

Company Registration No. 00324504 (England and Wales)

XRO LIMITED

**DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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XRO LIMITED

COMPANY INFORMATION

Directors

K. Colburn
X. Heiss
M.J. Barrett

(Appointed 1 January 2013)

Secretary

M.J. Barrett

Company number

00324504

Registered office

Bridge House
Oxford Road
Uxbridge
Middlesex
UB8 1HS

XRO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and financial statements for the year ended 31 December 2013.

Directors

The following directors have held office since 1 January 2013:

K. Colburn

C.M. Albright

X. Heiss

M.J. Barrett

(Resigned 1 January 2013)

(Appointed 1 January 2013)

Mr K. Colburn resigned from the Company on 30 May 2014 and Mr A. Arthurton was appointed on the same day.

By order of the board



M.J. Barrett

Secretary

2 September 2014

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

The company has not traded during the year or the preceding financial year. During these years, the company received no income and incurred no expenditure and therefore made neither profit nor loss.

XRO LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013 £M	2012 £M
Fixed assets			
Investments	2	2,455	2,455
Creditors: amounts falling due within one year	3	(2)	(2)
Net current liabilities		(2)	(2)
Total assets less current liabilities		2,453	2,453
Creditors: amounts falling due after more than one year	4	(46)	(46)
		2,407	2,407
Capital and reserves			
Called up share capital	5	126	126
Share premium account	6	1,133	1,133
Other reserves	6	1	1
Profit and loss account	6	1,147	1,147
Shareholders' funds		2,407	2,407

Audit exemption statement

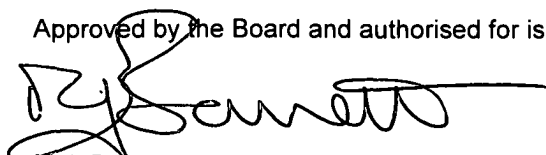
For the financial year ended 31 December 2013 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Board and authorised for issue on 2 September 2014



M.J. Barrett
Director

Company Registration No. 00324504

XRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.4 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 recognised 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 an undiscounted basis.

1.5 Foreign currency translation

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

1.6 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.

XRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

2 Fixed asset investments

	loans to group undertakings £M	Shares in group undertakings £M	Total £M
Cost			
At 1 January 2013 & at 31 December 2013	884	1,571	2,455
Net book value			
At 31 December 2013	884	1,571	2,455
At 31 December 2012	884	1,571	2,455

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

Holdings of more than 20%

The company holds more than 20% of the share capital of the following company:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
XRI Limited	England	Ordinary	100.00
XRI Limited	England	5% Preference	100.00

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

3 Creditors: amounts falling due within one year

	2013 £M	2012 £M
Amounts owed to group undertakings and undertakings in which the company has a participating interest	2	2

Further details on Sterling cumulative redeemable preference shares of 20p each can be found in the note on Creditors amounts due after more than one year.

XRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

4	Creditors: amounts falling due after more than one year	2013	2012
		£M	£M
	Sterling cumulative redeemable preference shares of 20p each	46	46
		<u> </u>	<u> </u>
		2013	2012
		£M	£M
	Authorised		
	Sterling		
	300,000,000 cumulative redeemable preference shares of 20p each	60	60
		<u> </u>	<u> </u>
	Issued and fully paid	£M	£M
	Sterling		
	227,552,614 cumulative redeemable preference shares of 20p each	46	46
		<u> </u>	<u> </u>

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.

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 (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

5 Share capital

	2013 £M	2012 £M
Authorised		
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	3	3
	<u>257</u>	<u>257</u>
	<u><u>257</u></u>	<u><u>257</u></u>
	2013	2012
US Dollars:	\$m	\$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
	<u>29</u>	<u>29</u>
	<u><u>29</u></u>	<u><u>29</u></u>
	2013	2012
	£M	£M
Allotted, called up and fully paid		
Ordinary shares of 10p each	117	117
US\$ preferred ordinary shares of 1 cent each (see below)	7	7
US\$ cumulative redeemable preference shares of 1 cent each	2	2
	<u>126</u>	<u>126</u>
	<u><u>126</u></u>	<u><u>126</u></u>
	\$m	\$m
US Dollars:		
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
	<u>14</u>	<u>14</u>
	<u><u>14</u></u>	<u><u>14</u></u>

XRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

5 Share capital

(Continued)

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.

XRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

6 Statement of movements on reserves

	Share premium account £M	Other reserves (see below) £M	Profit and loss account £M
Balance at 1 January 2013	1,133	1	1,147
Balance at 31 December 2013	1,133	1	1,147
Other reserves			
Capital redemption reserve			
Balance at 1 January 2013 & at 31 December 2013		1	

Share Premium

Of the share premium of £1,133,222,000 reported at 2012 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.

7 Control

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.