

**Company Registration No. 05983022**

**XCHANGING HOLDINGS LIMITED**

**Annual report and financial statements**

**For the year ended 31 March 2018**

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**Xchanging Holdings Limited**

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# **Xchanging Holdings Limited**

## **Officers and Professional advisers**

### **Directors**

M C Woodfine

T A Gough - appointed 9 June 2017

M A Majed - appointed 31 March 2018

D W Gray - resigned 7 April 2017

N A Wilson - resigned 31 March 2018

### **Registered office**

Royal Pavilion

Wellesley Road

Aldershot, Hampshire

GU11 1PZ

United Kingdom

### **Independent Auditor**

Deloitte LLP

Statutory Auditor

2 New Street Square, London

EC4A 3BZ

United Kingdom

## Xchanging Holdings 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 Holdings 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 ended 31 March 2018 are set out on pages 8 to 27.

#### Business review

The company is a holding company and does not trade.

During the year the Company recognized a loss of £ 48,070,000. (2017: £54,430,000). The movement is mainly due to impairment of investment in subsidiaries. The Company has net assets of £132,451,000 (2017: net assets £180,521,000) and net current liabilities of £341,428,000 (2017: £336,138,000). The performance for the year is in line with management's expectations.

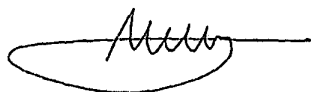
The previous reported period was for 15 months i.e. 1 January 2016 to 31 March 2017 and therefore results are not comparable with the current year, which is for 12 months i.e. 1 April 2017 to 31 March 2018.

#### 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 year 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  
18 February 2019

# **Xchanging Holdings Limited**

## **Directors' report**

The directors present the annual 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**

Xchanging Holdings Limited is a holding company and does not trade.

### **Future Development**

The company intends to continue to hold investments in its subsidiary companies.

### **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**

The Company reports net assets in spite of losses during the year, and the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 2, forming part of notes to financial statements.

### **Directors**

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

M C Woodfine

T A Gough - appointed 9 June 2017

M A Majed - appointed 31 March 2018

D W Gray - resigned 7 April 2017

N A Wilson - resigned 31 March 2018

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

### **Research and development**

The Company had no research and development costs during the current year or previous financial period.

### **Branches outside the UK**

The company has no branches outside UK as defined in section 1046(3) of companies act 2006.

### **Financial risk management**

The company is non trading and as such is not exposed to normal financial risks associated with an actively trading company.

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

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

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

### **Liquidity risk management**

The Company manages liquidity risk to ensure that sufficient funds are available to the Company from the parent undertaking and it also has access to wider group funds if required.

## **Xchanging Holdings Limited**

### **Directors' report (continued)**

#### **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.

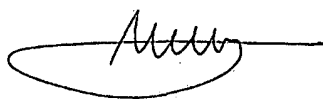
#### **Disclosure of information to auditor**

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 section 418(2) of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'M C Woodfine', is written over a horizontal line that forms part of an oval shape.

M C Woodfine  
Director  
18 February 2019

## **Xchanging Holdings 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 to the members of Xchanging Holdings Limited**

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

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Xchanging Holdings 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 loss 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:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 14.

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 opinion**

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.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

#### **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.

We have nothing to report in respect of these matters.



# **Independent Auditors report to the members of Xchanging Holdings Limited**

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

### **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, 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.

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**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

18 February 2019

## Xchanging Holdings Limited

### Income statement

For the year ended 31 March 2018

	Notes	Financial year 1 April 2017 to 31 March 2018 £'000	Financial period 1 January 2016 to 31 March 2017 £'000
Impairment of investment	9	(42,780)	(36,700)
Acquisition cost	5	-	(9,563)
Foreign exchange gain/(loss)		233	-
Other expenses		(28)	-
<b>Operating loss</b>	4	<b>(42,575)</b>	<b>(46,263)</b>
Finance expense	7	(5,495)	(7,043)
<b>Loss before tax</b>		<b>(48,070)</b>	<b>(53,306)</b>
Tax (expense) on loss	8	-	(1,124)
<b>Loss for the financial year /period</b>		<b>(48,070)</b>	<b>(54,430)</b>

The above results are wholly attributable to continuing activities.

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

The notes on pages 11 to 27 form part of these financial statements.

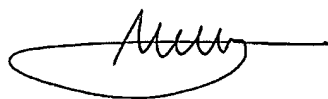
# Xchanging Holdings Limited

## Statement of financial position As at 31 March 2018

		At 31 March 2018 £'000	At 31 March 2017 £'000
	Notes		
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	9	473,879	516,659
<b>Total non-current assets</b>		473,879	516,659
<b>Current assets</b>			
Trade and other receivables	10	1,729	1,736
<b>Total current assets</b>		1,729	1,736
<b>Total assets</b>		475,608	518,395
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	(343,157)	(337,874)
<b>Total current liabilities</b>		(343,157)	(337,874)
<b>Net current liabilities</b>		(341,428)	(336,138)
<b>Total assets less current liabilities</b>		132,451	180,521
<b>Total liabilities</b>		(343,157)	(337,874)
<b>Net assets</b>		132,451	180,521
<b>Equity</b>			
Share capital	12	1,000	50,000
Share premium		1,621	92,621
Other reserves		490,000	350,000
Deficit		(360,170)	(312,100)
<b>Total equity</b>		132,451	180,521

The notes on pages 11 to 27 form part of these financial statements.

These financial statements of Xchanging Holdings Limited (registered number 05983022) were approved and authorized for issue by the board of directors on 18 February 2019 and signed on its behalf by:



M C Woodfine  
Director

# Xchanging Holdings Limited

## Statement of changes in equity For the year ended 31 March 2018

	Note	Share capital	Share premium	Other reserves	Deficit	Total
		£'000	£'000	£'000	£'000	£'000
<b>Balance as at 1 January 2016</b>		50,000	92,621	350,000	(257,670)	234,951
Loss for the financial period		-	-	-	(54,430)	(54,430)
Other comprehensive income for the financial period		-	-	-	-	-
<b>Total comprehensive expense for the financial period</b>		-	-	-	(54,430)	(54,430)
<b>Balance as at 31 March 2017</b>		50,000	92,621	350,000	(312,100)	180,521
Loss for the financial year		-	-	-	(48,070)	(48,070)
Other comprehensive expense for the financial year		-	-	-	-	-
<b>Total comprehensive expense for the financial year</b>		-	-	-	(48,070)	(48,070)
Reduction of share capital	12	(49,000)	(91,000)	140,000	-	-
<b>Balance as at 31 March 2018</b>		1,000	1,621	490,000	(360,170)	132,451

The notes on pages 11 to 27 form part of these financial statements.

Other reserves include asset revaluation reserve and transfer from reduction of share capital.

# **Xchanging Holdings Limited**

## **Notes to the financial statements For the year ended 31 March 2018**

### **1) Basis of accounting and general information**

Xchanging Holdings Limited ("the Company") is a holding company and does not trade.

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, United Kingdom, GU11 1PZ .

### **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 Holdings 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 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 from paragraphs 10 and 31 of IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors";
- the disclosure exemptions of IFRS 3 "Business combinations";
- the requirements of IAS 7 "Statement of Cash Flows";
- the requirements of IAS 24 "Related Parties" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transactions is wholly owned by such a member; and
- the requirements of IAS 36 "Impairment of Assets".

#### **Going concern**

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

The net current liability position of the company is £341,428,000 but it has a net asset position of £132,451,000. The company meets its day-to-day working capital requirements through a combination of intercompany loans from its parent and other group companies as well as uncommitted money market facilities which are due for renewal at various times in the future.

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

#### **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'.

## **Xchanging Holdings Limited**

### **Notes to the financial statements (continued) For the year ended 31 March 2018**

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

##### **Functional currency**

The functional and presentation currency is in GBP.

##### **Operating loss**

Operating loss is arrived at after expensing other expenses, foreign exchange gain and impairment of investment.

##### **Income from shares**

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

##### **Interest income**

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

##### **Finance costs**

Finance costs of debt, including interest, premiums payable on settlement and direct issue costs are charged to the Income statement in the financial year in which they fall due.

##### **Current and deferred taxation**

The tax expense for the year 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 balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the Statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. 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.

##### **Investments**

###### ***Investments in subsidiaries***

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

###### ***Impairment of investments***

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

# **Xchanging Holdings Limited**

## **Notes to the financial statements (continued) For the year ended 31 March 2018**

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

#### **Financial assets:**

##### *Trade and other receivables*

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

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

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

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

##### *Impairment of financial assets*

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that the loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

##### *Derecognition of a financial asset*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers, nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts.

#### **Financial liabilities and equity**

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

##### *Equity instruments*

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

##### *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.

#### **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.

# Xchanging Holdings Limited

## Notes to the financial statements (continued) For the year ended 31 March 2018

### 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.

### Valuation of investments

The carrying value of investments is re-assessed annually for impairment to ensure investment values are substantiated by their net assets or value in use.

### 4) Operating loss

	Financial year 1 April 2017 to 31 March 2018 £'000	Financial period 1 January 2016 to 31 March 2017 £'000
Acquisition cost	-	9,563
Loss on disposal of investment	-	193
Bonus accrual write off	-	(368)
Foreign exchange (gain) /losses	(233)	175
Impairment of investment	42,780	36,700
Other expense	28	-
	<u>42,575</u>	<u>46,263</u>

The Audit fee accrued during the current year 2018 is £3,000 (2017: The auditors' remuneration was borne by a fellow group undertaking within the DXC Technology Company group. The allocated fee payable to the company auditor for the audit of company's financial statements was £4,000).

### 5) Acquisition cost

	Financial year 1 April 2017 to 31 March 2018 £'000	Financial period 1 January 2016 to 31 March 2017 £'000
Acquisition cost of subsidiary	-	9,563
	<u>-</u>	<u>9,563</u>

### 6) Employees and directors

There were no employees of the company during the current year or previous period.

The During the current year director's remuneration was borne by other entities within the DXC group. The directors do not believe that it is practical to apportion these amounts between the Company and the other entities concerned.



# Xchanging Holdings Limited

## Notes to the financial statements (continued) For the year ended 31 March 2018

### 7) Finance expense

	Financial year 1 April 2017 to 31 March 2018 £'000	Financial period 1 January 2016 to 31 March 2017 £'000
Interest payable on loans from fellow group undertakings	5,495	7,043
	<u>5,495</u>	<u>7,043</u>

### 8) Taxation

	Financial year 1 April 2017 to 31 March 2018 £'000	Financial period 1 January 2016 to 31 March 2017 £'000
Current tax		
UK corporation tax on loss for the year	-	-
Adjustments in respect of prior periods	-	(1,124)
Total current tax expense/(credit)	<u>-</u>	<u>(1,124)</u>
Deferred tax		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	-
Impact of change in tax rate	-	-
Total deferred tax expense / (credit)	<u>-</u>	<u>-</u>

The tax expense for the period 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 1 January 2016 to 31 March 2017 £'000
Results before tax	(48,070)	(53,306)
Results multiplied by the standard rate of tax in the UK of 19% (2017: 20%)	9,133	10,661
Effects of:		
- Investment impairment not taxable	(8,128)	-
- Expenses not deductible for tax purposes	-	(9,291)
- Group relief	(1,005)	(1,370)
- Adjustments to tax in respect of prior periods	-	(1,124)
Tax expense/(credit) for the period	<u>-</u>	<u>(1,124)</u>

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

A reduction to the UK corporation tax 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.

# Xchanging Holdings Limited

## Notes to the financial statements (continued) For the year ended 31 March 2018

### 9) Investments

	Investments in subsidiaries £'000
Cost	
At 31 March 2017	592,159
Additions during the financial year	-
Disposals during the financial year	-
At 31 March 2018	<u>592,159</u>
Provision for impairment in value	
At 31 March 2017	(75,500)
Increase in provision during the financial year	(42,780)
At 31 March 2018	<u>(118,280)</u>
Net book value	
At 31 March 2018	<u>473,879</u>
At 31 March 2017	<u>516,659</u>

Investments in subsidiaries are all stated at cost less allowance for impairment.

Investments in subsidiaries Agency port Software (Europe) Limited and Total Objects Limited fully impaired during the year.

# Xchanging Holdings Limited

## Notes to the financial statements (continued) For the year ended 31 March 2018

### 9) Investments (continued)

Further information on shares held by the Company as at 31 March 2018 are below:

Name	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interest and voting rights held	
			2018	2017
Xchanging EMEA Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Procurement	100%	100%
Total Objects Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Technology	100%	100%
Spikes Cavell Analytic Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Procurement	100%	100%
Xchanging Turkey Yazilim Hizmetleri Limited	Turkey Rm 2. Esentepe Mahallesi Ali Kaya Sokak Pol Center B Bloklar Apt. No:1/B 69 Istanbul 39394	Procurement	100%	100%
BTO Group LLC	Russia 61 Vyborgskaya St.-Petersburg, Russia, 197342	In liquidation	100%	100%
Xchanging B.V.	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Corporate	100%	100%
Xchange Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	BPO	100%	100%

**Xchanging Holdings Limited****Notes to the financial statements (continued)****For the year ended 31 March 2018**

Name	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interest and voting rights held	
			2018	2017
Xchanging Software Bermuda Limited	Bermuda 1 Victoria Street Hamilton HM11	Technology	100%	100%
Xchanging (SEA) Pte Limited	Singapore 13, International Business Singapore 609932	BPS	100%	100%
Xchanging Software Europe (Regional Hub)	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Technology	100%	100%
Xchanging Software Europe Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Technology	100%	100%
Xchanging Mexico S de R L	Mexico Presidente Masaryk 111 Colonia polanco V City of Mexico C.P 11560	Procurement	100%	100%
BT Objects Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	In liquidation	100%	100%
Xpanse No 2 Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Corporate	100%	100%

# Xchanging Holdings Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2018

Name	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interest and voting rights held	
			2018	2017
Xchanging (Mauritius) Limited	Mauritius C/o Abax Corporate 6th Floor, Tower A1 Cyber city, Ebene 1	Corporate	100%	100%
Xpanse Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Corporate	100%	100%
Xchanging Holdco No 3 Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Corporate	100%	100%
Xchanging UK Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Corporate	100%	100%
XUK Co. Limited	United Kingdom Hill House 1, Little New street London EC4A 3TR	In liquidation	100%	100%
Xchanging Procurement Services Spain SL	Spain Carrer Aribau 175, 3 2B Barcelona 8036	Procurement	100%	100%
Xchanging Europe Holdco Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Corporate	100%	100%
Xchanging Italy Holding S.r.L.	Italy Via Della chiusa 2 via della Milan I-20213	Corporate	100%	100%

**Xchanging Holdings Limited****Notes to the financial statements (continued)****For the year ended 31 March 2018**

Name	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interest and voting rights held	
			2018	2017
XUK Holdco (No. 2) Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Corporate	100%	100%
HR Holdco Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Procurement	100%	100%
Xchanging Claims Services Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	BPO	50%	50%
LCO Marine Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	BPO	100%	100%
LCO Non-Marine and Aviation Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	BPO	100%	100%
Xchanging Solutions Limited	India SJR I Park Plot number 13,14,15 EPIP Industrial area Whitefield Bengaluru 66	BPS	75%	75%
Xchanging Technology Services India Pvt	India 33, Coconut grove 1A Cross 6th Block, 18th Main road Koramangala Bengaluru 95	BPO	100%	100%

# Xchanging Holdings Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2018

Name	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interest and voting rights held	
			2018	2017
Xchanging Solutions (USA), Inc.	Delaware Corporation Trust centre 1209, Orange street Wilmington DE 19801	Procurement	100%	100%
Xchanging Solutions (Europe) Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	BPS	100%	100%
Xchanging Solutions (Singapore) Pte Limited	Singapore 13 International Business park #06-01 Singapore 609932	BPS	100%	100%
Nexplicit Infotech India Private Limited	India Auriga Block, The V block Plot no 17 Software units layout Hyderabad 81	BPS	100%	100%
Xchanging Solutions (Malaysia) Sdn Bhd	Malaysia Level 9, Tower 3, Avenue The Horizon Bangsar No 8, Jalan Kerinchi Kuala lumpur	BPS	100%	100%
Xchanging Builders (India) Private Limited	India SJR I Park Plot number 13,14,15 EPIP Industrial area Whitefield Bengaluru 66	BPS	100%	100%
Xchanging Outsourcing Private Limited	India SJR I Park Plot number 13,14,15 EPIP Industrial area Whitefield Bengaluru 66	BPS	100%	100%
Ins-Sure Holdings Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	BPO	50%	50%

## Xchanging Holdings Limited

### Notes to the financial statements (continued)

For the year ended 31 March 2018

Name	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interest and voting rights held	
			2018	2017
Xchanging Broking Services Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	BPO	100%	100%
Xchanging (Rebus) Pension Trustees Limited	United Kingdom The Walbrook Building 25 Walbrook London EC4N 8AQ	Technology	100%	100%
Xchanging Resourcing Services Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Procurement	100%	100%
Xchanging Global Insurance Systems Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Technology	100%	100%
Ins-Sure Services Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	BPO	100%	100%
LPSO Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	BPO	100%	100%
London Processing Centre Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	BPO	100%	100%



# Xchanging Holdings Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2018

Name	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interest and voting rights held	
			2018	2017
Dasure Holdings Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	In liquidation	100%	100%
Xchanging International Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Technology	100%	100%
Xchanging Global Insurance Solutions Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Technology	100%	100%
Campion Limited	United Kingdom Cumberland House Greenside Lane Bradford England BD8 9TF	Technology	100%	100%
Data Integration Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Technology	100%	100%
Xchanging Global Insurance Services Bermuda	Bermuda H.P House 21, Laffan street Hamilton HM09	Technology	100%	100%
Xchanging Asia Pacific Sdn Bhd	Malaysia Wisma Goshen, 2nd Floor, Jalan SS 22/21 Damansara Jaya Selangor Darul Ehsan	BPS	100%	100%

# Xchanging Holdings Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2018

Name	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interest and voting rights held	
			2018	2017
Xchanging Malaysia Sdn Bhd	Malaysia 11th Floor Yeoh Tiong Lay Plaza 55 Jalan Bukit Bintang Kuala Lumpur	BPS	50%	50%
Fondsdepot Bank GmbH	Germany Windmuhlenweg 12 Hof 95030 Germany EC4A 3TR	Financial Services	100%	100%
Xchanging US Funding Limited	United Kingdom Royal Pavilion Wellesley Road Aldershot, Hampshire GU11 1PZ	Corporate	100%	100%
CAD IT SpA	Italy Via Torricelli 44/a Verona, 37136 Italy	Corporate	10%	100%
Xchanging Finance S.a.r.l.	Luxembourg 1, rue de la poudrerie L-3364, Leudelange	Corporate	100%	100%
XUK Co. 2 Limited	United Kingdom Hill House 1, Little New Street London EC4A 3TR	In liquidation	100%	100%
Xchanging Verwaltungs GmbH	Germany Windmuehlenweg 12 Hof/Saale D-95030	Financial Services	100%	100%
Xchanging Deutschland GmbH & Co. KG	Germany Windmuehlenweg 12 Hof/Saale D-95030	Financial Services	100%	100%
Xchanging Italy	Italy Via della Chiusa 2 Milan I-20123	Financial Services	100%	100%

# Xchanging Holdings Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2018

Name	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interest and voting rights held	
			2018	2017
Xchanging Procurement Services Pty Limited	Australia Level 2, 201 Elizabeth street Sydney 2000	Procurement	100%	100%
Xchanging Procurement Services (Holdco)	United Kingdom Hill House, 1, Little New Street, London EC4A 3TR	In liquidation	100%	100%
Xchanging Pty Limited	Australia Level 2, 201, Elizabeth Sydney, 2000	BPO	100%	100%
Xchanging Technology for Intermediaries Pty	Australia Level 10 390, La trobe street Melbourne 3000	BPO	90%	90%
Xchanging Integrated Services Australia Pty	Australia Level 10, 390 390, La Traobe Street Melbourne VIC 3000 Australia	BPO	100%	100%
Xchanging Procurement Services Limited	United Kingdom Royal pavilion Wellesley Road Aldershot, Hampshire GU 11 1PZ	Procurement	100%	100%
HR Enterprise Limited	United Kingdom Hill House 1, Little New Street London EC4A 3TR	In liquidation	100%	100%
Xchanging HR Services Limited	United Kingdom Hill House 1, Little New Street London EC4A 3TR	In liquidation	100%	100%

# Xchanging Holdings Limited

## Notes to the financial statements (continued)

For the year ended 31 March 2018

Name	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interest and voting rights held	
			2018	2017
Xchanging Integrated Services Victoria Pty	Australia Macquarie Park Sydney NSW 2113	BPO	100%	100%

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

	At 31 March 2018 £'000	At 31 March 2017 £'000
Amounts owed by subsidiary undertakings	1,729	1,736
	<u>1,729</u>	<u>1,736</u>

Amounts owed by subsidiary undertakings are subject to normal DXC intercompany trading terms of payment due after 30 days and are interest free.

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

	At 31 March 2018 £'000	At 31 March 2017 £'000
Loan payable owed to parent undertaking	239,482	237,405
Loan payable owed to subsidiary undertakings	98,574	95,392
Amounts owed to subsidiary undertakings	80	77
Provisions and other payables	5,021	5,000
	<u>343,157</u>	<u>337,874</u>

Amounts owed to subsidiary undertakings are subject to normal DXC intercompany trading terms of payment due after 30 days and are interest free.

Provision of £5,025,700 (2017: £5,000,000) have been made for the final settlement of Total object limited deferred consideration.

The loan payable balances are unsecured with wholly owned fellow group companies. The balances with Xchanging Limited bears interest at BOE rate plus 3.25% and balance with Xchanging UK Limited bears interest at 3.5% rate plus LIBOR repayable on demand.

### 12) Share capital

	At 31 March 2018 £'000	At 31 March 2017 £'000
Authorised, allotted, issued and fully paid:		
8,000,003 (2017: 400,000,003) ordinary shares of £0.125 each	<u>1,000</u>	<u>50,000</u>

Share capital of the company reduced by cancelling 392,000,000 shares of each £0.125 each vide board resolution dated 5<sup>th</sup> June 2017.

## **Xchanging Holdings Limited**

### **Notes to the financial statements (continued) For the year ended 31 March 2018**

#### **13) Controlling parties**

Further to the merger on 1 April 2017 the ultimate parent Company and controlling entity is DXC Technology Company, a Company incorporated in the United States of America. At the reporting date Computer Sciences Corporation was the ultimate parent company and controlling entity. It was the parent undertaking of both the smallest and the largest group which includes the Company and for which group financial statements are prepared for the financial year ended 31 March 2018. Copies of the group financial statements of DXC Technology Company are available from 1775 Tysons Blvd, Tysons, VA 22102, USA which is the registered address.

The immediate parent Company of Xchanging Holdings Limited is Xchanging Limited, a Company incorporated in United Kingdom and registered at the same address as the company.

#### **14) Events after the end of the reporting period**

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