

Registered no: 04220016

XCHANGING PROCUREMENT SERVICES (HOLDCO) LIMITED

Annual report

for the year ended 31 December 2008

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XCHANGING PROCUREMENT SERVICES (HOLDCO) LIMITED

Annual report for the year ended 31 December 2008

Directors and advisors	1
Directors' report	2 - 4
Independent auditors' report	5 - 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 12

XCHANGING PROCUREMENT SERVICES (HOLDCO) LIMITED

1

Directors and advisors

Directors

S Bouvier
G Whitaker

Secretary

A Gallagher

Registered office

13 Hanover Square
London
W1S 1HN

Independent auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Solicitors

Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ

Bankers

Lloyds TSB
City Office
PO Box 72
Gillingham Business Park
Kent
ME8 0LS

**Directors' report
for the year ended 31 December 2008**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2008.

Principal activity

The company is a wholly owned holding company whose activities comprise receipt of income from its subsidiary.

Review of business and future developments

The company received dividends from its subsidiary undertaking Xchanging Procurement Services Limited during the year and is expected to do so in the future.

The company results are set out in the profit and loss account on page 7.

Financial risk management

The company has limited exposure to financial risk as all material financial instruments are with companies within the group headed by Xchanging plc, Xchanging Procurement Services (Holdco) Limited's ultimate parent undertaking.

Results and dividends

The company's profit after tax for the year was £7,134,000 (2007: £5,390,000).

During the year, a dividend of £35.67 (2007: £26.95) per share was paid amounting to £7,134,000 (2007: £5,390,000).

The directors recommend a dividend payment of £40.22 per share, amounting to a total dividend of £8,043,000. The dividend will be submitted for formal approval at a meeting of the Board to be held on 26 March 2009. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ended 31 December 2009. In order to have sufficient distributable reserves to pay this dividend the company is reliant on first receiving an appropriate dividend from its subsidiary.

**Directors' report
for the year ended 31 December 2008 (continued)**

Directors

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

Name	Date of resignation	Date of appointment
D W Andrews	20 November 2008	
S Bouvier		
R Houghton	20 November 2008	
D Rich-Jones	20 November 2008	
P Rushton	27 February 2009	
G Whitaker		20 November 2008

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

XCHANGING PROCUREMENT SERVICES (HOLDCO) LIMITED

4

Directors' report for the year ended 31 December 2008 (continued)

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/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. The company has elected to dispense with the requirement to appoint auditors annually, therefore, in the absence of a notice proposing that the appointment be terminated, PricewaterhouseCoopers LLP will continue as auditors to the company.

By order of the board



**S Bouvier
Director
26 March 2009**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF XCHANGING PROCUREMENT SERVICES (HOLDCO) LIMITED

We have audited the financial statements of Xchanging Procurement Services (Holdco) Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
OF XCHANGING PROCURMENT SERVICES (HOLDCO)
LIMITED (continued)**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
27 March 2009

XCHANGING PROCUREMENT SERVICES (HOLDCO) LIMITED

7

Profit and loss account for the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Income from shares in subsidiary undertakings		<u>7,134</u>	<u>5,390</u>
Operating profit – continuing operations	2	7,134	5,390
Profit on ordinary activities before taxation		7,134	5,390
Tax charge on profit on ordinary activities	5	-	-
Profit for the year	10	<u>7,134</u>	<u>5,390</u>

The company had no gains or losses other than those included in the results above, therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.


XCHANGING PROCUREMENT SERVICES (HOLDCO) LIMITED

8

Balance sheet as at 31 December 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Investments	7	-	-
		-	-
Current assets			
Debtors: amounts falling due within one year	8	200	200
Net current assets		200	200
Net assets		200	200
Capital and reserves			
Called up share capital	9	20	20
Share premium account	10	180	180
Profit and loss reserve	10	-	-
Total shareholders' funds	11	200	200

The financial statements on pages 7 to 12 were approved by the board of directors on 26/3/09
were signed on its behalf by:


S Bouvier
Director

XCHANGING PROCUREMENT SERVICES (HOLDCO) LIMITED

9

Notes to the financial statements for the year ended 31 December 2008

1 Principal accounting policies

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which, unless otherwise stated, have been applied consistently with the prior year, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate based on projections for the foreseeable future.

Turnover

The company is a non-trading holding company and as such does not have turnover.

Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment. Impairment reviews are conducted at the end of the first full year following acquisition and thereafter where indicators of impairment are present.

Related party transactions

The company has taken advantage of the exemption available in Financial Reporting Standard 8 not to disclose transactions with related parties that are more than 90% owned by the group.

Cash flow statement and non-consolidation of subsidiary undertakings

The company is a wholly owned subsidiary of Xchanging plc and is included in the consolidated financial statements of Xchanging plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) and has also taken advantage of the exemption from preparing consolidated financial statements under the terms of s.228 of the Companies Act 1985.

XCHANGING PROCUREMENT SERVICES (HOLDCO) LIMITED

10

Notes to the financial statements for the year ended 31 December 2008

2 Operating profit

Operating profit is stated after charging/(crediting):	2008	2007
	£'000	£'000
Auditors' remuneration – audit services	-	-
	-	-

For the current and prior year the auditors' remuneration was borne by another group company.

3 Directors' emoluments

The directors do not receive any emoluments from the company.

During the year, 2 directors exercised options over 5p shares of Xchanging plc (2007: 3 directors).

4 Employees

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

5 Tax charge on profit on ordinary activities

	2008	2007
	£'000	£'000
Current tax:		
UK corporation tax on profits of the year	-	-

The tax assessed for the period is lower (2007: lower) than the standard rate of corporation tax in the UK of 28% (2007: 30%). The differences are explained below.

	2008	2007
	£'000	£'000
Profit on ordinary activities before tax	7,134	5,390
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	2,033	1,617
Non-taxable dividend income	(2,033)	(1,617)
Tax charge for the year	-	-

XCHANGING PROCUREMENT SERVICES (HOLDCO) LIMITED

11

Notes to the financial statements for the year ended 31 December 2008 (continued)

6 Equity dividend paid or declared

	2008 £'000	2007 £'000
Ordinary shares: £35.67 per 10p share (2007: £26.95 per 10p share)	<u>7,134</u>	<u>5,390</u>

The directors are proposing a final dividend in respect of the financial year ending 31 December 2008 of £8,043,000 (2007: £7,134,000) to be reflected in the 2009 financial statements.

7 Investments

The following are wholly owned subsidiaries of Xchanging Procurement Services (Holdco) Limited:

Name	Country of incorporation	Principal activity
Xchanging Procurement Services Limited *	United Kingdom	Procurement Services
Xchanging Procurement Services (Europe) Limited	United Kingdom	Procurement Services

* Held directly

Investments comprise equity shares with a cost of £1 (2007: £1).

8 Debtors

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	195	195
Consortium relief receivable	5	5
	<u>200</u>	<u>200</u>

Amounts owed by group undertakings are interest free and are repayable on demand.

9 Called up share capital

	2008 £'000	2007 £'000
Authorised		
200,000 ordinary shares of 10p each	<u>20</u>	<u>20</u>
Allotted, called up and fully paid		
200,000 ordinary shares of 10p each	<u>20</u>	<u>20</u>

XCHANGING PROCUREMENT SERVICES (HOLDCO) LIMITED

12

Notes to the financial statements for the year ended 31 December 2008 (continued)

10 Reserves

	Share premium account £'000	Profit and loss reserve £'000
At 1 January 2008	180	-
Profit for the financial year	-	7,134
Dividend	-	(7,134)
At 31 December 2008	180	-

11 Reconciliation of movements in equity shareholders' funds

	2008 £'000	2007 £'000
Opening equity shareholders' funds	200	200
Profit for the financial year	7,134	5,390
Dividend	(7,134)	(5,390)
Closing equity shareholders' funds	200	200

12 Parent undertaking and ultimate controlling party

The company is a wholly owned subsidiary of XUK Holdco (No. 2) Limited.

Xchanging plc, a company incorporated in England and Wales is the ultimate parent undertaking. The results of Xchanging Procurement Services (Holdco) Limited are included in the Xchanging plc consolidated accounts; copies of which may be obtained from Xchanging plc, 13 Hanover Square, London, W1S 1HN, United Kingdom. Xchanging plc is the only undertaking to include the results of the company in its consolidated accounts.