

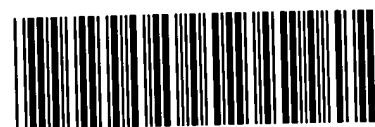
**Company Registration No. 04220043**

**XCHANGING PROCUREMENT SERVICES LIMITED**

**Annual report and financial statements**

**For the year ended 31 March 2018**

**SATURDAY**



**\*A82U41ZK\***

**A04**

**06/04/2019**

**#139**

**COMPANIES HOUSE**

## **Xchanging Procurement Services Limited**

<b>Contents</b>	<b>Page</b>
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	
M A Majed	appointed 31 March 2018	
N A Wilson	appointed 09 June 2017	resigned 31 March 2018
M C Woodfine		
D W H Gray	resigned 07 April 2017	

#### **Registered Office**

Royal Pavilion  
Wellesley Road  
Aldershot, Hampshire  
United Kingdom  
GU11 1PZ

#### **Independent Auditor**

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

#### **Principal Banker**

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 year ended 31 March 2018. 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 Royal Pavilion, Wellesley Road, Aldershot, Hampshire, GU11 1PZ, 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 year 1 April 2017 to 31 March 2018 are set out on pages 8 to 20.

#### **Business review**

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

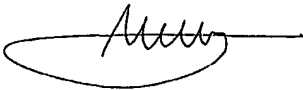
During the year the Company had recognised a profit of £1,991,000 (2017: loss of £3,899,000). The movement is due to the reduction of employee costs, inter company cost recharges and tax expenses in current year. The Company has net liabilities of £10,272,000 (2017: £12,263,000) and net current liabilities of £10,270,000 (2017: £12,263,000). The performance for the year 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, other than those above, 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 2018 which are available to the public and may be obtained from the Company's website [www.dxc.technology](http://www.dxc.technology).

Approved by the board and signed on its behalf by:



M C Woodfine  
Director  
04 April 2019

## **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 year ended 31 March 2018.

#### **Principal activity**

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

#### **Dividends**

No dividend was declared or paid during the year (2017: £nil).

#### **Political contribution**

No political donations were made during the year (2017: £nil).

#### **Going concern**

Following a group restructuring, the directors do not consider the company will remain as a going concern and intend to liquidate the company. The accounts have, therefore, been prepared on a basis other than that of going concern, and therefore all assets have been shown at realizable value. No adjustments to the accounts arose as a result of preparing the accounts on basis other than going concern.

#### **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.

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 2018, which are available to the public and may be obtained from [www.dxc.technology](http://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 year and up to the date of this report, except as noted:

T A Gough	appointed 09 June 2017	
M A Majed	appointed 31 March 2018	
N A Wilson	appointed 09 June 2017	resigned 31 March 2018
M C Woodfine		
D W H Gray	resigned 07 April 2017	

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 year, there were no cost incurred towards research and development (2017: £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**

Deloitte LLP have indicated their willingness to be reappointed for another term. The Company has elected to dispense with the obligation to appoint an auditor annually under the provisions of section 485 to 488 of the Companies Act 2006.

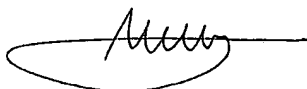
#### **Disclosure of information to auditor**

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:



M C Woodfine  
Director  
04 April 2019

## **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 (continued)**

### **For the financial year 01 April 2017 to 31 March 2018**

#### **Qualified opinion**

In our opinion, except for the possible effects on the corresponding figures of the matter described in the basis for qualified opinion section of our report the financial statements of Xchanging procurement services Limited (“the Company”):

- give a true and fair view of the state of the company’s affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 “Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- Income statement
- Statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 “Reduced Disclosure Framework” (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for qualified opinion**

On 5 May 2016, the company was acquired by CSC and therefore the audit evidence available to us was limited because sufficient accounting records and documentation were not available due to significant changes in processes and staff following the acquisition. As a result of this, we were unable to obtain sufficient appropriate audit evidence concerning the most material financial statement account balances as at 1 April 2017 and their consequential effect on the income statement for the year ended 31 March 2018.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of matter – Financial statements prepared other than on a going concern basis**

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to obtain sufficient appropriate evidence about the balances as at 1 April 2017 and their consequential effect on the income statement for the year ended 31 March 2018. We have concluded that where the other information refers to these balances and transactions, it may be materially misstated for the same reason.



## **Independent Auditors report for Xchanging Procurement Services Limited (continued)**

**For the financial year 01 April 2017 to 31 March 2018**

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report 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.

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

### **Matters on which we are required to report by exception**

In respect solely of the limitation on our work relating to balances as at 1 April 2017 and the consequential effect on the income statement transactions for the year ended 31 March 2018, 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.


Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

### **Use of our report**

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.



**Colin Rawlings FCA (Senior statutory auditor)**

**for and on behalf of Deloitte LLP**

Statutory Auditor

London, United Kingdom

04 April 2019

## Xchanging Procurement Services Limited

### Income statement

For the financial year 01 April 2017 to 31 March 2018

	Notes	Financial year 1 April 2017 to 31 March 2018 £'000	Financial period 1 January 2016 to 31 March 2017: £'000
Revenue	4	4,918	5,981
Cost of sales		(1,480)	(2,731)
<b>Gross profit</b>		<b>3,438</b>	<b>3,250</b>
Administrative expenses		(1,978)	(4,510)
<b>Operating profit/(loss)</b>	5	<b>1,460</b>	<b>(1,260)</b>
Exceptional costs of restructuring	6	-	(172)
Finance cost	8	(116)	(41)
Liquidation of investment		-	(3)
<b>Profit/(loss) before taxation</b>		<b>1,344</b>	<b>(1,476)</b>
Tax credit / (expense)	9	647	(2,423)
<b>Profit/(loss) for the financial year/period</b>		<b>1,991</b>	<b>(3,899)</b>

Included in Revenue and Administrative expense amounts pertaining to prior year amounting to 64k and 12k respectively.

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

The notes on pages 11 to 20 form part of these financial statements.

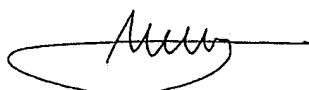
# Xchanging Procurement Services Limited

## Statement of financial position As at 31 March 2018

	Notes	At 31 March 2018 £'000	At 31 March 2017 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Prepayments	11	35	-
<b>Total non-current assets</b>		35	-
<b>Current assets</b>			
Trade and other receivables	10	5,068	5,607
Cash at bank and in hand		1,205	872
<b>Total current assets</b>		6,273	6,479
<b>Total assets</b>		6,308	6,479
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	(16,543)	(18,483)
Provisions	14	-	(259)
<b>Total current liabilities</b>		(16,543)	(18,742)
<b>Non-current liabilities</b>			
Provisions	13	(37)	-
<b>Total non-current liabilities</b>		(37)	-
<b>Net current liabilities</b>		(10,270)	(12,263)
<b>Total Liabilities</b>		(16,580)	(18,742)
<b>Net liabilities</b>		(10,272)	(12,263)
<b>Equity</b>			
Share capital	16	-	-
Deficit		(10,272)	(12,263)
<b>Total equity</b>		(10,272)	(12,263)

The notes on pages 11 to 20 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 04 April 2019 and signed on its behalf by:



M C Woodfine  
Director

## Xchanging Procurement Services Limited

### Statement of changes in equity

For the financial year 01 April 2017 to 31 March 2018

	Share capital £'000	Deficit £'000	Total £'000
Balance as at 1 January 2016	-	(8,364)	(8,364)
Loss for the financial period	-	(3,899)	(3,899)
Other comprehensive expense for the financial period	-	-	-
Total comprehensive expense for the period	-	(3,899)	(3,899)
Balance as at 31 March 2017	-	(12,263)	(12,263)
Profit for the financial year	-	1,991	1,991
Other comprehensive income for the financial year	-	-	-
Total comprehensive income for the year	-	1,991	1,991
Balance as at 31 March 2018	-	(10,272)	(10,272)

The notes on pages 11 to 20 form part of these financial statements.

## **Xchanging Procurement Services Limited**

### **Notes to the financial statements**

**For the financial year 01 April 2017 to 31 March 2018**

#### **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 Royal Pavilion, Wellesley Road, Aldershot, Hampshire, GU11 1PZ, 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**

Following a group restructuring, the directors do not consider the company will remain as a going concern and intend to liquidate the company. The accounts have, therefore, been prepared on a basis other than that of going concern, and therefore all assets have been shown at realizable value. No adjustments to the accounts arose as a result of preparing the accounts on basis other than going concern.

##### **Operating profit**

The operating profit is arrived at after expensing exchange losses and audit fee.

## **Xchanging Procurement Services Limited**

### **Notes to the financial statements (continued)**

**For the financial year 01 April 2017 to 31 March 2018**

#### **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 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 year 01 April 2017 to 31 March 2018**

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

##### **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 after 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 year. 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 more than 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.

###### *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.

###### *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 needed 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 key 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

## **Xchanging Procurement Services Limited**

### **Notes to the financial statements (continued)**

**For the financial year 01 April 2017 to 31 March 2018**

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

##### **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 April 2017 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 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.

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

##### **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.



# Xchanging Procurement Services Limited

## Notes to the financial statements (continued)

For the financial year 01 April 2017 to 31 March 2018

### 4) Revenue

An analysis of revenue by geographical market is given below:

	Financial year 1 April 2017 to 31 March 2018 £'000	Financial period 01 January 2016 to 31 March 2017 £'000
United Kingdom	4,918	5,571
Continental Europe	-	410
	<u>4,918</u>	<u>5,981</u>

Analysis of revenue by category:

	Financial year 1 April 2017 to 31 March 2018 £'000	Financial period 01 January 2016 to 31 March 2017 £'000
Services	4,918	5,981
	<u>4,918</u>	<u>5,981</u>

### 5) Operating profit

	Financial year 1 April 2017 31 March 2018 £'000	Financial period 01 January 2016 31 March 2017 £'000
<b>Operating profit is stated after expensing:</b>		
Depreciation on owned assets	-	25
Foreign exchange losses	6	218
Audit fee payable to company auditor	30	20
	<u>30</u>	<u>20</u>

Included in Revenue and Administrative expense amounts pertaining to prior year amounting to 64k and 12k respectively.

### 6) Exceptional items

	Financial year 1 April 2017 31 March 2018 £'000	Financial period 01 January 2016 31 March 2017 £'000
Redundancy costs	-	172
	<u>-</u>	<u>172</u>

# Xchanging Procurement Services Limited

## Notes to the financial statements (continued)

For the financial year 01 April 2017 to 31 March 2018

### 7) Employees and directors

#### Employees

Employee costs during the financial year:

	Financial year 1 April 2017 to 31 March 2018	Financial period 01 January 2016 to 31 March 2017
	£'000	£'000
<b>Staff costs during the year</b>		
Wages and salaries	1,301	2,933
Social security costs	145	308
Other pension costs	80	95
	<hr/>	<hr/>
Total staff costs	1,526	3,336
	<hr/>	<hr/>
The average monthly number of persons employed by the Company during the financial year was:	No.	No.
<b>Average number of persons employed</b>		
Managerial and professional	24	37
Sales and operations staff	20	35
	<hr/>	<hr/>
	44	72
	<hr/>	<hr/>

The emoluments of directors for the year 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 expense

	Financial year 1 April 2017 to 31 March 2018	Financial period 1 January 2016 to 31 March 2017
	£'000	£'000
Interest payable on bank overdrafts	116	41
	<hr/>	<hr/>
	116	41
	<hr/>	<hr/>

# Xchanging Procurement Services Limited

## Notes to the financial statements (continued)

For the financial year 01 April 2017 to 31 March 2018

### 9) Taxation

#### Current taxation

	Financial year 1 April 2017 to 31 March 2018 £'000	Financial period 01 January 2016 to 31 March 2017 £'000
<i>Current tax</i>		
UK corporation tax on profit/(loss) for the year 19% (2017 – 20%)	-	-
Adjustment in respect of prior periods	(647)	1,732
Total current tax (credit)/expense	(647)	1,732
<i>Deferred tax</i>		
Adjustment in respect of prior periods	-	208
Origination and reversal of timing differences	-	456
Impact of changes in tax rate	-	27
Total deferred tax expense/(credit)	-	691
Tax (credit)/expense on loss	(647)	2,423

The tax expense for the year is lower (2017: higher) than the standard rate of corporation tax in the UK for the year ended 31 March 2018 of 19% (2017: 20%). The differences are explained below:

	Financial year 1 April 2017 to 31 March 2018 £'000	Financial period 01 January 2016 to 31 March 2017 £'000
Results before tax	1,344	(1,476)
Results multiplied by the standard rate of tax in UK of 19% (2017:20%)	255	(295)
Effects of:		
- Re-measurements of deferred tax-change in UK tax rate	-	71
- Adjustments to tax expense in respect of prior periods	(647)	1,940
- Group relief (claim)	(160)	-
- Deferred tax not recognised	(95)	707
Tax (credit) / expense for the year	(647)	2,423

The tax rate for the current period is lower than prior period due to changes in the UK corporation tax rate which decreased from 20% to 19% from 1 April 2017.

A reduction to the UK corporation tax rate from 19% to 18% (effective from 1 April 2020) was 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.

The rate of 17% (2017: 17%) has been used to calculate the deferred tax asset/(liability).

# Xchanging Procurement Services Limited

## Notes to the financial statements (continued)

For the financial year 01 April 2017 to 31 March 2018

### 9) Taxation (continued)

	FY 18 provided £'000	FY 18 unprovided £'000	FY 17 provided £'000	FY 17 unprovided £'000
Fixed asset timing differences	-	(338)	-	(412)
Short term timing differences	-	-	-	(11)
Losses	-	-	-	(284)
At 31 March 2018	-	(338)	-	(707)

### 10) Trade and other receivables: disclosed as current assets

	At 31 March 2018 £'000	At 31 March 2017 £'000
Trade receivables	396	1,190
Amount owed by fellow group undertaking	2,148	2,824
Group relief receivable	1,242	-
Loan receivables owed by fellow group undertaking	92	91
Other receivables	-	12
Taxes recoverable	244	-
Prepayments	774	1,367
Accrued Income	172	123
	<u>5,068</u>	<u>5,607</u>

Outstanding intercompany loans amounting to £43,891 at the year-end (FY17: £91,308) which are short term advances and amounts owed by fellow group undertakings are subject to normal DXC intercompany trading terms of payment due after 30 days and are interest free.

### 11) Trade and other receivables: disclosed as non-current assets

	At 31 March 2018 £'000	At 31 March 2017 £'000
Prepayments	35	-
	<u>35</u>	<u>-</u>

## Xchanging Procurement Services Limited

### Notes to the financial statements (continued)

For the financial year 01 April 2017 to 31 March 2018

#### 12) Trade and other payables: disclosed as current liabilities

	At 31 March 2018 £'000	At 31 March 2017 £'000
Bank loans and overdrafts	9,254	9,183
Trade payables	24	21
Amounts owed to parent company	195	195
Amounts owed to fellow group undertakings	6,764	8,753
Other taxes and social security	-	44
Other creditors	17	43
Accruals	184	214
Deferred income	89	30
Provisions	16	-
	<u>16,543</u>	<u>18,483</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 2018 £'000	At 31 March 2017 £'000
Provisions	37	-
	<u>37</u>	<u>-</u>

#### 14) Provisions

	Onerous Lease (note 13) £'000	Onerous Contract (note 12) £'000	Compensated absence (note 12) £'000	Restructuring £'000	Total £'000
At 1 April 2017	90	155	-	14	259
Expensed to income statement	-	-	14	-	14
Unused amounts reversed to income statement during the financial year	(53)	(153)	-	(14)	(220)
At 31 March 2018	<u>37</u>	<u>2</u>	<u>14</u>	<u>-</u>	<u>53</u>

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) 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 £79,652 (2017: £94,744). There is outstanding pension liability of £ 5,986 (2017: £43,163) within accruals relating to pension contributions not paid over by the financial year end.

## **Xchanging Procurement Services Limited**

### **Notes to the financial statements (continued)**

**For the financial year 01 April 2017 to 31 March 2018**

#### **16) Equity**

	<b>At 31 March 2018 £'000</b>	<b>At 31 March 2017 £'000</b>
Authorised, allotted, issued, and fully paid:		
1 (2017: 1) ordinary share of £1 each	-	-

#### **17) Controlling parties**

The ultimate parent Company and controlling entity is DXC Technology Company, a Company incorporated in the United States of America. This is the parent undertaking of both the smallest and the largest group which includes the Company and for which group financial statements are prepared. Copies of the group financial statements of DXC Technology Company are available from 1775 Tysons Blvd, Tysons, VA 22102, USA.

#### **18) Events after the end of the reporting year**

The directors are not aware, at the date of the annual report, of any likely changes in the company's activities in the next year.