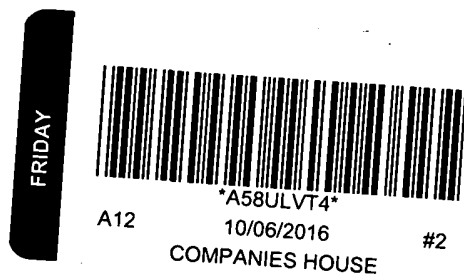


Registered no: 04071566

# **XCHANGING HR SERVICES LIMITED**

## **Annual Report**

**For the year ended 31 December 2015**



# **XCHANGING HR SERVICES LIMITED**

## **Annual report for the year ended 31 December 2015**

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# **XCHANGING HR SERVICES LIMITED**

## **Director and advisers**

### **Director**

T Croom

### **Registered office**

The Walbrook Building  
25 Walbrook  
London  
EC4N 8AQ  
United Kingdom

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

### **Solicitors**

Ashurst LLP  
Broadwalk House  
5 Appold Street  
London  
EC2A 2HA

### **Bankers**

Lloyds Bank PLC  
PO Box 72  
Bailey Drive  
Gillingham Business Park  
Gillingham  
Kent  
ME8 0LS

# **XCHANGING HR SERVICES LIMITED**

## **Director's report for the year ended 31 December 2015**

The director presents his report and the audited financial statements of Xchanging HR Services Limited, for the year ended 31 December 2015.

### **Directors**

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

#### **Name**

M Batty                      Resigned 21 January 2015

T Croom

### **Results and dividends**

The company's profit for the financial year was £80,000 (2014: profit of £678,000).

The financial statements of Xchanging HR Services Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The company transitioned from UK GAAP to FRS101 for all periods presented.

### **Financial risk management**

The financial risk management objectives and policies of the company are the same as for the Group. The company is no longer trading and as such is not exposed to the normal financial risks associated with an actively trading company.

### **Events after the reporting date**

Following a formal bid made on 9 December 2015, supported by Xchanging's Board, Computer Sciences Corporation ('CSC') announced on 18 January 2016 that they had secured shareholder commitments in respect of, or direct ownership of, approximately 87.06% of Xchanging Plc's existing issued share capital, and as a consequence declared their bid unconditional as to shareholder acceptances. Subsequently, an announcement by CSC on 8 February 2016 confirmed this level had risen to approximately 91.78%.

On 15 February 2016 CSC announced that the US merger control condition set out in their offer document has been satisfied. On 31 March 2016 the European Commission announced it had approved the proposed acquisition under the EU Merger Regulation. There are further regulatory conditions to be satisfied before CSC's bid can become wholly unconditional. The process of obtaining these is underway.

### **Going concern**

The director believed that preparing the financial statements on the going concern basis is appropriate based on projections for the foreseeable future being a period of at least 12 months from the date of approval of these financial statements.

# **XCHANGING HR SERVICES LIMITED**

## **Directors' report for the year ended 31 December 2015 (continued)**

### **Directors' Responsibilities Statement**

The director is responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the director 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 these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. They 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.

### **Statement of disclosure of information to auditors**

Each director of the company, in office at the time of approval of this report, acknowledges that:

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

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and therefore a strategic report has not been prepared by the director.

**On behalf of the board**

  
T Croom  
Director  
07 April 2016

# **XCHANGING HR SERVICES LIMITED**

## **Independent auditors' report to the members of Xchanging HR Services Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Xchanging HR Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

The financial statements, included within the Annual Report, comprise:

- the Balance sheet as at 31 December 2015;
- the Income statement and the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# **XCHANGING HR SERVICES LIMITED**

## **Independent auditors' report to the members of Xchanging HR Services Limited (continued)**

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

#### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

#### **Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent 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.

# **XCHANGING HR SERVICES LIMITED**

## **Independent auditors' report to the members of Xchanging HR Services Limited (continued)**

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

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Ian Benham (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
07 April 2016



# XCHANGING HR SERVICES LIMITED

## Income Statement Year ended 31 December 2015

	Notes	2015 £'000	2014 Restated £'000
Revenue	4	-	20
Cost of Sales		-	(1)
Gross profit		-	19
Other costs	5	(9)	832
<b>Operating (loss)/profit</b>		<b>(9)</b>	<b>851</b>
<b>(Loss)/profit on ordinary activities before and taxation</b>		<b>(9)</b>	<b>851</b>
Tax credit/(charge) on ordinary activities	7	89	(173)
<b>Profit for the year</b>		<b>80</b>	<b>678</b>

# XCHANGING HR SERVICES LIMITED

## Statement of Comprehensive income Year ended 31 December 2015

	Notes	2015 £'000	2014 Restated £'000
Profit for the year		80	678
<b>Total comprehensive income for the year</b>		<b>80</b>	<b>678</b>

# XCHANGING HR SERVICES LIMITED

## Balance Sheet as at 31 December 2015

	Notes	2015 £'000	2014 Restated £'000
<b>Current assets</b>			
Trade and other receivables	8	2	116
Cash and cash equivalent		5,655	6,528
		<u>5,657</u>	<u>6,644</u>
Payables: amounts falling due within one year	9	(484)	(1,541)
Provisions for liabilities	10	-	(10)
Net current assets		<u>5,173</u>	<u>5,093</u>
<b>Total assets less current liabilities</b>		<u>5,173</u>	<u>5,093</u>
<b>Net assets</b>		<u>5,173</u>	<u>5,093</u>
<b>Equity</b>			
Ordinary Shares	11	-	-
Retained earnings		5,173	5,093
<b>Total shareholders' funds</b>		<u>5,173</u>	<u>5,093</u>

**Registered number:** 04071566

The financial statements on pages 7 to 21 were approved by the board of director on 07 April 2016 and were signed on its behalf by:

T Croom  
Director  
07 April 2016



# XCHANGING HR SERVICES LIMITED

## Statement of changes in equity

	Notes	Ordinary Shares £'000	Retained earnings £'000	Total £'000
<b>Balances as at 1 January 2014 (as previously reported)</b>		-	4,451	<b>4,451</b>
Effect of changes in accounting policies	14	-	(36)	<b>(36)</b>
<b>Balance as at 1 January 2014 (restated)</b>		-	4,415	<b>4,415</b>
Profit for the year		-	678	<b>678</b>
<b>Balance as at 31 December 2014</b>		-	5,093	<b>5,093</b>
Profit for the year		-	80	<b>80</b>
<b>Balance as at 31 December 2015</b>		-	5,173	<b>5,173</b>

Retained earnings represents accumulated comprehensive income for the year and prior years plus share-based payments adjustments and related tax credits, charges from the parent company for share based payments, less dividends paid.

# **XCHANGING HR SERVICES LIMITED**

## **Notes to the financial statements for the year ended 31 December 2015**

### **1 General information**

Xchanging HR Services Limited does not trade. Its country of operation, incorporation and domicile is the United Kingdom. The parent entity is HR Enterprise Limited.

### **2 Summary of significant accounting policies**

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

#### **Basis of preparation**

The financial statements of Xchanging HR Services Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The company transitioned from UK GAAP to FRS101 for all periods presented. The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

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 note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
- Paragraphs 62, B64(d), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3, 'Business Combinations'
- Paragraph 33(c) of IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations'
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of evaluation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, plant and equipment;
  - paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows)
  - 10(f) (a Balance Sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third Balance Sheet)

# **XCHANGING HR SERVICES LIMITED**

## **Notes to the financial statements for the year ended 31 December 2015 (continued)**

### **2 Summary of significant accounting policies (continued)**

#### **Basis of preparation (continued)**

- 111 (cash flow statement information), and
- 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

#### **Going concern**

The director believed that preparing the financial statements on the going concern basis is appropriate based on projections for the foreseeable future being a period of at least 12 months from the date of approval of these financial statements.

#### **Consolidation**

The company is a wholly owned subsidiary of HR Enterprise Limited and of its ultimate parent, Xchanging Plc. It is included in the consolidated financial statements of Xchanging Plc which are publically available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements are separate financial statements.

#### **Foreign currency translation**

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

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

##### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income.'

# **XCHANGING HR SERVICES LIMITED**

## **Notes to the financial statements for the year ended 31 December 2015 (continued)**

### **2 Summary of significant accounting policies (continued)**

#### **Revenue**

Revenue comprises sales of goods and services (including licence fees, consultancy, maintenance, hosting and other services) provided in the normal course of business. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Revenue, which is stated exclusive of value added tax, is recognised only when it is probable that the economic benefits associated with a transaction will flow to the company. Revenue represents royalties and performance fees from the Xchanging HR Services plc group, in the United Kingdom and Europe.

#### **Trade and other receivables**

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

#### **Share capital**

Ordinary shares are classified as equity.

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

#### **Payables**

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

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

# **XCHANGING HR SERVICES LIMITED**

## **Notes to the financial statements for the year ended 31 December 2015 (continued)**

### **2 Summary of Significant accounting policies (continued)**

#### **Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. 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.

Deferred income 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 tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income 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 income tax asset is realised or the deferred income tax liability is settled.

Deferred income 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 income 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 deferred income taxes 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.

### **3 Critical accounting estimates and judgments**

Management is required to exercise judgement and make sure of estimates and assumptions in the application of accounting standards. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There were no areas of significant judgements or estimates.



# XCHANGING HR SERVICES LIMITED

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 4 Revenue

Analysis of revenue by geography:	By destination	By destination
	2015	2014
	£'000	£'000
United Kingdom	-	20
	<u>-</u>	<u>20</u>

### 5 Operating Profit

	2015	2014
	£'000	£'000
<b>Operating profit/(loss) is stated after:</b>		
Wages and salaries	-	(432)
Social security costs	-	69
<b>Staff costs</b>	<u>-</u>	<u>(363)</u>
Release of impairment of trade receivables	-	(203)
Other administrative expenses/(income)	9	(266)
	<u>9</u>	<u>(832)</u>

The auditors' remuneration of £4, 000 (2014: £2,000) has been borne by Xchanging UK Limited.

### 6 Employees and director

The company had no employees during the current or the prior year.

The emolument of director is paid by other Group companies which makes no recharge to the company. The director is a director of other Group companies and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of his emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of the Director. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the other Group companies.

# XCHANGING HR SERVICES LIMITED

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 7 Income tax

	2015 £'000	2014 £'000
<b>Tax credit included in income statement</b>		
Current tax:		
UK corporation tax on profit for the year	(2)	175
Adjustments in respect of prior years	(77)	(12)
<b>Total current tax</b>	<b>(79)</b>	<b>163</b>
Deferred tax:		
Origination and reversal of timing differences	(10)	-
Adjustments in respect of prior years	-	10
<b>Total deferred tax</b>	<b>(10)</b>	<b>10</b>
<b>Total tax (credit)/charge on profit on ordinary activities</b>	<b>(89)</b>	<b>173</b>

The tax for the year is lower (2014: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2015 of 20.25% (2014: 21.5 %). The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1st April 2015. Accordingly the company's profits for the accounting year are taxed at a blended rate of 20.25 % (2014: 21.5%). The differences are explained below:

	2015 £'000	2014 £'000
(Loss)/profit on ordinary activities before tax	(9)	815
Profit multiplied by the standard rate of tax in the UK of 20.25% (2014: 21.5%)	(2)	175
Effects of:		
Adjustments to tax charge in respect of prior years	(77)	(12)
<b>Tax (credit)/charge</b>	<b>(79)</b>	<b>163</b>

The Finance (No 2) Act 2015 reduced the standard rate of corporation tax in the UK from 20% to 19% with effect from 1 April 2017 and then from 19% to 18% with effect from 1 April 2020. Accordingly deferred tax is calculated in full on temporary differences under the liability method using the tax rate arising when the temporary difference is expected to reverse in the UK and at the relevant local statutory rates for differences arising in other countries.

# XCHANGING HR SERVICES LIMITED

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 8 Trade and other receivables

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables - owed by group undertakings	-	3
Other receivables	-	113
Group relief receivable	2	-
	<u>2</u>	<u>116</u>

### 9 Payables: amounts falling due within one year

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Trade Payables	-	52
Trade payable - owed to group undertakings	313	985
Taxation and social security	2	-
Other Payables	-	159
Accruals and deferred income	169	170
Corporation tax	-	175
	<u>484</u>	<u>1,541</u>

# XCHANGING HR SERVICES LIMITED

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 10 Provisions for liabilities

	Deferred tax £'000	Total £'000
At 1 January 2015	10	10
Charged to the income statement during the year	(10)	(10)
<b>At 31 December 2015</b>	<b>-</b>	<b>-</b>

Deferred Tax	2015 £'000	2014 £'000
Provided:		
Deferred tax liability at beginning of year	10	-
(Credited)/charged to the income statement during the year:		
- Adjustment in respect of prior years	(10)	10
<b>Deferred tax liability at end of year</b>	<b>-</b>	<b>10</b>

#### Provision for deferred tax liability comprises:

Depreciation in excess of capital allowances	-	19
Provisions	-	(9)
	<b>-</b>	<b>10</b>

### 11 Share capital

	2015 £	2014 £
Ordinary shares		
<b>Allotted and fully paid</b>		
At 1 January	1	1
At 31 December	<b>1</b>	<b>1</b>

Allotted called up and fully paid shares: 1 (2014: 1) ordinary share of £1 (2014: £1) each.

### 12 Contingent liabilities

The Company acts as a guarantor for the Xchanging Group's multicurrency revolving credit facility. This facility has been amended from £165.0 million to £190.0 million in 2015. As at 31 December 2015, £155.0 million was drawn as cash under this facility (2014: £115.0 million). The revolving credit facility matures in June 2018.

# **XCHANGING HR SERVICES LIMITED**

## **Notes to the financial statements for the year ended 31 December 2015 (continued)**

### **13 Parent undertaking and ultimate controlling party**

The immediate parent company is HR Enterprise Limited.

The ultimate parent company and controlling party is Xchanging plc, a company incorporated in England and Wales. The results of Xchanging HR Services Limited for the year ended 31 December 2015 are included in the Xchanging plc consolidated financial statements; copies of which may be obtained from Xchanging, The Walbrook Building, 25 Walbrook, London, EC4N 8AQ, United Kingdom. Xchanging plc is the only company to consolidate the results of Xchanging HR Services Limited

### **14 Events after the reporting date**

Following a formal bid made on 9 December 2015, supported by Xchanging's Board, Computer Sciences Corporation ('CSC') announced on 18 January 2016 that they had secured shareholder commitments in respect of, or direct ownership of, approximately 87.06% of Xchanging Plc's existing issued share capital, and as a consequence declared their bid unconditional as to shareholder acceptances. Subsequently, an announcement by CSC on 8 February 2016 confirmed this level had risen to approximately 91.78%.

On 15 February 2016 CSC announced that the US merger control condition set out in their offer document has been satisfied. On 31 March 2016 the European Commission announced it had approved the proposed acquisition under the EU Merger Regulation. There are further regulatory conditions to be satisfied before CSC's bid can become wholly unconditional. The process of obtaining these is underway.

### **15 Transition to Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101)**

The company adopted Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) for all periods presented in these financial statements.

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with FRS 101. Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2014, the Company's date of transition to FRS101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 January 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 December 2014.

# XCHANGING HR SERVICES LIMITED

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 15 Transition to Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) (continued)

#### Reconciliation of equity as at 1 January 2014

	Notes	UK GAAP	FRS101 re- classifications/ re- measurements	FRS101
		£'000	£'000	£'000
<b>Current assets</b>				
Trade and other receivables		4,855	-	4,855
Cash and cash equivalent		9,388	-	9,388
		<hr/>	<hr/>	<hr/>
Payables: amounts falling due within one year		(9,792)	(36)	(9,828)
		<hr/>	<hr/>	<hr/>
Net current assets		4,451	(36)	4,415
<b>Total assets less current liabilities</b>		<hr/> 4,451	<hr/> (36)	<hr/> 4,415
<b>Net assets</b>		<hr/> 4,451	<hr/> (36)	<hr/> 4,415
<b>Equity</b>				
Ordinary Shares		-	-	-
Retained earnings		4,451	(36)	4,415
		<hr/>	<hr/>	<hr/>
<b>Total shareholders' funds</b>		<hr/> 4,451	<hr/> (36)	<hr/> 4,415

# XCHANGING HR SERVICES LIMITED

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 15 Transition to Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) (continued)

#### Restatement of equity from UK GAAP to FRS 101

##### Reconciliation of equity

as at 31 December 2014

	Notes	UK GAAP	FRS101 re- classifications/ re- measurements	FRS101
		£'000	£'000	£'000
<b>Current assets</b>				
Trade and other receivables		116		116
Cash and cash equivalent		6,528	-	6,528
		<u>6,644</u>	<u>-</u>	<u>6,644</u>
Payables: amounts falling due within one year		(1,541)	-	(1,541)
Net current assets/(liabilities)		<u>5,093</u>	<u>-</u>	<u>5,093</u>
<b>Total assets less current liabilities</b>		<u>5,093</u>	<u>-</u>	<u>5,093</u>
<b>Net assets</b>		<u>5,093</u>	<u>-</u>	<u>5,093</u>
<b>Equity</b>				
Ordinary Shares		-	-	-
Retained earnings		5,093	-	5,093
<b>Total shareholders' funds</b>		<u>5,093</u>	<u>-</u>	<u>5,093</u>

#### Employee Benefits

##### Holiday pay accrual

On transition to FRS 101, a holiday pay accrual of £36,000 was recognised at 1 January 2014. During 2014 the accrual was reversed as the company had no employees as at 31 December 2014.