Group relief (claimed)/surrendered	(50)	-
Adjustments in respect of prior period	-	1,016
Total tax charge	171,273	173,626

No tax benefit or charge was included directly in equity.

Cognizant Worldwide Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

11. Intangible assets

	Goodwill	Customer relationship asset	Computer software	Other intangibles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2023	210,084	18,907	312	269	229,572
Additions	28,702	3,169	53	-	31,924
At 31 December 2023	238,786	22,076	365	269	261,496
Accumulated amortisation					
At 1 January 2023	-	6,975	312	269	7,556
Charge for the year	-	2,296	53	-	2,349
At 31 December 2023	-	9,271	365	269	9,905
Net book amount at 31					
December 2023	238,786	12,805	-	-	251,591
Net book amount at 31 December 2022	210,084	11,932	-	-	222,016

Additions to goodwill, customer relationship asset and computer software arose due to the hive up of the trade and assets of Inawisdom Limited and Devbridge Limited into the Company on 1 October 2023. In preparation for the hive up, assets and liabilities of these entities, being wholly-owned subsidiaries of the Company, were transferred to the Company using predecessor values at which these were consolidated in the financial statements of the ultimate parent.

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 profit or loss. 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 £23,878,625 (2022: £21,008,428).

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 2023 (continued)

12. Property and equipment

	Office Equipment	Leasehold Improvements	Fixtures and fittings	Computer equipment	Computer software	Construction in Progress	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 January							
2023	20,067	-	741	15,575	5,866	13,017	55,266
Additions	4,621	-	349	3,369	3,770	-	12,109
Transfers from Constructions in Progress	73	11,186	775	983	-	(13,017)	-
Disposals	(2,696)	-	(197)	(419)	(1,539)	-	(4,851)
At 31 December 2023	22,065	11,186	1,668	19,508	8,097	-	62,524
Accumulated Depreciation							
At 1 January							
2023	17,140	-	530	11,081	5,360	-	34,111
Charge for the year	1,649	1,098	167	4,053	1,667	-	8,634
Disposals	(2,684)	-	(197)	(252)	(1,522)	-	(4,655)
At 31 December 2023	16,105	1,098	500	14,882	5,505	-	38,090
Net book amount at 31 December 2023							
	5,960	10,088	1,168	4,626	2,592	-	24,434
Net book amount at 31 December 2022							
	2,927	-	211	4,494	506	13,017	21,155

Cognizant Worldwide Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

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 2023 £'000	31 December 2022 £'000
Right-of-use assets		
Building	30,223	29,173
Equipment	6,798	4,476
	37,021	33,649
Lease liabilities		
Current	6,747	2,522
Non-current	36,467	33,843
	43,214	36,365

Additions to the right-of-use assets during the 2023 financial year were £11,103,235 (2022: £34,722,000).

(ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	Note	2023 £'000	2022 £'000
Depreciation charge on right-of-use assets			
Building		5,149	5,747
Equipment		2,807	2,643
		7,956	8,390
Interest expense (included in interest costs)	5	1,428	717
Expense relating to short-term leases (included in administrative expenses)		1,332	842
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)		789	1,207
iii) Future minimum lease payments as at 31 December are as follows:			
Not later than one year		7,870	3,016
1-5 years		26,137	19,930
> 5 years		13,437	18,025
Total gross payments		47,444	40,971
Impact of interest expenses		(4,230)	(4,606)
Carrying amount of liability		43,214	36,365

The total cash outflow for leases in 2023 was £5,931,000 (2022: £7,019,000).

Cognizant Worldwide Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

14. Investments

	Subsidiary undertakings £'000	Associates £'000	Total £'000
As at 1 January 2023	451,192	4,073	455,265
Acquisitions during the year	272,834	-	272,834
Internal reorganisations during the year			
Resulting in acquisition	2,756	-	2,756
Resulting in disposal	(157,149)	(4,073)	(161,222)
As at 31 December 2023	569,633	-	569,633

On 10 March 2023, the Company acquired 100% of Mobica Holdings Limited, a company incorporated in the United Kingdom for a consideration of £272,834,148.

On 1 October 2023, Inawisdom Limited and Devbridge Limited transferred their trade and assets to the Company. As a result of the integration of these businesses the carrying value of these investment was reduced to nil as at 31 December 2023. Part of the trade and assets of Contino Solutions Limited was also transferred on 1 October 2023 resulting in a reduction in investment value.

The Company disposed of its 49% equity investment in ReD Associates Holding, Denmark (an unlisted entity).

On 16 August 2023 the Company received a dividend from Cognizant Oil and Gas Consulting Services Norway AS and on 8 August 2023 the Company received a dividend from Cognizant Technology Solutions Lithuania, UAB.

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	280 Bishopsgate, London, United Kingdom, EC2M 4AG
Cognizant Business Services UK Limited	Non Trading Company	100%	UK	280 Bishopsgate, London, United Kingdom, EC2M 4AG
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	280 Bishopsgate, London, United Kingdom, EC2M 4AG

Cognizant Worldwide Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

14. Investments (continued)

Direct subsidiaries: (continued)

Name	Type	Ownership	Country of incorporation	Registered address
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
Devbridge	IT Consultancy Company	100%		34-37 Liverpool Street, London, England, EC2M 7PP
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
Mobica Holding Limited	Holding Company	100%	United Kingdom	280 Bishopsgate, London, United Kingdom, EC2M 4AG
Cognizant Technology Solutions Lithuania, 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 2023 (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	Cami Antic de València, 54, 9ª, 08005 Barcelona, Spain
Inawisdom Europe B.V.	Consultancy Company	100%	Netherlands	40 Boompjes, 3011 XB, Rotterdam, The Netherlands
Mobica Bidco Limited	Holding Company	100%	United Kingdom	280 Bishopsgate, London, United Kingdom, EC2M 4AG
Mobica Limited	Consultancy Company	100%	United Kingdom	280 Bishopsgate, London, United Kingdom, EC2M 4AG
Mobica Technologies Poland Limited	Consultancy Company	100%	Poland	Oddział w Polsce Ul. Skierniewicka 10a 01-230 Warszawa, Poland
Mobica Ltd Sp. z.o.o.	Consultancy Company	100%	Poland	Oddział w Polsce Ul. Skierniewicka 10a 01-230 Warszawa, Poland
Mobica US Inc	Consultancy Company	100%	US	2570 N.First St, San Jose. CA 95131
Mobica GmbH	Consultancy Company	100%	Germany	Leopoldstraße 244, 80807 München, Germany

Cognizant Worldwide Limited

Notes to the financial statements for the year ended 31 December 2023 (continued)

15. Debtors and other receivables

	31 December 2023	31 December 2022
	£'000	£'000
Trade debtors	2,123,501	2,160,281
Amounts owed by group undertakings	672,250	669,908
Short term investments	-	41,333
Other debtors	125,989	128,796
Deferred tax asset (Note 19)	7,447	7,785
Prepayments	24,898	20,762
Contract assets	393,163	306,605
	3,347,248	3,335,470

No trade debtors fall due after more than one year during the year presented. Trade debtors are stated after credit loss allowances of £8,663,007 (2022: £9,878,622).

Included within amounts owed by group undertakings are intercompany loans totalling £401,278,072 (2022: £268,766,030). 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, £11,671,156 (2022: £5,510,996) falls due after more than one year.

16. Derivative financial instruments

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

	31 December 2023	31 December 2022
	£'000	£'000
Derivative financial instruments:		
Current derivative assets	11,916	3,709
Non-current derivative assets	3,894	1,007
Current derivative liability (note 17)	(11,910)	(47,910)
Non-current derivative liability (note 18)	(552)	(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.

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Notes to the financial statements for the year ended 31 December 2023 (continued)

16. Derivative 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 \$2,852,500,000 (2022: \$2,875,000,000). As at 31 December 2023 the option trades outstanding are \$45,000,000 (2022: \$Nil).

17. Creditors: amounts falling due within one year

	31 December	
	2023	31 December 2022
	£'000	£'000
Trade creditors	8,534	7,540
Amounts owed to group undertakings	2,681,199	2,335,654
Lease liabilities (note 13)	6,748	2,522
Other creditors	233	138
Corporation tax	52,590	42,601
Other taxation and social security	55,646	49,947
Derivative financial instruments (note 16)	11,910	47,910
Accruals	377,522	324,900
Contract liabilities	159,415	177,875
	3,353,797	2,989,087

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	
	2023	31 December 2022
	£'000	£'000
Other creditors	2,423	2,079
Lease liabilities (note 13)	36,467	33,843
Derivative financial instruments (note 16)	552	13,572
Contract liabilities	24,407	10,775
	63,849	60,269

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Notes to the financial statements for the year ended 31 December 2023 (continued)

19. Deferred tax asset

	2023	2022
	£'000	£'000
Deferred tax asset at 1 January	7,785	9,208
Deferred tax movement (Note 10)	(338)	(1,423)
Deferred tax asset at 31 December	7,447	7,785
Attributable to:		
Decelerated capital allowances charged to income	6,810	6,285
Other temporary timing differences charged to income	637	1,500
	7,447	7,785

Deferred tax assets	Decelerated capital allowances	Other temporary timing differences	Total
	£'000	£'000	£'000
At 1 January 2022	7,842	1,366	9,208
(Charged)/credited to profit or loss	(1,557)	134	(1,423)
At 31 December 2022	6,285	1,500	7,785
(Charged)/credited to profit or loss	525	(863)	(338)
At 31 December 2023	6,810	637	7,447

20. Called up share capital

	31 December 2023	31 December 2022
	£	£
Authorised		
10,000 (2022: 10,000) ordinary shares of £1 each	10,000	10,000
Allotted, issued and fully paid up		
201 (2022: 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.

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Notes to the financial statements for the year ended 31 December 2023 (continued)

21. Other reserves

Capital contribution reserve

Capital contribution reserve relates to shares gifted by the ultimate parent 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.

During 2023, additions to the merger reserve were as a result of reorganisations involving Contino Solutions Limited, Inawisdom Limited and Devbridge 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 4 March 2024, the Directors declared an interim dividend of \$600,000,000 USD (£474,000,000) and a final dividend of \$500,000,000 (£393,000,000) on 12 June 2024.

In March 2024 the Company entered into a revolving credit facility agreement. To date \$600,000,000 USD (£474,000,000) has been drawn down.

24. Other commitments and Contingent Liabilities

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