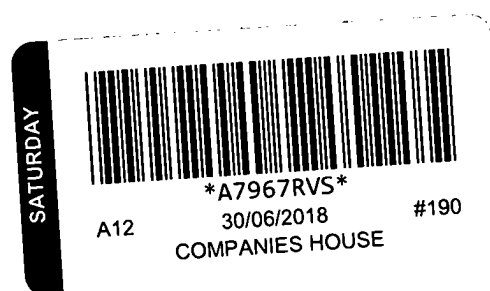


Company Registration No. 04220043

XCHANGING PROCUREMENT SERVICES LIMITED

Report and financial statements

For the financial period from 1 January 2016 to 31 March 2017



Xchanging procurement services limited

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	3
Statement of directors' responsibilities	5
Independent auditor's report	6
Income statement	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the financial statements	11

Xchanging procurement services limited

Officers and Professional Advisers

Directors

T A Gough	appointed 09 June 2017
N A Wilson	appointed 09 June 2017
M C Woodfine	appointed 01 June 2016
G Bhat	resigned 23 May 2016
T L Croom	resigned 23 May 2016
D J B Royer	resigned 04 February 2016

Registered Office

The Walbrook Building
25 Walbrook
London
EC4N 8AQ
United Kingdom

Independent Auditor

Deloitte LLP
Statutory Auditor
2 New Street Square, London
EC4A 3BZ
United Kingdom

Principal Bankers

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

Xchanging procurement services limited

Strategic report

The directors present their Strategic report on the Company for the financial period ended 31 March 2017. In preparing the Strategic report, the directors have complied with s414c of the Companies Act 2006.

Xchanging procurement services limited ("the Company") is a private company, limited by shares and registered in England and Wales. The Company's registered and principal address is The Walbrook building, 25 Walbrook, London, EC4N 8AQ, United Kingdom.

The Company is an indirect subsidiary of DXC Technology Company (DXC), a public listed Company incorporated in the United States of America and listed on the New York Stock Exchange.

The financial statements for the period 1 January 2016 to 31 March 2017 are set out on pages 8 to 21.

Business review

The company is engaged in providing procurement services for indirect spend categories under long term outsourcing contracts.

On 5 May 2016, Xchanging group was acquired by DXC Technology Company (DXC) and the ultimate parent company of Xchanging Procurement Services Limited is DXC, a company incorporated in the United States of America and as a consequence the Company has changed its year end to 31 March and reports a fifteen months accounting period.

During the period the Company had recognised a loss of £3,899,000 (2015: £10,008,000). The Company has net liabilities of £12,263,000 (2015: £8,364,000) and net current liabilities of £12,263,000 (2015: £9,053,000). The performance for the period is in line with management's expectations.

Key performance indicators

The Company is managed by the UK management team along with other UK DXC entities. The performance and results for all UK entities are analysed on a worldwide DXC measurement basis, at a business unit and sector level. For this reason, the directors of the Company believe that analysis using key performance indicators is not appropriate for an understanding of the development, performance or position of the business shown in these financial statements.

Further details on other business risks and uncertainties can be found in section 1A of the DXC's consolidated financial statements for the financial period ended 31 March 2017 which are available to the public and may be obtained from the Company's website www.dxc.technology.

Approved by the board and signed on its behalf by:



Tina Gough
Director

28 June 2018

Xchanging procurement services Limited

Directors' report

The directors present the report on the affairs of the Company, together with the audited financial statements and auditor's report for the period 1 January 2016 to 31 March 2017.

Principal activity

The Company continues to provide procurement services for indirect spend categories under long term outsourcing contracts.

Future development

The company will continue to trade in its principal activities.

Events after the balance sheet date

Following the acquisition of Xchanging Plc by Computer Science Corporation (CSC), the year end for all Xchanging entities changed from December 2016 to March 2017, so an extended financial period from January 2016 to March 2017 has been presented. On 1 April 2017 Computer Sciences Corporation merged with the Enterprise Services segment of Hewlett Packard Enterprise (HPE) and formed a new company DXC Technology company.

Dividends

No dividend was declared or paid during the period (2015: £nil).

Political contribution

No political donations were made during the period (2015: £nil).

Going concern

The Company is loss making and reports net liabilities as a result of amounts due to other group companies. Assurance has been obtained from the parent company that it will continue to provide financial support to enable the Company to meet its financial obligations for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 2.

Financial instruments

The directors have considered the risks attached to the Company's financial instruments which principally comprise investments and loans to and from group companies. The directors have taken a prudent approach in their consideration of the various risks attached to the financial statements of the Company. The Company's exposure to price risk, credit risk, liquidity risk and cashflow risk is not material for the assessment of assets, liabilities and the financial statements.

Impairment and valuation risk of investments is dependent on the performance of the underlying group. The directors therefore perform annual impairment assessments on investment balances.

The director's policy on hedging is to hedge all financial risks where it is feasible and cost effective to do so. The Company had no hedged transactions during the financial period.

Further details on other business risks and uncertainties can be found in Section 1A of the DXC's consolidated financial statements for the period ended 31 March 2017, which are available to the public and may be obtained from www.dxc.technology.

Financial risk management

The company is actively trading and is exposed to the normal financial risks. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses long-term financial support from its fellow subsidiary companies.

Directors

The following were directors of the Company during the period and up to the date of this report, except as noted:

T A Gough	appointed 09 June 2017
N A Wilson	appointed 09 June 2017
M C Woodfine	appointed 01 June 2016
G Bhat	resigned 23 May 2016
T L Croom	resigned 23 May 2016
D J B Royer	resigned 04 February 2016

No qualifying third-party indemnity provisions were made by the Company during the period for the benefit of its directors.

Research and development

During the financial period, there were no cost incurred towards research and development (2015: £nil).

Xchanging procurement services Limited

Directors' report (continued)

Employees

Details of the number of employees and related costs can be found in note 7 to the financial statements.

The Company's Equal Opportunities Policy ensures that decisions concerning all aspects of employment, recruitment, reward mechanisms, career progression and training are made exclusively on the basis of merit and the requirements of the role, and that no person is treated less favourably because of age, sex, sexual orientation, marital status, race, nationality, ethnic origin, disability, religious beliefs, or membership or non-membership of a trade union. CSC has an Equal Opportunities Policy and a Diversity Policy.

The Company recognises the importance of providing a safe working environment for all employees and others who may be affected by the Company's activities. A pro-active Safety Management Programme is in place, supported by all levels of management, safety officers, safety champions and the Group H&S Team. All of the activities have been assessed to identify significant hazards, which are then controlled and managed. The Safety Programme has been externally verified and approved by Lloyd's Register Quality Assurance to the OHSAS 18001 specification.

The Company's investment in employees is fundamental to a successful workplace and feedback is encouraged. The UK Employee Forum (UKEF) is the Company's chosen forum for informing and consulting with the UK workforce as a whole. This Forum enables the Company to properly inform and involve employees in decision making and problem solving increasing collaboration, creativity and innovation through dialogue and exchange of views.

Branches outside the UK

The Company has no branch, located outside the UK, as defined in section 1046(3) of Companies Act 2006.

Auditor

The erstwhile auditors PricewaterhouseCoopers have resigned during the financial year 2017 and hence Deloitte LLP has been appointed as an auditor for the period 1 January 2016 to 31 March 2017 under the provisions of section 489 of the Companies Act 2006.

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

1. so far as the directors are aware, there is no relevant audit information of which the Company's auditor are unaware; and
2. the directors have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



Tina Gough
Director

28 June 2018

Xchanging procurement services limited

Statement of directors' responsibilities

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

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

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 United Kingdom 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.

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 to 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.

Independent Auditors report for Xchanging procurement services Limited

For the financial period 01 January 2016 to 31 March 2017

We have audited the financial statements of Xchanging procurement services limited for the period from 1 January 2016 to 31 March 2017 which comprise the Income statement, Statement of financial position, the Statement of changes in equity and the related notes 1 to 19. 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), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities, 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.

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. 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.

Basis for disclaimer of opinion on financial statements

On 5 May 2016, the company was acquired by CSC. The audit evidence available to us was limited because sufficient accounting records and documentation were not available due to significant changes to processes and staff following the acquisition. As a result of this we have been unable to obtain sufficient appropriate audit evidence concerning the most material financial statement account balances.

Disclaimer of opinion on financial statements

Because of the significance of the matter described in the basis for disclaimer of opinion on financial statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the financial statements.

Opinion on other matter prescribed by the Companies Act 2006

Because of the significance of the matter described in the basis for disclaimer of opinion on financial statements paragraph, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Notwithstanding our disclaimer of an opinion on the financial statements, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit performed subject to the pervasive limitation described above, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to income statement transactions, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept.

Independent Auditors report for Xchanging procurement services Limited
For the financial period 01 January 2016 to 31 March 2017

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:

- 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.



Sonya Butters FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

28 June 2018

Xchanging procurement services limited

Income statement

For the financial period 01 January 2016 to 31 March 2017

		Financial period 1 January 2016 to 31 March 2017 £'000	Financial Year 1 January 2015: to 31 December 2015 £'000
	Notes		
Revenue	4	5,981	48,060
Cost of sales		-	(39,707)
Gross profit		<u>5,981</u>	<u>8,353</u>
Administrative expenses excluding exceptional restructuring costs		(7,282)	(13,844)
Other operating income		-	38
Operating loss	5	<u>(1,301)</u>	<u>(5,453)</u>
Exceptional costs of restructuring	6	(172)	(6,980)
Liquidation of investment		(3)	-
Finance income	8	-	169
Loss before taxation		<u>(1,476)</u>	<u>(12,264)</u>
Tax (expense)/credit	9	(2,423)	2,256
Loss for the financial period		<u><u>(3,899)</u></u>	<u><u>(10,008)</u></u>

The above results are wholly attributable to continuing activities.

There is no income or loss for the current or previous financial period, other than shown above, accordingly, no Statement of comprehensive income has been presented.

The notes on pages 11 to 21 form part of these financial statements.

Xchanging procurement services limited

Statement of financial position As at 31 March 2017

	Notes	At 31 March 2017 £'000	At 31 December 2015 £'000
Assets			
Non-current assets			
Deferred taxation asset	9	-	691
Property, plant and equipment	10	-	25
Total non-current assets		-	716
Current assets			
Trade and other receivables	11	5,607	10,557
Cash at bank and in hand		872	1,947
Total current assets		6,479	12,504
Total assets		6,479	13,220
Liabilities			
Current liabilities			
Trade and other payables	12	(18,483)	(20,413)
Provisions	14	(259)	(1,144)
Total current liabilities		(18,742)	(21,557)
Non-current liabilities			
Trade and other payables	13	-	(27)
Total non-current liabilities		-	(27)
Total Liabilities		(18,742)	(21,584)
Net liabilities		(12,263)	(8,364)
Equity			
Share capital	17	-	-
Deficit		(12,263)	(8,364)
Total equity		(12,263)	(8,364)

The notes on pages 11 to 21 form part of these financial statements.

These financial statements of Xchanging procurement services limited (registered number 04220043) were authorised and approved for issue by the board of directors on 28 June 2018 and signed on its behalf by:



Tina Gough
Director

Xchanging procurement services limited

Statement of changes in equity

For the financial period 01 January 2016 to 31 March 2017

	Share capital	Share premium	Deficit	Total
	£'000	£'000	£'000	£'000
Balance as at 1 January 2015	-	-	1,577	1,577
Loss for the financial year	-	-	(10,008)	(10,008)
Other comprehensive expense for the financial period	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the period	-	-	(8,431)	(8,431)
Credit relating to equity-settled share based payments	-	-	67	67
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2015	-	-	(8,364)	(8,364)
Loss for the financial period	-	-	(3,899)	(3,899)
Other comprehensive expense for the financial period	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the period	-	-	(3,899)	(3,899)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 31 March 2017	-	-	(12,263)	(12,263)

The notes on pages 11 to 21 form part of these financial statements.

Xchanging procurement services Limited

Notes to the financial statements

For the financial period 01 January 2016 to 31 March 2017

1) Basis of financial statements

Xchanging procurement services limited ("the Company") provides procurement services for indirect spend categories under long term contracts. The Company provides its services mainly in the United Kingdom with a smaller proportion of its revenue generated by other European markets.

The Company is a private company and is incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is The Walbrook Building, 25 Walbrook, London, EC4N 8AQ, United Kingdom.

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 financial periods presented, unless otherwise stated.

Basis of preparation

The financial statements of Xchanging procurement services limited have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment 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. Where relevant, equivalent disclosures have been given in the consolidated financial statements of DXC Technology Company in relation to:

- the disclosure exemptions from IFRS 7 "Financial Instruments: Disclosures";
- the disclosure exemptions from IFRS 13 "Fair Value Measurement" to the extent that they apply to financial instruments;
- the disclosure exemptions from paragraphs 134 to 136 of IAS 1 "Presentation of Financial Statements";
- the disclosure exemptions of IFRS 3 "Business combinations";
- the requirements of IAS 7 "Statement of Cash Flows";
- the requirements of IAS 8 "Accounting policies, changes in accounting estimates and errors";
- the requirements of IAS 24 "Related Parties" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transactions is wholly owned by such a member; and
- the requirements of IAS 36 "Impairment of Assets".

Going concern

The Company's business activities, together with the factors likely to affect its future development, principal risks and uncertainties, performance and position are set out within the Strategic report and Directors' report.

The directors have a reasonable expectation that the wider DXC Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Income from shares

Dividend income is recognised when the right to receive payment is established.

Operating loss

The operating loss is arrived at after expensing depreciation on owned assets, exchange losses, audit fee and non-audit fee payable to auditor.

Xchanging procurement services Limited

Notes to the financial statements (continued)

For the financial period 01 January 2016 to 31 March 2017

2) Summary of significant accounting policies (continued)

Foreign currency

Foreign currency transactions are translated into the functional currency of GBP using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. These financial statements are presented in pounds' sterling because that is the currency of the primary economic environment in which the Company operates. 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, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the Income statement within 'Other operating income.'

Revenue recognition

Revenue, including intercompany revenue, is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

The Company recognises revenue only if it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. The Company recognises revenue when it has persuasive evidence of an arrangement, delivery has occurred, the sales price is fixed or determinable and the collectability is reasonably assured. Delivery does not occur until products have been shipped or services have been provided to the client, risk of loss has transferred to the client and the client acceptance has been obtained, client acceptance provisions have lapsed or the Company has objective evidence that the criteria specified in the client acceptance provisions have been satisfied. No revenue is recognised if there are significant uncertainties regarding recovery of consideration due, associated costs or the Company's continuing involvement with goods.

Services

The Company's primary services offerings include procurement management services. The Revenue is recognised in the year the services are provided using either an objective measure of output or a straight-line basis over the term of the contract. Under the output method, the amount of revenue recognised is based on the services delivered in the year as stated in the contract.

Interest income

Interest income is recognised in the Income statement using the effective interest method.

Current and deferred taxation

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 shareholder's funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the date of the Statement of financial position in the countries where the Company operates and generates taxable income. Provisions are made where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the Statement of financial position 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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Xchanging procurement services Limited

Notes to the financial statements (continued)

For the financial period 01 January 2016 to 31 March 2017

2) Summary of significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed to the Income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost amount to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Life of lease
Computer and related equipment	33%
Furniture, fittings and office equipment	25%

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income statement.

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost, less, where appropriate, allowances for impairment.

Impairment of investments

At each reporting date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income statement.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets:

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less any appropriate provision for estimated irrecoverable amounts. A provision is made for irrecoverable amounts where there is objective evidence that amounts due will not be collected.

They are included in current assets, except for payment terms greater than twelve months after the end of the reporting period. These are classified as non-current assets.

Amounts recoverable on contracts, which are included in current assets are stated at anticipated net sales value of work performed, less amounts received as progress payments on account and after provision for anticipated future contract losses.

Excess progress payments are included under current liabilities. Contract provisions in excess of amounts recoverable are included in provisions for liabilities.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. In the Statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity, after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Xchanging procurement services Limited

Notes to the financial statements (continued)

For the financial period 01 January 2016 to 31 March 2017

2) Summary of significant accounting policies (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company for goods and services prior to the end of the financial year and are yet to be paid.

Finance costs and debt

Finance costs of debt are recognised in the Income statement over the term of such investments at a constant rate on the carrying amount. Debt is initially stated at the amount of the net proceeds after the deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by repayments made in the period.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Retirement benefits

Retirement benefits to employees of the Company are funded by contributions from the Company and employees. The Company operates a defined contribution pension plan.

Defined contribution schemes

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligation to make further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior financial years.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Adoption of new and revised Standards

New and amended accounting standards that are mandatorily effective for periods beginning on or after 1 January 2016 did not have a material effect on the financial statements.

3) Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on historical experience and other factors that are considered to be relevant. Actual outcomes may differ from these judgements, estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Taxation

The Company is subject to tax in a number of jurisdictions and judgement is required in determining the provision for income taxes. The Company provides for future liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based on management's assessment of exposures.

Deferred tax liabilities are generally provided for in full and deferred tax assets are recognised to the extent that it is judged probable that future taxable profit will arise against which the temporary differences will be utilised.

Xchanging procurement services Limited

Notes to the financial statements (continued)

For the financial period 01 January 2016 to 31 March 2017

Having performed an assessment, the directors have concluded that there are no critical accounting estimates or judgements in relation to these financial statements.

3) Critical accounting estimates and judgements (continued)

Recoverability of trade receivables

Management regularly reviews the recoverability of trade receivables with reference to available economic information specific to each receivable. Specific provisions are recognised for balances considered to be irrecoverable.

Provisions

During the ordinary course of business, the Company can be subject to claims or liabilities of uncertain timing and quantum. A provision is established in respect of such claims when it is probable there will be a transfer of economic benefit and management can make a reliable estimate of the value. Management analyses its exposure based on available information, including external legal consultation where appropriate to assess its liability. The outcome of current pending and future proceedings cannot be predicted with certainty and therefore it is possible the financial position and operations of the Company can be materially affected by positive or negative outcome of litigation.

Retirement benefit obligations

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate used to calculate the present value of the liabilities. The Company uses impartial actuarial advice to form these estimates and judgements. Details of the Company's defined benefit pension schemes are set out in note 18, including tables showing the sensitivity of the pension scheme obligations and assets to different actuarial assumptions. The effects of changes in the actuarial assumptions underlying the benefit obligation and discount rates and the differences between expected and actual returns on the schemes' assets are classified as actuarial gains and losses.

4) Revenue

An analysis of revenue by geographical market is given below:

	Financial period 1 January 2016 to 31 March 2017 £'000	Financial year 01 January 2015 to 31 December 2015 £'000
United Kingdom	5,571	47,663
Continental Europe	410	397
	<u>5,981</u>	<u>48,060</u>

4) Revenue (continued)

Analysis of revenue by category:

	Financial period 1 January 2016 to 31 March 2017 £'000	Financial year 01 January 2015 to 31 December 2015 £'000
Services	5,981	48,060
	<u>5,981</u>	<u>48,060</u>

Xchanging procurement services Limited

Notes to the financial statements (continued)

For the financial period 01 January 2016 to 31 March 2017

5) Operating loss

	Financial period 1 January 2016 31 March 2017 £'000	Financial year 01 January 2015 31 December 2015 £'000
Operating loss is stated after (crediting)/ expensing:		
Depreciation on owned assets	25	27
Amortisation of intangible assets	-	806
Foreign exchange losses	218	36
Audit fee payable to company auditor	20	42
	<u>263</u>	<u>811</u>

Auditor's remuneration in respect of other services relates solely to duties performed in the UK.

6) Exceptional items

	Financial period 1 January 2016 31 March 2017 £'000	Financial year 01 January 2015 31 December 2015 £'000
Wages and salaries	172	1,037
Property cost	-	250
Impairment of intangible assets	-	2,425
Impairment of pre-contract costs	-	1,047
Onerous contract provision	-	2,221
	<u>172</u>	<u>6,980</u>

During the period, the Company continued its restructuring programme resulting in exceptional costs of £172,000 (2015: £6,980,000). The restructuring programme is being undertaken during the period to right size the workforce and is not considered by the director to be a fundamental reorganisation of the business and does not reflect a significant proportion of the Company's workforce.

7) Employees and directors

Employees

Employee costs during the financial period (including directors):

	Financial period 1 January 2016 to 31 March 2017 £'000	Financial year 01 January 2015 to 31 December 2015 £'000
Staff costs during the period (including directors)		
Wages and salaries	2,933	5,675
Social security costs	308	597
Other pension costs	95	229
	<u>3,336</u>	<u>6,501</u>

The average monthly number of persons (including executive directors) employed by the Company during the financial period was:

	No.	No.
Average number of persons employed (including directors)		
Managerial and professional	37	23
Sales and operations staff	35	110
	<u>72</u>	<u>133</u>

Xchanging procurement services Limited

Notes to the financial statements (continued)

For the financial period 01 January 2016 to 31 March 2017

7) Employees and directors (continued)

Directors

The director's emoluments were as follows:

	Financial period 1 January 2016 to 31 March 2017	Financial year 1 January 2015 to 31 December 2015
	£'000	£'000
Emoluments	-	218
Company contributions to money purchase schemes	-	14
Compensation for loss of office	-	162
	<u>-</u>	<u>394</u>

Highest paid director

The highest paid director's emoluments were as follows:

	Financial period 1 January 2016 to 31 March 2017	Financial year 1 January 2015 to 31 December 2015
	£'000	£'000
Emoluments	-	83
Company contributions to money purchase schemes	-	8
Compensation for loss of office	-	90
	<u>-</u>	<u>181</u>
	<u>-</u>	<u>181</u>
	Financial period 1 January 2016 to 31 March 2017	Financial year 1 January 2015 to 31 December 2015

The number of directors who:

Are members of a defined contribution pension scheme	-	-
Exercise options over shares in the parent company	-	-
Had awards receivable in the form of shares in the parent company under a long-term incentive scheme	-	-

The emoluments of directors for the current financial period are paid by other Group companies which makes no recharge to the company. All directors are directors 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. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the other Group companies

8) Finance income

	Financial period 1 January 2016 to 31 March 2017	Financial year 01 January 2015 to 31 December 2015
	£'000	£'000
Interest receivable on loans to fellow group undertakings	-	168
Interest income others	-	1
	<u>-</u>	<u>169</u>
	<u>-</u>	<u>169</u>

Xchanging procurement services Limited

Notes to the financial statements (continued)

For the financial period 01 January 2016 to 31 March 2017

9) Taxation

Current taxation

	Financial period 1 January 2016 to 31 March 2017 £'000	Financial year 01 January 2015 to 31 December 2015 £'000
<i>Current tax</i>		
UK corporation tax on results for the year 20% (2015 – 20%)	-	(1,731)
Adjustment in respect of prior periods	1,732	(25)
Total current tax expense/(credit)	1,732	(1,756)
<i>Deferred tax</i>		
Adjustment in respect of prior periods	208	15
Origination and reversal of timing differences	456	(515)
Impact of changes in tax rate	27	-
Total deferred tax expense/(credit)	691	(500)
Tax expense/(credit) on loss	2,423	(2,256)

The tax expense for the period higher (2015: higher) than the standard rate of corporation tax in the UK for the year ended 31 March 2017 of 20% (2015: 21%). The differences are explained below:

	Financial period 1 January 2016 to 31 March 2017 £'000	Financial year 01 January 2015 to 31 December 2015 £'000
Results before tax	(1,476)	(12,264)
Results multiplied by the standard rate of tax in UK of 20% (2015:20.25%)	(295)	(2,483)
Effects of:		
- Income not subject to tax	-	(481)
- Re-measurements of deferred tax-change in UK tax rate	71	-
- Adjustments to tax expense in respect of prior periods	1,940	(10)
- Expenses not deductible for tax purposes	-	718
- Deferred tax not recognised	707	-
Tax expense/ (credit) for the period	2,423	(2,256)

Factors affecting future tax expense:

The tax rate for the current period is lower than the prior period due to changes in the UK corporation tax rate which decreased from 21% to 20% from 1 April 2015.

Reductions to the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction in the UK Corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

Xchanging procurement services Limited

Notes to the financial statements (continued)

For the financial period 01 January 2016 to 31 March 2017

9) Taxation (continued)

The deferred tax asset / provision consists of the following deferred tax liabilities / (assets):

	At 31 March 2017 £'000	At 1 January 2016 £'000
Deferred tax assets due within 12 months	-	-
Deferred tax liabilities due within 12 months	-	-
Total asset / provision due within 12 months	-	-
Deferred tax assets due after more than 12 months	-	691
Deferred tax liabilities due after more than 12 months	-	-
Total provision	-	691
Total deferred tax / asset provision	-	691

The deferred tax asset of £ Nil (2015 - £691,000) has been recognised within non-current assets.

Movement in the financial period:

	Accelerated capital allowance £'000	Others £'000	Total £'000
31 December 2014	148	68	216
Expense / (credited) to the Income statement	491	(16)	475
31 December 2015	639	52	691
Expense / (credited) to the Income statement	(639)	(52)	(691)
31 March 2017	-	-	-

10) Property, plant and equipment

	Computer and related equipment £'000
Cost	
At 1 January 2016	79
At 31 March 2017	79
Accumulated depreciation	
At 1 January 2016	54
Expensed for the period	25
At 31 March 2017	79
Net book value	
At 31 March 2017	-
At 1 January 2016	25

Xchanging procurement services Limited

Notes to the financial statements (continued)

For the financial period 01 January 2016 to 31 March 2017

11) Trade and other receivables: disclosed as current assets

	At 31 March 2017 £'000	At 31 December 2015 £'000
Trade receivables	1,190	744
Amount owed by fellow group undertaking	2,824	4,710
Loan receivables owed by fellow group undertaking	91	891
Other receivables	12	-
Group relief recoverable	-	1,732
Prepayments	1,367	2,072
Accrued Income	123	408
	<u>5,607</u>	<u>10,557</u>

There were outstanding intercompany loans amounting to £91,308 at the year-end (FY15: £891,380) which are short term advances (FY15: 2% per annum). The remaining amounts owed by fellow group undertakings are subject to normal DXC intercompany trading terms of payment due after 30 days and are interest free.

12) Trade and other payables: disclosed as current liabilities

	At 31 March 2017 £'000	At 31 December 2015 £'000
Bank loans and overdrafts	9,183	7,716
Trade payables	21	323
Amount owed to parent company	195	195
Amounts owed to fellow group undertakings	8,753	8,162
Other taxes and social security	44	87
Other creditors	43	2,915
Accruals	214	783
Deferred income	30	232
	<u>18,483</u>	<u>20,413</u>

The amounts owed to parent company and fellow group undertakings are subject to normal DXC intercompany trading terms of payment and are interest free.

13) Trade and other payables: disclosed as non-current liabilities

	At 31 March 2017 £'000	At 31 December 2015 £'000
Taxation and social security	-	27
	<u>-</u>	<u>27</u>

Xchanging procurement services Limited

Notes to the financial statements (continued)

For the financial period 01 January 2016 to 31 March 2017

14) Provisions

	Onerous Lease	Onerous contract	Restructuring	Total
	£'000	£'000	£'000	£'000
At 01 January 2016	250	732	162	1,144
Unused amounts reversed to Income statement during the financial period	(160)	(577)	(148)	(885)
At 31 March 2017	90	155	14	259

The restructuring provision relates to a programme to right size the workforce and is not considered to be a fundamental reorganisation of the business. The contract loss provision represents management's best estimate of the Company's liability to settle service credits currently in negotiation on several long-term contracts.

15) Share based payment

Following the acquisition of Xchanging plc on 5 May 2016, all share options issued to employees of the group by Xchanging plc vested and were subsequently exercised. All share options issued by Computer Sciences Corporation since 5 May 2016 are considered immaterial for further disclosure.

16) Retirement benefit obligations

The Company provides retirement benefits to certain employees through a defined contribution pension schemes providing benefits based on final pensionable pay.

The pension expense in the Income statement in respect of both this defined benefit section and the defined contribution section of the scheme includes net expense of £94,744 (2015: £229,072). There is no pension liability within accruals (2015: £Nil) relating to pension contributions not paid over by the financial period end.

17) Equity

Share Capital	At 31 March 2017 £'000	At 31 December 2015 £'000
Authorised, allotted, issued and fully paid: 1 (2015: 1) ordinary share of £1 each	-	-

18) Controlling parties

Further to the merger on 1 April 2017 the ultimate parent Company and controlling entity is DXC Technology Company, a Company incorporated in the United States of America. At the reporting date Computer Sciences Corporation was the ultimate parent company and controlling entity. It was the parent undertaking of both the smallest and the largest group for which group financial statements are prepared for the financial period ended 31 March 2017. Copies of the group financial statements of DXC Technology Company are available from 1775 Tysons Blvd, Tysons, VA 22102, USA which is the registered address.

The immediate parent Company of Xchanging procurement services limited is Xchanging procurement services (Holdco) limited, a Company incorporated in United Kingdom and registered at the same address as the Company.

19) Events after the end of the reporting period

The previously announced merger of Computer Sciences Corporation and the Enterprise Services business of Hewlett Packard Enterprise completed on 1 April 2017, to form DXC Technology Company, ending a 10-month process to bring Computer Sciences Corporation and HPE Enterprise Services together to focus the combined entity on stabilising revenue, next-generation talent, and driving digital transformation.