

XRO LIMITED
Registered in England, Number 324504
BALANCE SHEET
AS AT 31 DECEMBER 2009

	<i>Note</i>	2009 £m	2008 £m
Fixed assets			
Investments	3A	1,571	1,571
Current assets			
Debtors due after more than one year	4	884	884
Creditors—amounts falling due within one year	5	(2)	(2)
Net current assets		882	882
Total assets less current liabilities		2,453	2,453
Creditors due after more than one year	6A	(46)	(46)
Net assets		2,407	2,407

Capital and reserves

Called up share capital	7A	126	126
Share premium account	8	1,133	1,133
Capital redemption reserve	9	1	1
Profit and loss account	10	1,147	1,147
Total Shareholder's funds		2,407	2,407

- a) For the year ended 31 December 2009 the Company was entitled to exemption from audit under Section 480 of the Companies Act 2006
- b) Members have not required the Company to obtain an audit in accordance with Section 476 of the Companies Act 2006
- c) The director's acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and for the preparation of accounts.

Approved by the Board on 22 SEPTEMBER 2010


C M Albright
 Director

SATURDAY



XRO LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2009

1. PRINCIPAL ACCOUNTING POLICIES

The Company's accounting policies are summarised below.

(A) Accounting Principles and basis of preparation

These financial statements are prepared on the going concern basis, and taking into account the letter of support from Xerox Investments Europe B.V., under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

In preparing these financial statements, the Directors have assessed that the Company will continue in existence for the foreseeable future as a non-trading entity and in any event for a period of at least 12 months from the date of signing the financial statements.

Consolidated accounts have not been prepared as the Company is a wholly owned subsidiary of Xerox Investments Europe B.V., a company incorporated in the EU, and is therefore exempt under Section 400 of the Companies Act 2006 from the obligation to prepare and deliver group accounts.

Share Capital - Preference share capital

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders or if dividend payments are not discretionary. Dividends thereon are recognised in the income statement as interest expense.

(B) Investments

Investments in subsidiaries are held at purchase cost, less any provisions required where there has been an impairment in the value of the investments (Note 3).

(C) Disclosures - Cash Flow Statement

The Company is a wholly owned subsidiary company of a group headed by Xerox Investments Europe B.V., and is included in the consolidated accounts of that company, which are publicly available. Consequently, the Company has taken advantage of the exemption within FRS 1 'Cash Flow Statements (revised 1996)' from preparing a Cash Flow Statement.

XRO LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2009 (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(D) Disclosures – Related Parties

Under paragraph 3(C) of Financial Reporting Standard 8 - Related Party Disclosures, the Company is exempt from the requirement to disclose transactions with other entities and investees within the group headed by Xerox Investments Europe B.V. as it is a wholly owned subsidiary of Xerox Investments Europe B.V., whose accounts are publicly available.

(E) Translation of foreign currency

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet. Transactions in foreign currency are converted into sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account. Share capital is translated at the appropriate historic rate.

(F) Deferred taxation

Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

2. PROFITS FOR THE FINANCIAL YEAR

(A) Profit for the financial year

The Company has not traded, received no income and incurred no expenditure during the financial year. Consequently, the Company has made neither a profit nor a loss during the year.

XRO LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2009 (continued)

2. PROFITS FOR THE FINANCIAL YEAR (continued)

(B) Tax on profit on ordinary activities

a) Analysis of charge / (credit) in year:

	2009	2008
	£m	£m
Current tax	-	-
Deferred tax	-	-
Tax on profit on ordinary activities	-	-

b) Factors affecting the tax charge for the year:

The tax assessed for the year is £nil (2008: £nil) at the standard rate of corporation tax in the UK 28% (2008: 28.5%). The differences are explained below.

	2009	2008
	£m	£m
Profit on ordinary activities before tax	-	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 28.5%)	-	-
Imputed interest	13	15
Group relief	(13)	(15)
Non taxable dividend income	-	-
Total current tax charge	-	-

Interest is imputed on £884m of interest free amounts due from group undertakings, in accordance with the transfer pricing rules set out in Schedule 28AA ICTA 1988. This is offset by group relief claimed from group companies at nil charge
There is no provision for deferred tax (2008: £nil)

XRO LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2009 (continued)

3. INVESTMENTS

(A) The Company's investment in subsidiaries is analysed as follows:

	2009 £m
Cost and net book value	
At 1 January and 31 December	1,571

The book value is supported by the underlying assets.

(B) Principal direct subsidiary at the end of the year was as follows:

	Percentage voting interest	Class of capital owned	Percentage holding
XRI Limited	100%	Ordinary	100%
XRI Limited		5% Pref.	100%

XRI Limited is a non-trading company incorporated in England.

4. DEBTORS – DUE AFTER MORE THAN ONE YEAR	2009	2008
	£m	£m
Amounts owed by group undertakings	884	884

The amounts owed by group undertaking are interest free and have no fixed date of repayment

5. CREDITORS – amounts falling due within one year	2009	2008
	£m	£m
Amounts due to group undertakings	2	2

XRO LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2009 (continued)

6. CREDITORS - Due after more than one year

(A)	2009 £m	2008 £m
Sterling cumulative redeemable preference shares of 20p each	46	46
Authorised:	2009 £m	2008 £m
Sterling		
300,000,000 cumulative redeemable preference shares of 20p each	60	60
Issued and fully paid:	£m	£m
Sterling		
227,552,614 cumulative redeemable preference shares of 20p each	46	46

The Company was to redeem the Sterling cumulative redeemable preference shares by 31 July 2007. However, the redemption has been waived for the foreseeable future. Under FRS 25 Financial Instruments, £46m the capital value of 227,552,614 Sterling cumulative redeemable preference shares of 20p each has been presented as non-current liabilities.

(B) Rights of shares

Sterling cumulative redeemable preference shares of 20p each

The Sterling cumulative redeemable preference shares carry no rights to dividends.

The Company was to redeem the Sterling cumulative redeemable preference shares by 31 July 2007 at the rate of 1p for every 20p nominal amount of such shares together with a further sum equal to all arrears and accruals of the preferred dividend thereon. However, the redemption has been waived for the foreseeable future.

On winding-up, the Sterling cumulative redeemable preference shares confer the right to receive out of the assets of the Company, postponed and subject to any payment on the US\$ cumulative redeemable preference shares and pari passu further preference shares but in priority to any other class of shares, 1p for every 20p in nominal amount of the Sterling cumulative redeemable preference shares held, and pari passu with any payment on the Ordinary Shares a sum equal to the amounts which would have been paid on the Ordinary Shares which would have arisen if the Sterling cumulative redeemable preference shares had carried the right to be converted into fully paid Ordinary Shares at 5p in nominal amount of Ordinary Shares for every £1,000 in nominal amount of Sterling cumulative redeemable preference shares. Holders of Sterling cumulative redeemable preference shares have the right to receive notice of general meetings but this does not confer any rights to attend or vote at such meetings.

XRO LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2009 (continued)

7. AUTHORISED & CALLED UP SHARE CAPITAL

(A) The Company's share capital

Authorised Share Capital	2009 £m	2008 £m
Sterling		
2,400,000,000 ordinary shares of 10p each	240	240
2,400,000,000 US\$ preferred ordinary shares of 1 cent each (see below)	14	14
500,000,000 US\$ cumulative redeemable preference shares of 1 cent each (see below)	3	3
	257	257

US Dollars	2009 \$m	2008 \$m
2,400,000,000 preferred ordinary shares of 1 cent each	24	24
500,000,000 cumulative redeemable preference shares of 1 cent each	5	5
	29	29

Issued and fully paid	£m	£m
Sterling		
1,172,378,553 ordinary shares of 10p each	117	117
US\$ preferred ordinary shares (see below)	7	7
US\$ cumulative redeemable preference shares	2	2
	126	126

US Dollars	\$m	\$m
1,172,378,553 preferred ordinary shares of 1 cent each	12	12
227,552,614 cumulative redeemable preference shares of 1 cent each	2	2
	14	14

XRO LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2009 (continued)

7. AUTHORISED & CALLED UP SHARE CAPITAL (continued)

(B) Rights of shares

(i) US\$ preferred ordinary shares

Any dividend declared attributable to US\$ preferred ordinary shares are payable from 99.75% of the profits available for distribution, postponed and subject to any payment of dividend on the US\$ cumulative redeemable preference shares and in priority to any dividends to any other class of share

On winding-up, the US\$ preferred ordinary shares confer the right to receive after any payments due to the holder of the Sterling cumulative redeemable preference shares or the US\$ cumulative redeemable preference shares repayment in full of the capital paid up on such shares, plus a further amount from 99.75% of the amount available for distribution to members after payments mentioned in the paragraph above and any amount payable to the holders of Sterling cumulative redeemable preference shares or US\$ cumulative redeemable preference shares. Each US\$ preferred ordinary share confers the right to 400 votes.

(ii) US\$ cumulative redeemable preference shares

On US\$ cumulative redeemable preference shares, a fixed cumulative preference dividend of such US\$ amount per annum as, in the opinion of an independent financial adviser, has the effect that as at the time at which the US\$ cumulative redeemable preference shares are first issued there is no material difference between the values of (i) a holding of one Sterling cumulative redeemable preference shares and one US\$ cumulative redeemable preference share and (ii) a holding of one Sterling cumulative redeemable preference share immediately prior to that time, such payment to rank pari passu with any payment of dividend on any US\$ cumulative redeemable preference share issued after that time, ranking pari passu as to participation in the profits of the Company with the US\$ cumulative redeemable preference shares and in priority to any dividend on any other class of shares is payable in two equal instalments on 31 January and 31 July, paid out of the profits available and resolved to be distributed.

On winding-up, the US\$ cumulative redeemable preference shares confer the right to receive out of the assets of the Company available for distribution to its members in preference to rights of any other shares an amount up to the US\$ equivalent of £1, and a sum equal to all the arrears and accruals of US\$ preferential dividends.

Holders of US\$ cumulative redeemable preference shares may attend all general meetings but only vote on resolutions for winding up the Company or which affect the rights attached to such shares or at a general meeting called when dividends on the shares remain unpaid at the date of notice of such meeting for at least 6 months.

Where entitled to vote, each holder has one vote on a show of hands and, on a poll, 401 votes for every US\$0.05 in nominal amount of US\$ cumulative redeemable preference shares held

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
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8. SHARE PREMIUM

Of the share premium of £1,133,222,000 reported at 2009 year-end, £604,361,000 arose in 1998, when the Company issued £35,389,000 of ordinary and U.S. \$ preferred ordinary shares at a premium of £604,361,000 to Xerox Overseas Holdings Limited; at the same time the Company increased its investment in RRXH Limited and XRI Limited. In December 2004 the Company had sold its investment in RRXH Limited to XRI Limited. The remainder of the share premium arose prior to the 1997 Rank Organisation buyout.

9. CAPITAL REDEMPTION RESERVE

	2009 £m
Balance at 1 January and 31 December	1

10. PROFIT AND LOSS ACCOUNT

	2009 £m
Balance at 1 January and 31 December	1,147

11. CONTINGENT LIABILITIES

As a result of the scheme of arrangement following which The Rank Group Plc acquired 100% of the issued share capital of The Rank Organisation Plc in 1996, it is possible that further liabilities other than those provided for in these accounts may arise. No provision has been made for these liabilities at 31 December 2009, as, in the opinion of the Directors, it is unlikely that they will occur

The Company had no other contingent liabilities at 31 December 2009 (2008: nil)

12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking, controlling party and the largest group in which the results of XRO Limited are consolidated is that of Xerox Corporation, which is incorporated in the United States of America. Copies of the Xerox Corporation Annual Report and Accounts may be obtained from The Investor Relations Department, Xerox Corporation, 45 Glover Avenue, PO Box 4505, Norwalk, Connecticut 06856-4505, U.S.A., World Wide Web <http://www.xerox.com>.

The smallest group in which the results of XRO Limited are consolidated is that of Xerox Investments Europe B.V., which is registered in The Netherlands. Copies of the Xerox Investments Europe B.V. Annual Report and Accounts may be obtained from Xerox Investments Europe B.V., De Corridor 5, 3621 ZA Breukelen NL, PO Box 117, 3620 AC Breukelen NL, The Netherlands.

The immediate parent of the Company is Xerox Overseas Holdings Limited, Registered Number 3275267. The registered office for the parent is the same as that for the Company.