

Registered no 04220016

XCHANGING PROCUREMENT SERVICES (HOLDCO) LIMITED

Annual report

for the year ended 31 December 2010

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XCHANGING PROCUREMENT SERVICES (HOLDCO) LIMITED

Annual report for the year ended 31 December 2010

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XCHANGING PROCUREMENT SERVICES (HOLDCO) LIMITED

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Directors and advisors

Directors

S Trainor
G Whitaker

Secretary

C Fussell

Registered office

13 Hanover Square
London
W1S 1HN

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
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

XCHANGING PROCUREMENT SERVICES (HOLDCO) LIMITED

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Directors' report for the year ended 31 December 2010

The directors present their report and the audited financial statements of the company for the year ended 31 December 2010

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 6

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 £5,553,000 (2009 £7,928,000)

During the year, a dividend of £27.77 (2009 £39.64) per share was paid amounting to £5,553,000 (2009 £7,928,000)

The directors recommend a dividend payment of £15.98 per share, amounting to a total dividend of £3,195,000. The dividend will be submitted for formal approval at a meeting of the Board to be held on 6th April 2011. 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 2011. 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

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

Name

S Trainor
G Whitaker

**Directors' report
for the year ended 31 December 2010 (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 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

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law 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). 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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,
- 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. 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent 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.

On behalf of the board

**S Trainor
Director
6th April 2011**



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 2010 which comprise the Profit and loss account, the Balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 3 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). 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 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.

Scope of the audit of the financial statements

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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 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

**Independent Auditors' Report to the Members of
Xchanging Procurement Services (Holdco) Limited
(continued)**

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Darryl Phillips (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 April 2011

XCHANGING PROCUREMENT SERVICES (HOLDCO) LIMITED

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Profit and loss account for the year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
Income from shares in subsidiary undertakings		<u>5,553</u>	<u>7,928</u>
Operating profit	2	5,553	7,928
Profit on ordinary activities before taxation		5,553	7,928
Tax charge on profit on ordinary activities	5	-	-
Profit for the financial year	10	<u>5,553</u>	<u>7,928</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 profit for the financial years stated above and their historical cost equivalents

All results stated related to continuing operations

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Balance sheet as at 31 December 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Investments	7	-	-
Current assets			
Debtors	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 of Xchanging Procurement Services (Holdco) Limited – Company registration 04220016 – as set out on pages 6 to 11 were approved by the board of directors on 6th April 2011 and were signed on its behalf by



S Trainor
Director

**Notes to the financial statements
for the year ended 31 December 2010**

1 Principal accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006 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.

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 s400 of the Companies Act 2006.

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. Dividend income is recognised at the point the company is legally entitled to receive such amounts.

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 wholly owned by the Xchanging plc group.

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Notes to the financial statements for the year ended 31 December 2010

2 Operating profit

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

3 Directors' emoluments

Neither of the directors received any remuneration specifically in respect of their services to the company during the year (2009 £nil)

During the year no directors exercised options over 5p shares of Xchanging plc (2009 no directors exercised options over 5p shares of Xchanging plc)

4 Employees

The company had no employees during the current or prior year

5 Tax charge on profit on ordinary activities

	2010	2009
	£'000	£'000
Current tax		
UK corporation tax on profits of the year	-	-

The tax assessed for the period is lower (2009 lower) than the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010	2009
	£'000	£'000
Profit on ordinary activities before tax	5,553	7,928
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	1,555	2,220
Non-taxable dividend income	(1,555)	(2,220)
Tax charge for the year	-	-

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010 was substantively enacted on 20 July 2010 and will be effective from 1 April 2011. As a result the main rate of corporation tax will reduce from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014, these changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

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Notes to the financial statements for the year ended 31 December 2010 (continued)

6 Equity dividend paid

	2010 £'000	2009 £'000
Ordinary shares £27.77 per 10p share (2009 £39.64 per 10p share)	<u>5,553</u>	<u>7,928</u>

The directors are proposing a final dividend in respect of the financial year ending 31 December 2010 of £3,195,000 (2009 £5,553,000) to be reflected in the 2011 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 (2009 £1)

8 Debtors

	2010 £'000	2009 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	195	195
Consortium relief receivable	<u>5</u>	<u>5</u>
	<u>200</u>	<u>200</u>

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

9 Called up share capital

	2010 £'000	2009 £'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>

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Notes to the financial statements for the year ended 31 December 2010 (continued)

10 Reserves

	Share premium account £'000	Profit and loss reserve £'000
At 1 January 2010	180	-
Profit for the financial year	-	5,553
Dividend	-	(5,553)
At 31 December 2010	180	-

11 Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Opening shareholders' funds	200	200
Profit for the financial year	5,553	7,928
Dividend	(5,553)	(7,928)
Closing 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.