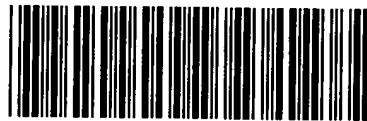


SPIKES CAVELL ANALYTIC LIMITED

Annual report

for the year ended 31 December 2015

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SPIKES CAVELL ANALYTIC LIMITED

Annual report for the year ended 31 December 2015

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SPIKES CAVELL ANALYTIC LIMITED

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Directors and advisers

Directors

A Bolden
C Wilson
L Spikes
M-Woodfine
G Loria

Registered office

The Walbrook Building
25 Walbrook
London
EC4N 8AQ
United Kingdom

Independent auditors

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

Bankers

HSBC
6 Northbrook Street
Newbury
Berkshire
RG14 1DJ

Directors' report for the year ended 31 December 2015

The directors present their report and the audited financial statements of Spikes Cavell Analytic Limited, for the year ended 31 December 2015. The current period presented is from 1 January 2015 to 31 December 2015. The prior period presented is from 1 April 2014 to 31 December 2014 and is unaudited.

Directors

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

Name

A Bolden	
L Spikes	
C Wilson	Appointed 16 June 2016
M Pickett	Appointed 23 May 2016; Resigned 24 June 2016
M Woodfine	Appointed 23 May 2016
J Priggen	Appointed 28 September 2015; Resigned 19 July 2016
T Croom	Appointed 18 June 2015; Resigned 23 May 2016
G Loria	Appointed 19 July 2016
S Winstanley	Resigned 25 February 2015
P Dreghorn	Resigned 18 September 2015
R England	Resigned 25 February 2015
IQ Capital Directors Nominees Limited	Resigned 25 February 2015
C Kusneraitis	Appointed 25 February 2015 and Resigned 18 June 2015
C Shah	Resigned 24 September 2015

Results and Dividends

The company's loss for the financial year was £1,225,000 (2014 unaudited: profit of £47,000). The company did not receive, pay out or propose any dividends in either the current or the prior period.

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

On 25 February 2015, Xchanging Holdings Limited acquired 100% of the share capital of the company and became the immediate parent company and the controlling party from that date.

Events after the reporting date

Following a formal bid made on 9 December 2015, supported by Xchanging's Board, Computer Sciences Corporation ('CSC') announced on 5 May 2016 that its unanimously recommended cash offer had become unconditional in all respects, and therefore that change of control of the Xchanging group had occurred. Xchanging plc was subsequently delisted from the London Stock Exchange on 6 June 2016. At the date of signing the ultimate parent company of Spikes Cavell Analytic Limited is Computer Sciences Corporation, a company incorporated in the United States of America

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

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate as the parent company of Xchanging plc, CSC Computer Sciences International Operations Limited, has confirmed that it will provide such financial support as is necessary for Spikes Cavell Analytic Limited to meet its liabilities as they fall due for a period of fifteen months from the signing of these financial statements.

Future Developments

The directors are confident that the business will continue to grow to support the Xchanging group.

Financial risk management

The financial risk management objectives and policies of the Company are the same as for Xchanging plc. The Company complies with the group financial risk management policies as the directors consider these to be appropriate. The Company is exposed to a variety of financial risks which are reviewed on a regular basis in order to limit the adverse effects on the financial performance of the Company. These are set out below:

(i) Foreign exchange risk

The Company trades with other Xchanging group companies based in the US, and is therefore exposed to foreign exchange risks primarily with respect to the US dollar. The directors have reviewed the risks posed by these rate movements and have considered that at the present time natural hedges exist within the Xchanging group and so does not use derivative financial instruments.

(ii) Interest rate cash flow risk

The Company has an interest bearing liability, at a variable rate, with another group company. The Company does not use derivative financial instruments as exposure levels are not material.

(iii) Credit risk

The Company has a concentration of credit risk with respect to trade receivables due to the nature and structure of the customer base. Credit risk assessments are performed when signing up new customers. A large proportion of the receivables is comprised of fellow group subsidiaries, hence the directors feel that the credit risk is reduced.

(iv) Liquidity risk

The Company actively manages financing as part of the Xchanging group to ensure that it has sufficient available funds for operations and planned expansions.

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

Employment policies

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability, marital status, age or religion. The company is also committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests.

Employees are kept well informed of performance and objectives of the company through regular email communications and periodic briefings by senior management.

Employee involvement

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company and wider group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role in maintaining its results. The group encourages the involvement of employees by means of two-way communication on an internal website, regular forums and update meetings.

Disabled persons

It is the policy of the company to offer appropriate training and career development to disabled persons as far as possible that are identical to other employees, in line with best practice. In the event of a member of staff becoming disabled every effort is made by the company to continue employment and arrange appropriate retraining and offer opportunities for promotion.

Directors' Responsibilities Statement

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

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

Under company law the 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, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Directors' Responsibilities Statement (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

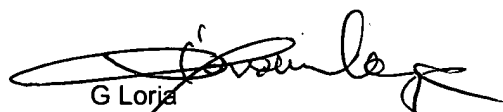
Statement of disclosure of information to auditors

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

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

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

On behalf of the board



G Loria
Director

29 September 2016

Independent auditors' report to the members of Spikes Cavell Analytic Limited

Report on the financial statements

Our opinion

In our opinion, Spikes Cavell Analytic Limited's financial statements (the "financial statements"):

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

What we have audited

Spikes Cavell Analytic Limited's financial statements comprise:

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

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

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

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Spikes Cavell Analytic Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Entitlement to exemptions

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the 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.

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Spikes Cavell Analytic Limited (continued)

What an audit of financial statements involves

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

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

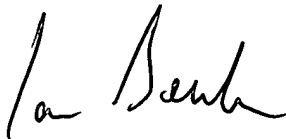
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

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

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

Other Matter – prior period financial statements unaudited

The financial statements for the year ended 31 December 2014, forming the corresponding figures of the financial statements for the year ended 31 December 2015, are unaudited.



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

30 29 September 2016

SPIKES CAVELL ANALYTIC LIMITED

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Income Statement Year ended 31 December 2015

	Notes	2015 £'000	Unaudited 2014 £'000
Revenue	4	1,628	1,550
Cost of Sales		(1,335)	(903)
Gross profit		293	647
Administrative expenses		(754)	(599)
Exceptional Items	6	(1,052)	-
Operating (loss)/profit	5	(1,513)	48
(Loss)/profit on ordinary activities before interest and taxation		(1,513)	48
Finance costs		(23)	(1)
(Loss)/profit on ordinary activities before taxation		(1,536)	47
Tax credit on ordinary activities	7	311	-
(Loss)/profit for the year/period		(1,225)	47

SPIKES CAVELL ANALYTIC LIMITED

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Statement of Comprehensive Income Year ended 31 December 2015

	2015 £'000	Unaudited 2014 £'000
(Loss)/profit for the year	(1,225)	47
Total comprehensive (loss)/profit for the year/period	<u>(1,225)</u>	<u>47</u>

SPIKES CAVELL ANALYTIC LIMITED


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Balance Sheet As at 31 December 2015

	Notes	2015 £'000	Unaudited 2014 £'000
Fixed assets			
Intangible assets	9	15	590
Property, plant and equipment	10	28	43
		<u>43</u>	<u>633</u>
Current assets			
Trade and other receivables	11	485	265
Cash at bank and in hand		47	129
		<u></u>	<u></u>
Payables: amounts falling due within one year	12	(787)	(257)
		<u></u>	<u></u>
Net current (liabilities)/assets		<u>(255)</u>	<u>137</u>
Total assets less current liabilities		<u>(212)</u>	<u>770</u>
Payables: amounts falling due after more than one year	13	(22)	(20)
Net (liabilities)/assets		<u>(234)</u>	<u>750</u>
Equity			
Ordinary Shares	14	434	231
Share premium account		3,814	3,776
Retained earnings		(4,482)	(3,257)
Total shareholders' (deficit) / funds		<u>(234)</u>	<u>750</u>

Registered number: 04917291

The financial statements on pages 9 to 27 were approved by the board of directors on September 2016 and were signed on its behalf by:


G Loria
Director
29 September 2016

Statement of Changes in Equity for the year ended 31 December 2015

	Called-up Share Capital £'000	Share Premium £'000	Retained earnings £'000	Total £'000
Balance as at 1 January 2014 (unaudited)	231	3,776	(3,304)	703
Profit for the year	-	-	47	47
Balance as at 31 December 2014 (unaudited)	231	3,776	(3,257)	750
Loss for the year	-	-	(1,225)	(1,225)
Shares issued	203	38	-	241
Balance as at 31 December 2015	434	3,814	(4,482)	(234)

Retained earnings represents accumulated comprehensive income for the period and prior years.

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

1 General information

Spikes Cavell Analytic Limited is a trading company. Its country of operation, incorporation and domicile is the United Kingdom. The parent entity is Xchanging Holdings Limited.

2 Summary of significant accounting policies

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

Basis of preparation

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

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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

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

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

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

- 40A-D (requirements for a third Balance Sheet
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate as the parent company of Xchanging plc, CSC Computer Sciences International Operations Limited, has confirmed that it will provide such financial support as is necessary for Spikes Cavell Analytic Limited to meet its liabilities as they fall due for a period of fifteen months from the signing of these financial statements.

Consolidation

The company is a wholly owned subsidiary of Xchanging Holdings Limited and of its ultimate parent, Xchanging plc. Xchanging plc was the ultimate parent for the financial year and as at the reporting date. It is included in the consolidated financial statements of Xchanging plc which are publically available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements are separate financial statements.

Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

2 Summary of significant accounting policies (continued)

Revenue

Revenue comprises the value of work performed and services provided excluding value added tax.

Revenue is recognised on a straight line basis. Amounts invoiced in advance of the provision of services are deferred and recognised in the period to which they relate.

Exceptional items

Exceptional items are events or transactions that fall outside the ordinary activities of the Company, and which by virtue of their size or incidence, have been separately disclosed in order to improve a reader's understanding of the financial statements. These include impairment losses and other one-off events or transactions.

Intangible assets

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

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

2 Summary of Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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 charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

• Leasehold improvements	over 5 years
• Computer equipment	33%
• Furniture, fittings and office equipment	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment of non-financial assets

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

**Notes to the financial statements
for the year ended 31 December 2015 (continued)****2 Summary of Significant accounting policies (continued)****Trade and other receivables**

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

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

Cash and cash equivalents

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

Share capital

Ordinary shares are classified as equity.

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

Payables

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

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

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

2 Summary of Significant accounting policies (continued)

Employee benefits

The company operates a defined contribution pension plan.

(a) Pension obligations

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 obligations to pay 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 periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

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 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 the future payments is available.

Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**Notes to the financial statements
for the year ended 31 December 2015 (continued)****2 Summary of Significant accounting policies (continued)****Current and deferred income tax (continued)**

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3 Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful economic lives of intangible assets

The annual depreciation charge for intangible is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

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

4 Revenue

Analysis of revenue by geography:

	By destination	Unaudited By destination
	2015	2014
	£'000	£'000
United Kingdom	962	898
Rest of the World	666	652
	<u>1,628</u>	<u>1,550</u>

Analysis of revenue by category:

	2015	2014
	£'000	£'000
Services	1,628	1,550
	<u>1,628</u>	<u>1,550</u>

5 Operating (loss)/profit

	2015	Unaudited 2014
	£'000	£'000
Operating (loss)/profit is stated after:		
Wages and salaries	314	196
Social security costs	111	25
Other pension costs	6	18
	<u>431</u>	<u>239</u>
Exceptional expenses (note 6)	457	-
Staff costs	<u>888</u>	<u>239</u>
Depreciation of tangible fixed assets		
- owned assets	21	16
Amortisation of intangible assets	47	224
Foreign exchange gains	-	(3)
Audit fees payable to the company auditor	6	6
Exceptional expenses (note 6)	1052	-

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

6 Exceptional items

	2015	Unaudited 2014
	£'000	£'000
Exceptional costs:		
Impairment of Intangible Assets	595	-
Management Bonus	428	-
Restructuring costs	29	-
Net exceptional operating costs	1,052	-

On 25 February 2015, Spikes Cavell Analytic Limited held software assets with a net book value of £595,000 on its balance sheet. This amount was written off and recorded as an exceptional impairment charge during the year ended 31 December 2015.

Immediately prior to the acquisition, a management bonus of £428,000 was paid to the senior management of Spikes Cavell Analytic Limited. As part of the acquisition arrangements, £29,000 of termination benefits were paid to a former employee of Spikes Cavell Analytic Limited. Both these amounts have been recorded as an exceptional charge during the year ended 31 December 2015.

7 Employees and directors

Employees

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2015	Unaudited 2014
	Number	Number
By activity		
Production staff	27	29
Management staff	3	3
	30	32

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

7 Employees and directors (continued)

Directors' emoluments were as follows:

	2015	Unaudited 2014
	£'000	£'000
Aggregate emoluments	797	162
Pension contributions	22	18
Compensation for loss of office	25	-
	<u>844</u>	<u>180</u>

Highest paid director

The highest paid director's emoluments were as follows:

	2015	Unaudited 2014
	£'000	£'000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	276	88
	<u>276</u>	<u>88</u>

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

8 Income tax

	2015	Unaudited 2014
	£'000	£'000
Tax expense included in income statement		
Current tax:		
UK corporation tax on (loss)/profit for the year	(311)	-
Adjustments in respect of prior years	-	-
Total current tax	(311)	-
Deferred tax:		
	-	-
Total deferred tax	-	-
Total tax credit on (loss)/profit on ordinary activities	(311)	-

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

	2015	Unaudited 2014
	£'000	£'000
(Loss)/profit on ordinary activities before tax	(1,536)	47
Profit multiplied by the standard rate of tax in the UK of 20.25 % (2014: 21.5%)	(311)	10
Effects of:		
Capital allowances in excess of depreciation	-	(52)
Adjustments to tax charge in respect of prior years	-	42
Total tax credit	(311)	-

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

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

9 Intangible assets

	Development Cost £'000	Total £'000
Cost or valuation		
At 1 January 2015	2,370	2,370
Additions	67	67
At 31 December 2015	2,437	2,437
Accumulated depreciation		
At 1 January 2015	1,780	1,780
Amortisation charge	47	
Impairment charge for the year	595	642
At 31 December 2015	2,422	2,422
Net book amount		
At 31 December 2015	15	15
At 31 December 2014 (unaudited)	590	590

10 Property plant and equipment

	Leasehold improvements £'000	Computer Equipment and Fixtures & fittings and Office equipment £'000	Total £'000
Cost			
At 1 January 2015	60	477	537
Additions	-	7	7
At 31 December 2015	60	484	544
Accumulated depreciation			
At 1 January 2015	59	435	494
Charge for the year	1	21	22
At 31 December 2015	60	456	516
Net book amount			
At 31 December 2015	-	28	28
At 31 December 2014 (unaudited)	1	42	43

The net carrying amount of assets held under finance leases included in plant and machinery is £18,461 (2014: £34,051).

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

11 Trade and other receivables

	2015 £'000	Unaudited 2014 £'000
Trade receivables	31	19
Amounts owed by group undertakings	85	196
Other receivables	58	50
Group relief receivable	311	-
	<u>485</u>	<u>265</u>

12 Payables: amounts falling due within one year

	2015 £'000	Unaudited 2014 £'000
Trade payables	36	122
Loan payables - Amounts owed to group undertakings	660	-
Taxation and social security	44	59
Other payables	47	76
	<u>787</u>	<u>257</u>

Loan payables - Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

13 Payables: amounts falling due after more than one year

	2015 £'000	Unaudited 2014 £'000
Other Payables	22	20
	<u>22</u>	<u>20</u>

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

14 Share capital

	2015	Unaudited 2014
	£'000	£'000
Ordinary shares		
Allotted and fully paid		
At 1 January	231	231
Shares issued	203	-
At 31 December	<u>434</u>	<u>231</u>

Allotted called up and fully paid shares: 43,400,893,303 (2014: 23,099,238,939) ordinary shares of 0.00001p (2014: 0.00001p) each.

15 Parent undertaking and ultimate controlling party

Spikes Cavell Analytic Limited is wholly owned subsidiary of Xchanging Holdings Limited, a company incorporated in the United Kingdom. Xchanging Plc is the parent company of the smallest group to consolidate these financial statements.

The ultimate parent company at the reporting date is Xchanging plc, a company incorporated in England and Wales. The results of Spikes Cavell Analytic Limited are included in the Xchanging plc consolidated financial statements for the year ended 31 December 2015. Copies of the Xchanging plc financial statements may be obtained from Xchanging plc, The Walbrook Building, 25 Walbrook, London, EC4N 8AQ, United Kingdom. Xchanging plc is the parent company of the largest group to consolidate these financial statements.

As stated in note 16, as of 5 May 2016, the ultimate parent company of Spikes Cavell Analytic Limited is Computer Sciences Corporation, a company incorporated in the United States of America.

16 Events after the end of the reporting period

Following a formal bid made on 9 December 2015, supported by Xchanging's Board, Computer Sciences Corporation ('CSC') announced on 5 May 2016 that its unanimously recommended cash offer had become unconditional in all respects, and therefore that change of control of the Xchanging group had occurred. Xchanging plc was subsequently delisted from the London Stock Exchange on 6 June 2016. At the date of signing the ultimate parent company of Spikes Cavell Analytic Limited is Computer Sciences Corporation, a company incorporated in the United States of America.

**Notes to the financial statements
for the year ended 31 December 2015 (continued)****17 Transition to Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101)**

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

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2014, the Company's date of transition to FRS101. However, there were no adjustments or changes in accounting policies necessary for the previously published numbers under UK GAAP and the reported numbers under FRS101 for any period since 1 January 2014, therefore no restatements have been made and no reconciliation is presented as it is not required.