Hewlett-Packard Limited

Report and Financial Statements

31 October 2006

Registered No: 690597

Directors
S Gill
M Lambton

Secretary
J Ormrod

Auditors
Ernst & Young LLP
Apex Plaza
Reading
Berkshire
RG1 1YE

Registered Office
Cain Road
Bracknell
Berkshire
RG12 1HN

Directors' report

The directors present their report and financial statements for the year ended 31 October 2006.

Principal activity and review of the business

The company is a leading provider of computing and imaging solutions and services for business and home, and is focused on capitalising on the opportunities of the Internet and the proliferation of electronic services.

Over the past year, the company has continued to build an integrated, cross-company strategy to fully exploit the intersection of its various product offerings focused on creating solutions that deliver total customer experience. The directors are satisfied with the results of the company.

The company maintained its reputation for customer service, support and satisfaction. New product offerings continue to be of an excellent standard providing a strong base for future growth prospects.

In July 2006, the company communicated its intention to restructure aspects of the business which would result in up to 334 jobs being lost within the UK of which this entity forms part. This initiative is part of a world wide initiative to reduce cost and improve operating profit.

During the year, Hewlett-Packard Limited continued with a program of growth by acquisition.

On 1 November 2005, Hewlett-Packard Limited bought the trade and assets of Synstar Business Continuity Limited for £60,066,000.

On 1 November 2005, the trade and assets of AppIQ (UK) Limited were transferred into Hewlett-Packard Limited for £nil consideration.

On 1 March 2006, Hewlett-Packard Limited acquired the trade and assets of Peregrine Systems Limited for £3,358,000.

On 1 May 2006, the trade and assets of Outerbay Technologies Europe Limited were transferred into Hewlett-Packard Limited for £nil consideration.

On 1 May 2006, Hewlett-Packard Limited acquired the trade and assets of Scitex Vision UK Limited for £161,000.

On 1 October 2006, the trade and assets of Axiom Connection Limited were transferred to Hewlett-Packard Limited for £nil consideration.

Hewlett-Packard Company acquired Mercury Interactive Corporation on 6 November 2006. Hewlett-Packard Limited plan to acquire Mercury Interactive (U.K.) Limited during the year ended 31 October 2007.

Research and development

The company maintained an extensive programme of research and development.

Director's Report (continued)

Review of Business Risk

There are a range of risks and uncertainties facing the company and the list below is not intended to be exhaustive. The focus is on those specific risks and uncertainties that the Directors believe could have a significant impact on the company's performance, as analysed by its key performance indicators.

Market conditions

Levels of business activity will vary for each of the markets in which Hewlett-Packard Limited operates, but ultimately this is dependent on factors such as economic cycles, consumer confidence and growth of the economy. A weak economy could affect the level of customer spending on Hewlett-Packard Limited's products.

Competitive pressures

The company operates in a number of highly competitive markets with differing characteristics. Market share could be affected by the emergence of new competitors, product distribution issues, quality, and reputation.

Customers

The company must maintain its ability to continue to provide an innovative service to the local customer base and develop in a profitable way in an increasingly price sensitive market. If the company fails to do this, customers may spend less on Hewlett-Packard products.

Parent Company Dependency

Hewlett-Packard Limited is a subsidiary of Hewlett-Packard Company and is dependent on this parent company for the supply of products and for its brand strength.

Any risks impacting the ultimate parent company will cascade to Hewlett-Packard Limited. A full description of the risks and uncertainties impacting Hewlett-Packard Company can be found in the Hewlett-Packard Company group accounts.

Financial Key Performance Indicators

The Directors monitor the company's progress against its strategic objectives and the financial performance of the company's operations on a regular basis. Details of the most significant Key Performance Indicators (KPI's) used by the company are as follows:

Turnover (growth)

Hewlett-Packard views change in the market as an opportunity to grow; to use its profits and ability to develop and produce innovative products, services and solutions that satisfy emerging customer needs.

Growth comes from taking considered risks, based on the state of the industry- that requires both a conviction in studying the trends, but also in inducing change in the industry in which Hewlett-Packard operates.

For the year ended 31 October 2006, turnover was £3,072,706,000. This is up approximately 8% from the year ended 31 October 2005 (£2,845,175,000). This growth in turnover is reflective of both organic growth and growth by acquisition during the year.

Director's Report (continued)

Profitability

In order to be successful, Hewlett-Packard needs to achieve sufficient profit to finance company growth, create value for the company's ultimate shareholders and provide the resources needed to achieve the company's other objectives.

- The balance of long-term and short-term objectives is key to profitability.
- Profit allows Hewlett-Packard to reinvest in new and emerging business opportunities.
- Profit is highly correlated to generating cash, which brings more flexibility to the business at a lower cost.

For the year ended 31 October 2006, gross profit was £360,698,000. This was down approximately 13% from the year ended 31 October 2005 (£392,494,000).

Market share

The company aims to extend market share by continually providing useful and significant products, services and solutions to markets it already serves and to expand into new areas that build on Hewlett-Packard technologies, competencies and customer interests. The company aims to be positioned at number one or two in the markets in which it operates.

Market share data is extremely dynamic and based on diverse areas of the business. Hewlett-Packard use independent industry analyst reports for market share data which is publicly available. These should be referred to for up to date market share positions.

The Environment

Hewlett-Packard's goals are to provide products and services that are safe and environmentally sound throughout their lifecycles, and conduct operations in an environmentally responsible manner.
To accomplish this, Hewlett-Packard will:

- pursue pollution prevention, energy conservation and waste reduction in operations;
- design and manufacture products to be safe to use and to minimise their environmental impact;
- offer customers environmentally responsible end-of-life management services for products; and
- require suppliers to conduct their operations in a socially and environmentally responsible manner.

The company achieves this by integrating these objectives into business planning, decision-making, performance tracking and review processes to ensure that goals are reached and continually improved upon.

Hewlett-Packard Company, for which Hewlett-Packard Limited is a subsidiary, publishes an annual corporate responsibility report where detailed company wide environmental commitments, initiatives and key performance indicators can be found.

Director's Report (continued)

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements.

Employee involvement

The company continues to place importance upon the education and development of its people. There is a well-developed employee involvement programme within the company. Employee representatives are consulted regularly on a wide range of matters affecting their interests. Employees receive regular newsletters and have the opportunity to provide feedback to senior management by participating in an annual Voice of the Workforce survey.

All employees' training and development is supported by continuing in-service education. Employees who have completed minimum periods of service are eligible to join both the company performance bonus and share purchase schemes of the Hewlett-Packard Company.

Hewlett-Packard's goal is to create health and safety practices and work environments that enable employees to work injury-free. This is accomplished by continually reducing occupational injury and illness risks while promoting employee health and well-being.

The company believes that a diverse workforce encourages creativity and innovation and helps build an exciting, stimulating work environment. A diverse workforce, reflecting the demographics of the many different markets where Hewlett-Packard operates, also provides a competitive advantage and helps acquire new business.

Hewlett-Packard Company, for which Hewlett-Packard Limited is a subsidiary, publishes an annual corporate responsibility report where detailed company wide employee commitments, initiatives and key performance indicators can be found.

Employment of disabled employees

All applications from disabled persons are fully considered. Should an employee become disabled, it is the company's practice to continue their current employment where possible or offer suitable alternatives. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Donations

Donations to UK charities and educational establishments amounted to £208,942 (2005: £327,738).

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the company at 31 October 2006 were equivalent to 7 days' purchases, based on the average daily amount invoiced by suppliers during the year (2005: 7 days).

Results and dividends

The profit for the year, after taxation, amounted to £59 million (2005: profit £113 million). The directors do not recommend a final ordinary dividend, making the total of ordinary dividends paid for the year £nil (2005: £130 million).

Director's Report (continued)

Directors

The directors during the year, and to date, were as follows:

S Gill	
M Lambton	
C R Dean	(resigned 17 July 2006)
A Bothwell*	(appointed 11 November 2005; resigned 12 November 2005)

No directors have any interests in the share capital of the company.

*This director was appointed as an alternate director.

During the year, and up to the date of approval of the financial statements, the company had in place third party indemnity provision for the benefit of all the directors of the company.

Auditors

Ernst & Young LLP will be reappointed as the company's auditor in accordance with the elective resolution passed by the company under section 386 of the Companies Act 1985.

Elective resolutions

The company has passed the following elective resolutions;

(1) That for the purpose of Section 252 of the Companies Act 1985, the company elected to dispense with the laying of financial statements and reports before the company in general meeting.

(2) That for the purpose of Section 366A of the Companies Act 1985, the company elected to dispense with the holding of Annual General Meetings.

(3) That for the purpose of Section 386 of the Companies Act 1985, the company elected to dispense with the obligation to appoint auditors annually.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board

Director

Date: 20 December 2006

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which 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 1985. 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 Hewlett-Packard Limited

We have audited the company's financial statements for the year ended 31 October 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

In addition we report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report
to the members of Hewlett-Packard Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Reading

Date 29 Dec 2006

Profit and loss account

for the year ended 31 October 2006

	Note	2006 £'000	2005 £'000
Turnover	2	3,072,706	2,845,175
Cost of sales		(2,712,008)	(2,452,681)
Gross profit		360,698	392,494
Distribution costs		(169,405)	(170,062)
Administration expenses		(77,223)	(73,640)
Operating profit	3, 4	114,070	148,792
Exceptional item: impairment of investment	4	(65,061)	(20,691)
Exceptional item: impairment of fixed asset	4	(12,843)	-
Exceptional item: profit on disposal of tangible fixed asset	4	48,036	-
Exceptional item: restructuring	4	(50,070)	-
Interest receivable		38,799	22,086
Other finance income	7	31,229	20,936
Income from subsidiary undertakings		65,061	-
Interest payable	8	(268)	(5,369)
Profit on ordinary activities before taxation		168,953	165,754
Tax on profit on ordinary activities	9	(110,214)	(53,020)
Profit for the financial year		58,739	112,734

Details of dividends paid during the year are set out in note 10 to the financial statements.

Statement of total recognised gains and losses

for the year ended 31 October 2006

	Note	*2006* *£'000*	*2005* *£'000*
Accumulated profit for the year		58,739	112,734
Actuarial profit/(loss) recognised in the pension scheme	22	81,609	(66,560)
Current tax credit associated with the pension scheme	9	19,710	31,064
Deferred tax charge associated with the pension scheme	18	(44,192)	(11,096)
Total recognised profit relating to the year		115,866	66,142

Balance sheet

at 31 October 2006

	Note	*2006* *£'000*	*2005* *£'000*
Fixed assets			
Tangible assets	11	147,257	173,584
Intangible assets	12	157,898	171,328
Investments	13	570,127	637,754
		875,282	982,666
Current assets			
Tangible assets	11	-	6,919
Stocks	14	90,280	81,974
Debtors:- amounts due within one year	15	1,327,056	1,150,989
- amounts due after more than one year	15	1,251	4,639
Cash at bank and in hand		109,815	67,608
		1,528,402	1,312,129
Creditors: amounts falling due within one year	16	(1,478,356)	(1,609,600)
Net current assets/(liabilities)		50,046	(297,471)
Total assets less current liabilities		925,328	685,195
Creditors*:* amounts falling due after more than one year		(3,947)	-
Provisions for liabilities and charges	17	(130,915)	(59,699)
Net assets excluding pension liability		790,466	625,496
Pension asset/(liability)	22	14,338	(46,558)
Net assets including pension liability		804,804	578,938
Capital and Reserves			
Called up share capital	19	104,772	104,772
Share premium account	20	492,017	382,017
Profit and loss account	20	208,015	92,149
Equity shareholders' funds	20	804,804	578,938

Approved by the Board

Director

Date: 20 December 2006

Notes to the financial statements

at 31 October 2006

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from the requirement to prepare group financial statements by virtue of Section 228 of the Companies Act 1985, and accordingly the financial statements present information about the company as an individual undertaking and not about its group.

Cash flow statement

In accordance with Financial Reporting Standard 1 (revised), Hewlett-Packard Limited has not published a cash flow statement as its ultimate parent company, Hewlett-Packard Company, which is incorporated in the United States of America, has published consolidated financial statements in which the cash flows of the company are included.

Turnover

Turnover consists of: sales in the year of equipment and parts at the amounts invoiced; amounts earned on services; the sales value of the work done in the year, including any estimates in respect of amounts not invoiced, in respect of long term contracts; computer software sales, consulting, training and maintenance services; excluding value added tax, less returns and trade discounts.

Revenues on service contracts are recognised on a straight-line basis over the term of the contract and for fixed price contracts and on the output or consumption basis for all other service contracts.

On 1 May 2005, the company entered into an agreement with two fellow subsidiaries, whereby it would purchase certain receivables that become due on contracts with customers. In addition, the company would indemnify and hold harmless the subsidiaries against any and all costs, claims, expenses or damages suffered or incurred by them as a result of any claim by a counterparty under any Customer Contract to which they are party, save where such claim results from the negligence or willful default by the fellow subsidiary in performing its obligations under the relevant customer contract.

All the access to future economic benefits is controlled by Hewlett-Packard Limited. As such the assets and associated revenue have been recorded in the financial statements of Hewlett-Packard Limited.

Research and development

Expenditure on research and development is written off as incurred.

Tangible fixed assets

Tangible fixed assets are initially recorded at cost. Depreciation is calculated on the cost of tangible fixed assets in accordance with the methods and estimated useful lives set out below.

Freehold buildings and long leasehold property	- straight line over a period of 40 years/length of lease if less than 40 years.
Short leasehold property	- straight line over the period of the lease.
Machinery and equipment	- straight line over a period of 3 - 10 years.

No depreciation is provided on freehold land or property under construction.

Notes to the financial statements

at 31 October 2006

1. Accounting policies (continued)

Goodwill

Following the introduction of FRS 10, goodwill arising on consolidation, being the difference between the fair value of the consideration paid and the aggregate of the fair values of the separable net assets acquired, is capitalised and amortised over its useful economic life up to a presumed maximum of 15 years.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Investments

Investments are included at cost, less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes appropriate overheads. Work in progress is reduced by payments received on account of work done and is stated after allowing for all foreseeable losses.

Long-term contracts

Long-term contracts are reflected in the profit and loss account by recording turnover and related costs and profits as contract activity progresses. Profits are recognised on a prudent basis when the outcome of a contract can be assessed with reasonable certainty. Provision is made in full for any foreseeable losses.

Provisions

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and if it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect is material, the expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability.

Stock options

Provision is made for an estimate of the charges to be made to the company by Hewlett-Packard Company, the ultimate parent company, in relation to the difference between the market value of unexercised vested stock options in Hewlett-Packard Company, and the exercise price of those options held by employees of Hewlett-Packard Limited at the balance sheet date.

In accordance with UITF 25, National Insurance on Share Option Grants, the anticipated National Insurance charge on gains made by employees over the period from date of grant of the option to the end of the performance period has been provided for.

Goods sold under warranty

A liability is recognised for costs anticipated to arise during the un-expired warranty period on goods sold, and is included within provisions for liabilities and charges in accordance with FRS 12.

Notes to the financial statements

at 31 October 2006

1. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that is more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leases

Rentals payable on operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

Assets held under finance leases are capitalised and depreciated over their estimated useful lives. The corresponding liability is recorded as a creditor net of finance charges. The interest element of the finance charge is charged to the profit and loss account over the period of the lease.

Pensions

The company operates both defined benefit and defined contribution pension schemes. The assets of the schemes are held separately from those of the company.

Defined benefit pension scheme assets are measured using market value. Associated pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The increase in the present value of the liabilities of the company's defined benefit pension scheme expected to arise from employee service in the period, is charged to the operating profit. The expected return on the schemes assets and the increase during the period in the present value of the schemes liabilities arising from the passage of time, are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The cost of providing pensions to employees under the company's defined contribution scheme is charged to the profit and loss account as incurred.

Notes to the financial statements

at 31 October 2006

1. Accounting policies (continued)

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions are translated at the rate of exchange ruling at the date of the relevant transaction. Exchange gains and losses are dealt with through the profit and loss account.

Treasury policy

The group holds financial instruments for two principal purposes: to finance Hewlett-Packard Holdings Limited subsidiaries (which includes Hewlett-Packard Limited) and to manage the interest and currency risks arising from its operations and its sources of finance. The group finances its operation by a mixture of short and long term loans from Hewlett-Packard Company subsidiaries and capital markets. The group borrows primarily in Sterling and US Dollars with the majority of loans being at fixed rates of interest.

The main risk arising from the group's financial instruments are liquidity, foreign currency risk and interest rate risk. These risks, and the policies to manage them, are summarised below. These policies have remained unchanged this year. The group does not enter into speculative derivative contracts.

Interest rate risk

The group manages its interest rate risk primarily through the use of fixed rate loans. It seeks to issue debt opportunistically, at the lowest possible cost, based upon assessment of the future interest rate environment.

Liquidity and refinancing risk

The group's objective is to produce continuity of funding at a reasonable cost. To do this it seeks to arrange committed funding for a variety of maturities from a diversity of sources.

Foreign currency risk

The group borrow and holds cash balances in both Sterling and US Dollars. The Hewlett-Packard group have a centralised treasury function which manages foreign currency risk for the wider group, including Hewlett-Packard Limited.

2. Turnover

Turnover represents sales by the company to outside customers, excluding value added tax.

	2006	*2005*
	£'000	*£'000*
Sales were made to geographical markets as follows:		
United Kingdom	2,754,706	2,558,265
Rest of Europe	259,106	241,911
United States	57,183	44,999
Other areas	1,711	-
	3,072,706	2,845,175

Turnover, profit before tax and net assets are all attributable to continuing United Kingdom operations. The company operates within one industry segment; provision of computing and imaging solutions and services for business and home.

Notes to the financial statements

at 31 October 2006

3. Operating profit

This is stated after charging:

		2006	2005
		£'000	£'000
Depreciation	- owned assets	14,909	16,939
Operating lease rentals	- other	1,159	3,465
	- land and buildings	14,588	16,276
Auditors' remuneration	- audit services	264	267
	- other services	25	142
Foreign exchange gain		(4,074)	(21,769)
Research and development expenditure		30,560	30,786
Less: amounts recharged to other group companies		(21,879)	(19,122)
		8,681	11,664

The auditors' remuneration borne by the company was £264,472 (2005: £266,928). £39,165 was paid on behalf of another group company (2005: £44,440).

4. Exceptional Items

	2006	2005
	£'000	£'000
Recognised in arriving at operating profit:		
Restructuring costs (see note 17)	-	435
Recognised below operating profit:		
Restructuring costs (see note 17)	(50,070)	-
Impairment review of Synstar Ltd	(65,061)	(20,691)
Impairment of fixed asset (see note 11)	(12,843)	-
Profit on disposal of fixed asset	48,036	-
	(79,938)	(20,256)

During 2006, the company continued with an employee redundancy and property rationalisation programme with an increase in provision of £50,070,000 (2005: release of provision £435,000).

During the year ended 31 October 2006, the decision was made to sell the Worton Grange site in Reading. The site was vacated and following market valuations, it was recognised that the site was impaired by £12,843,000.

During the year ended 31 October 2006, a proportion of land at Filton Road, Bristol was sold creating a profit on disposal.

The Synstar operations were reorganised, and the trade and assets of Synstar Business Continuity Limited were sold to Hewlett-Packard Limited for £60,066,000. Following the reorganisation, a dividend of £93,533,000 was paid by Synstar Limited to Hewlett-Packard Limited. £28,472,000 of the dividend received was recorded against the net assets acquired from Synstar Business Continuity Limited, to reduce the net book value of the assets to the values originally recorded by Synstar Business Continuity Limited. The remaining amount of £65,061,000 was included in the profit and loss account. The investment in Synstar Limited was written down by an equivalent amount.

During the year ended 31 October 2005, the investment in Synstar Limited was subject to an impairment review and the investment was subsequently written down by £20,691,000.

Notes to the financial statements

at 31 October 2006

5. Staff costs

		2006	2005
		£'000	£'000
Wages and salaries		384,063	366,358
Social security costs		36,611	36,925
Other pension costs	- defined benefits (note 22)	30,704	28,118
	- defined contributions	21,438	18,167
		472,816	449,568

The average number of persons employed by the company during the year was:

	2006	2005
	No.	No.
Sales and services	4,914	5,214
Manufacturing and research and development	625	649
	5,539	5,863

6. Directors' emoluments

	2006	2005
	£'000	£'000
Fees	879	526
Pensions	133	126
	1,012	652

The emoluments of the highest paid director were fees £560,806, pensions £84,761 (2005: fees £285,185; pensions £80,715).

Two directors participated in the company's defined contribution pension scheme during the year ended 31 October 2006 (2005: 2).

One director participated in the defined benefit pension plan during the year ended 31 October 2006 (2005: 1).

The alternate directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that the alternate directors receive any remuneration for their services as directors to the company for the years ended 31 October 2006 and 31 October 2005.

7. Other finance income

	2006	2005
	£'000	£'000
Expected return on pension scheme assets	103,521	85,916
Interest on pension scheme liabilities	(72,292)	(64,980)
Net return	31,229	20,936

Notes to the financial statements

at 31 October 2006

8. Interest payable

	2006 £'000	2005 £'000
On bank loans and overdrafts repayable within five years	125	186
Other loans	143	5,183
	268	5,369

9. Taxation on profit on ordinary activities

a) Analysis of charge in the year:

	2006 £'000	2005 £'000
United Kingdom corporation tax charge/(credit) based on the taxable profit for the year at 30% (2005: 30%)	90,238	32,220
Under/(over) provision in prior year	7,717	(9,891)
Less amount transferred to reserves (note 20)	19,710	31,064
Total current tax (note 9b)	117,665	53,393
Deferred tax	(7,451)	(373)
Tax on profit on ordinary activities	110,214	53,020

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005: 30%). The differences are reconciled below:

b) Factors affecting tax charge for year:

	2006 £'000 £	2005 £'000 £
Profit on ordinary activities before tax	168,953	165,754
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005: 30%)	50,686	49,726
Tax effects of:		
Under/(over) provision in prior year	7,717	(9,891)
Capital allowances in advance of depreciation	(1,647)	(4,022)
Expenses disallowable for tax purposes	8,111	13,364
Payment made for Group relief in excess of standard rate	43,562	-
Other	9,236	4,216
Total current tax (note 9a)	117,665	53,393

Notes to the financial statements
at 31 October 2006

10. Dividends

	2006 £'000	2005 £'000
Paid during the year:		
Interim dividend on ordinary shares	-	130,000

11. Tangible fixed assets

	Property £'000	Machinery and equipment £'000	Total £'000
Cost:			
At 31 October 2005	211,782	41,808	253,590
Additions	3,554	8,917	12,471
Disposals	(6,965)	(16,735)	(23,700)
Impairment (see note 4)	(12,843)	-	(12,843)
At 31 October 2006	195,528	33,990	229,518
Depreciation:			
At 31 October 2005	60,399	19,607	80,006
Charge for the year	6,131	8,778	14,909
Disposals	(1,728)	(10,926)	(12,654)
At 31 October 2006	64,802	17,459	82,261
Net book value:			
At 31 October 2006	130,726	16,531	147,257
At 31 October 2005	151,383	22,201	173,584

Analysis of property

	2006 Cost £'000	2006 Depreciation £'000	2006 Net £'000	2005 Net £'000
Freehold land	57,476	-	57,476	50,735
Freehold buildings	121,288	51,446	69,842	105,171
Short leaseholds	16,764	13,356	3,408	2,396
Transfer to current assets	-	-	-	(6,919)
Total property	195,528	64,802	130,726	151,383

During the year ended 31 October 2005 land and building at Skippetts House, Basingstoke, was reclassified to current assets. The net book value at 31 October 2005 was £6,918,591. The property was sold during the year ended 31 October 2006.

Notes to the financial statements

at 31 October 2006

12. Intangible fixed assets

Goodwill	*£'000*
Cost:	
Brought forward	210,995
Acquisitions	2,764
Carried forward	213,759
Amortisation:	
Brought forward	39,667
Charge	16,194
Carried forward	55,861
Net book value:	
Year ended 31 October 2006	157,898
Year ended 31 October 2005	171,328

Analysis of acquisitions, accounted for using acquisition accounting.

Peregrine Systems Limited

Date of Acquisition 1 March 2006.	*Book value £'000*	*Adjustment £'000*	*Fair value £'000*
Tangible fixed assets	101	-	101
Debtors	2,880	-	2,880
Cash	901	-	901
Creditors due within one year	(3,287)	-	(3,287)
Net assets	595		595
Consideration - cash			3,359
Goodwill arising on acquisition			2,764

Hewlett-Packard Limited acquired the trade and assets of the above company. The trade and assets were transferred at fair value post acquisition.

Notes to the financial statements

at 31 October 2006

13. Investments

	£'000
Cost:	
At 1 November 2005	637,754
Provision for diminution in value	(67,627)
At 31 October 2006	570,127

Investments comprise:

Hewlett-Packard Limited owns 100% of the nominal share capital of the following investments.

	2006 *£'000*	*2005* *£'000*
Investment in Hewlett-Packard Finance Limited	50	50
Investment in Compaq Computer Limited	382,000	382,000
Investment in Digital Equipment Company Limited	106,300	106,300
Investment in Spiritguide Limited*	-	-
Investment in Spiritmodel Limited*	-	-
Investment in Novadigm UK Limited	1,598	1,598
Investment in FH Computer Services Limited	-	1,516
Investment in CEC Europe Service Management Limited	-	1,050
Investment in Synstar Limited	80,179	145,240
	570,127	637,754

Hewlett-Packard Finance Limited, Digital Equipment Computer Limited, Novadigm UK Limited, FH Computer Services Limited and CEC Europe Service Management Limited are in the process of being liquidated. The directors are of the opinion that the carrying value of the investments are not materially different from the recoverable value.

Spiritguide Limited and Spiritmodel Limited are trustee companies.

Compaq Computer Limited was dormant throughout 2005 and 2006.

Synstar Limited was acquired on 1 January 2005 from Hewlett-Packard Global Investments BV. Synstar undertakes a broad range of integrated IT, hardware and software support services.

* £1 shareholding held, therefore zero shown as values are in £'000s.

Notes to the financial statements

at 31 October 2006

14. Stocks

	2006 *£'000*	*2005* *£'000*
Raw materials and consumables	5,310	16,019
Finished goods for resale	84,970	26,230
Long-term contract balances	-	39,725
	90,280	81,974

Long-term contract balances are analysed as follows:

	2006 *£'000*	*2005* *£'000*
Cost less foreseeable losses	89,544	76,104
Less: applicable payments on account	(89,544)	(36,379)
	-	39,725

15. Debtors

	2006 *£'000*	*2005* *£'000*
Trade debtors	349,098	313,138
Amounts recoverable on contracts	41,280	30,702
Amounts owed by fellow subsidiary undertakings	-	23,001
Amount owed by other group undertakings	860,020	724,139
Corporation tax	27,835	-
Other debtors	2,891	10,658
Prepayments and accrued income	17,501	13,664
Deferred taxation (note 18)	29,682	40,326
	1,328,307	1,155,628

Of these, the amounts due after more than one year are as follows:

	2006 *£'000*	*2005* *£'000*
Deferred taxation	1,251	4,639

Notes to the financial statements
at 31 October 2006

16. Creditors: amounts falling due within one year

	2006 *£'000*	*2005* *£'000*
Trade creditors	55,174	45,412
Amounts owed to subsidiary undertakings	523,287	559,390
Amounts owed to other group undertakings	400,853	475,273
Corporation tax	-	2,868
Other taxation and social security	69,403	55,103
Other creditors	923	2,946
Accruals and deferred income	428,716	468,608
	1,478,356	1,609,600

Creditors: amounts falling due after more than one year

	2006 *£'000*	*2005* *£'000*
Other creditors	3,947	-
	3,947	-

17. Provisions for liabilities and charges

Provisions for liabilities and charges for the company can be analysed as follows:

	Long term disability *£'000*	*Restructuring costs* *£'000*	*Stock options* *£'000*	*Warranty* *£'000*	*Total* *£'000*
At 1 November 2005	4,391	13,814	22,126	19,368	59,699
Profit and loss account	-	50,070	47,613	44,235	141,918
Utilised in the year	-	(32,406)	(18,214)	(20,082)	(70,702)
At 31 October 2006	4,391	31,478	51,525	43,521	130,915

Stock options

Provision is made for an estimate of the charges to be made to the company by Hewlett-Packard Company, the ultimate parent company, in relation to the difference between the market value of unexercised vested stock options in Hewlett-Packard Company, and the exercise price of those options held by employees of Hewlett-Packard Limited at the balance sheet date. The share price was $38.74 at the year end. This provision will crystallise when employees choose to exercise their stock options.

Notes to the financial statements

at 31 October 2006

17. Provisions for liabilities and charges (continued)

Warranty

Provision is made for expected warranty claims on products with unexpired warranty periods. This provision is expected to crystallise within the next 18 months.

Restructuring costs

These costs represent the ongoing employee redundancy and property rationalisation programmes.

Long term disability

Provision is made for expected long term disability claims. This provision will crystallise as claims arise.

18. Deferred taxation

Deferred tax assets/(liabilities) have been recognised as follows:

	Provided	
	2006	*2005*
	£'000	*£'000*
Depreciation in advance of capital allowances	7,759	9,363
Pension deficit	(6,145)	19,953
Short-term timing differences	21,923	30,963
Total deferred tax asset	23,537	60,279
Amounts offset against pension deficit (note 22)	6,145	(19,953)
	29,682	40,326

The movement on the deferred tax asset for the year was as follows:

	2006	*2005*
	£'000	*£'000*
At 1 November	60,279	71,002
Prior year adjustment	(3,130)	(1,392)
Origination and reversal of timing differences	10,580	1,765
Transfer to reserves arising on actuarial gain on pension scheme	(44,192)	(11,096)
At 31 October	23,537	60,279

Notes to the financial statements

at 31 October 2006

19. Share capital

	2005	*2004*
	£'000	*£'000*
Authorised:		
Ordinary shares of £1 each	200,000	200,000
Allotted and fully paid:		
Ordinary shares of £1 each	104,772	104,772

20. Reconciliation of shareholders' funds and movements on reserves

	Share capital	*Share premium*	*Profit and loss account*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
At 31 October 2004	104,772	382,017	156,007	642,796
Profit for the year	-	-	112,734	112,734
Dividends and other appropriations	-	-	(130,000)	(130,000)
Actuarial gain recognised in the pension scheme	-	-	(66,560)	(66,560)
Current tax associated with loss in the pension Scheme	-	-	31,064	31,064
Deferred tax associated with loss in the pension scheme	-	-	(11,096)	(11,096)
At 31 October 2005	104,772	382,017	92,149	578,938
Profit for the year	-	-	58,739	58,739
Dividends and other appropriations	-	-	-	-
Share issue to Hewlett-Packard (Bracknell) Holdings Limited	-	110,000	-	110,000
Actuarial gain recognised in the pension scheme	-	-	81,609	81,609
Current tax associated with gain in the pension scheme	-	-	(44,192)	(44,192)
Deferred tax associated with gain in the pension scheme	-	-	19,710	19,710
At 31 October 2006	104,772	492,017	208,015	804,804

Notes to the financial statements

at 31 October 2006

21. Commitments

Operating lease commitments:

Amounts due under operating leases:

	2006		2005	
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£'000	*£'000*	*£'000*	*£'000*
Amounts payable:				
- within one year	-	98	1,674	696
- within two to five years	3,205	68	336	1,250
- after five years	8,522	-	7,669	-
	11,727	166	9,679	1,946

22. Pensions

The company operates defined benefit pension schemes, covering a significant proportion of its employees. These schemes were closed to new entrants and a defined contribution scheme established for new employees. As the defined benefit schemes were closed to new entrants, under the projected unit method, the current service cost for the schemes will increase as the members of the schemes approach retirement.

Net pension (liability)/ asset summary:

	Value at 31 October 2006	Value at 31 October 2005	Value at 31 October 2004
	£'000	£'000	£'000
Hewlett-Packard Plan	(11,760)	(29,330)	(16,800)
Digital Plan	25,270	(17,010)	(10,046)
Bank of Ireland Plan	828	(218)	(26)
Total	14,338	(46,558)	(26,872)

Notes to the financial statements

at 31 October 2006

22. Pensions (continued)

Hewlett-Packard Plan

Assets in scheme and expected rate of return:

	Long term rate of return expected at 31 Oct 2006	*Value at 31 Oct 2006 £'000*	*Long term rate of return expected at 31 Oct 2005*	*Value at 31 Oct 2005 £'000*	*Long term rate of return expected at 31 Oct 2004*	*Value at 31 Oct 2004 £'000*
Equities	8.6%	435,900	8.6%	420,600	8.0%	343,900
Property	7.6%	67,900	n/a	-	n/a	-
Bonds	5.4%	164,400	5.4%	174,500	4.9%	152,300
Total market value of assets		668,200		595,100		496,200
Present value of scheme liabilities		(685,000)		(637,000)		(520,200)
(Deficit)/surplus in the scheme		(16,800)		(41,900)		(24,000)
Related deferred tax asset/(liability)		5,040		12,570		7,200
Net pension (liability)/asset		(11,760)		(29,330)		(16,800)

Movements in deficit during the year:

	2006 £'000	*2005 £'000*
Deficit in scheme at beginning of year	(41,900)	(24,000)
Current service cost	(18,800)	(16,700)
Past service cost	(600)	(200)
Contributions paid	1,000	27,000
Gain on curtailment	4,000	-
Other finance income	13,400	8,200
Actuarial gain/(loss)	26,100	(36,200)
Deficit in scheme at end of year	(16,800)	(41,900)

Analysis of the amount charged to operating profit:

	2006 £'000	*2005 £'000*
Current service cost	18,800	16,700
Past service cost	600	200
Net curtailment gain	(4,000)	-
	15,400	16,900

Notes to the financial statements

at 31 October 2006

22. Pensions (continued)

Analysis of actuarial gain/(loss) recognised in the statement of total recognised gains and losses:

	2006 £'000	2005 £'000
Actual less expected return on pension scheme assets	33,200	39,800
Experience gains and losses arising on the scheme liabilities	(5,300)	3,700
Changes in assumptions underlying the present value of the liabilities	(1,800)	(79,700)
	26,100	(36,200)

History of experience gains and losses:

	2006	2005	2004
Difference between the expected and actual return on scheme assets			
Amount (£'000)	33,200	39,800	(1,000)
Percentage of scheme assets	5%	7%	0%
Experience gains and losses on scheme liabilities			
Amount (£'000)	(5,300)	3,700	10,700
Percentage of the present value of the scheme liabilities	(1%)	1%	2%
Total amount recognised in the statement of total recognised gains and losses			
Amount (£'000)	26,100	(36,200)	(29,100)
Percentage of the present value of the scheme liabilities	4%	(6%)	(6%)

A full actuarial valuation of the Hewlett-Packard section of the defined benefit scheme was carried out at 30 September 2006 and projected forward to 31 October 2006 to take account of the requirements of FRS 17 by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31 October 2006	At 31 October 2005	At 31 October 2004
Rate of increase in salaries	3.8%	4.25%	4.30%
Rate of limited price indexation increases to pensions in payment	2.8%	2.73%	2.70%
Discount rate	4.9%	5.00%	5.40%
Inflation assumption	2.8%	2.75%	2.80%

Notes to the financial statements

at 31 October 2006

22. Pensions (continued)

Digital Plan

Assets in scheme and expected rate of return:

	Long term rate of return expected at 31 Oct 2006	Value at 31 Oct 2006 £'000	Long term rate of return expected at 31 Oct 2005	Value at 31 Oct 2005 £'000	Long term rate of return expected at 31Oct 2004	Value at 31 Oct 2004 £'000
Equities	8.3%	623,900	8.4%	544,200	8.25%	453,900
Bonds	5.4%	233,100	5.4%	223,400	5.5%	195,600
Total market value of assets		857,000		767,600		649,500
Present value of scheme liabilities		(820,900)		(791,900)		(663,851)
Surplus/ (deficit) in the scheme		36,100		(24,300)		(14,351)
Related deferred tax (liability)/asset		(10,830)		7,290		4,305
Net pension asset/(liability)		25,270		(17,010)		(10,046)

Movements in deficit during the year:

	2006 £'000	2005 £'000
Deficit in scheme at beginning of year	(24,300)	(14,351)
Current service cost	(12,100)	(10,100)
Past service cost	(2,500)	(400)
Contributions paid	3,100	15,700
Other finance income	17,600	12,700
Actuarial gain/(loss)	54,300	(27,849)
Surplus/(deficit) in scheme at end of year	36,100	(24,300)

Analysis of the amount charged to operating profit:

	2006 £'000	2005 £'000
Current service cost	12,100	10,100
Past service cost	2,500	400
	14,600	10,500

Notes to the financial statements

at 31 October 2006

22. Pensions (continued)

Analysis of actuarial gain/(loss) recognised in the statement of total recognised gains and losses:

	2006 £'000	2005 £'000
Actuarial return less expected return on pension scheme assets	42,700	64,100
Experience gains and losses arising on the scheme liabilities	23,300	14,051
Changes in assumptions underlying the present value of the liabilities	(11,700)	(106,000)
	54,300	(27,849)

History of experience gains and losses:

	2006	2005	2004
Difference between the expected and actual return on scheme assets			
Amount (£'000)	42,700	64,100	-
Percentage of scheme assets	5%	8%	0%
Experience gains and losses on scheme liabilities			
Amount (£'000)	23,300	14,051	(100)
Percentage of the present value of the scheme liabilities	3%	2%	0%
Total amount recognised in the statement of total recognised gains and losses			
Amount (£'000)	54,300	(27,849)	(35,700)
Percentage of the present value of the scheme liabilities	7%	(4%)	(5%)

A full actuarial valuation of the Hewlett-Packard section of the defined benefit scheme was carried out at 30 September 2006 and projected forward to 31 October 2006 to take account of the requirements of FRS 17 by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31 October 2006	At 31 October 2005	At 31 October 2004
Rate of increase in salaries	3.8%	4.25%	4.25%
Rate of limited price indexation (5% limit) increases to pensions in payment	2.8%	2.73%	2.75%
Rate of limited price indexation (2.5% limit) increases to pensions in payment	2.2%	-	-
Discount rate	4.9%	5.00%	5.50%
Inflation assumption	2.8%	2.75%	2.75%

Notes to the financial statements

at 31 October 2006

22. Pensions (continued)

Bank of Ireland Plan

	Long term rate of return expected at 31 Oct 2006	*Value at 31 Oct 2006 £'000*	*Long term rate of return expected at 31 Oct 2005*	*Value at 31 Oct 2005 £'000*	*Long term rate of return expected at 31Oct 2004*	*Value at 31 Oct 2004 £'000*
Equities	8.3%	8,080	8.3%	6,340	7.7%	313
Bonds	5.3%	3,231	5.3%	2,786	4.9%	135
Total market value of assets		11,311		9,126		448
Present value of scheme liabilities		(10,128)		(9,437)		(485)
Surplus/(deficit) in the scheme		1,183		(311)		(37)
Related deferred tax (liability) /asset		(355)		93		11
Net pension asset/(liability)		828		(218)		(26)

Movements in deficit during the year:	*2006 £'000*	*2005 £'000*
Deficit in scheme at beginning of year	(311)	(37)
Current service cost	(704)	(712)
Past service cost	-	(6)
Contributions paid	760	2,919
Other finance income	229	36
Actuarial gain/(loss)	1,209	(2,511)
Surplus/(deficit) in scheme at end of year	1,183	(311)

Analysis of the amount charged to operating profit:	*2006 £'000*	*2005 £'000*
Current service cost	704	712
Past service cost	-	6
	704	718

Notes to the financial statements

at 31 October 2006

22. Pensions (continued)

Analysis of actuarial gain/(loss) recognised in the statement of total recognised gains and losses:

	2006	*2005*
	£'000	*£'000*
Actuarial return less expected return on pension scheme assets	624	(121)
Experience gains and losses arising on the scheme liabilities	562	(1,993)
Changes in assumptions underlying the present value of the liabilities	23	(397)
	1,209	(2,511)

History of experience gains and losses:

	2006	*2005*
Difference between the expected and actual return on scheme assets		
Amount (£'000)	624	(121)
Percentage of scheme assets	6%	(1%)
Experience gains and losses on scheme liabilities		
Amount (£'000)	562	(1,993)
Percentage of the present value of the scheme liabilities	6%	(21%)
Total amount recognised in the statement of total recognised gains and losses		
Amount (£'000)	1,209	(2,511)
Percentage of the present value of the scheme liabilities	12%	(27%)

A full actuarial valuation of the Hewlett-Packard section of the defined benefit scheme was carried out at 30 September 2006 and projected forward to 31 October 2006 to take account of the requirements of FRS 17 by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31 October 2006	*At 31 October 2005*	*At 31 October 2004*
Rate of increase in salaries	5.3%*	5.75%*	5.80% *
Rate of limited price indexation (5% limit) increases to pensions in payment	2.8%	2.73%	2.70%
Rate of limited price indexation (2.5% limit) increases to pensions in payment	2.2%	2.06%	-
Discount rate	4.8%	5.00%	5.40%
Inflation assumption	2.8%	2.75%	2.80%

* including a short term adjustment of 1.5% p.a. for three years

Notes to the financial statements

at 31 October 2006

22. Pensions (continued)

Summary of actuarial gain/(loss) recognised in the statement of total recognised gains and losses:

	2006 £'000	2005 £'000
Hewlett-Packard plan	26,100	(36,200)
Digital plan	54,300	(27,849)
Bank of Ireland plan	1,209	(2,511)
	81,609	(66,560)

After the year end, there are cash contributions of £12.5 million (2005: £2 million) (Hewlett-Packard Plan), £nil million (2005: £0.5 million) (Digital Plan) and £0.7 million (2005: £0.8 million) (Bank of Ireland Plan) planned.

23. Contingent liability

In March 2004, Hewlett-Packard changed its company car scheme. Under the new scheme employees purchase their car by way of a personal loan with Hewlett-Packard agreeing to pay any shortfall in the event of the employee defaulting/leaving.

At the year end there was £13.0 million (2005: £16.2 million) in personal loans in respect of the scheme. No provision has been made in the financial statements in respect of default payments, as management believe the rate of defaults will not give rise to a material liability.

M Lambton, a director of the company, has a car under the above scheme. This arrangement was entered into in March 2004, before he became a director. The maximum value of the loan during the year was £13,500, of which £2,700 remains outstanding at the year end. The agreement to pay any shortfall due to default/leaving was on the same basis as any other employee eligible to participate in the car scheme. No provision has been made against this amount.

24. Ultimate parent undertaking

The ultimate parent company and controlling party and the largest undertaking, which consolidates these financial statements, is Hewlett-Packard Company, which is incorporated in the United States of America. Copies of the group financial statements of Hewlett-Packard Company can be obtained from 3000 Hanover Street, Palo Alto, California 94304, USA.

The smallest undertaking, which consolidates these financial statements, is Hewlett-Packard The Hague BV. Copies of the group financial statements of Hewlett-Packard The Hague BV can be obtained from Startbaan 16, 1187 XR Amstelveen, The Netherlands.

The immediate parent company is Hewlett-Packard (Bracknell) Holdings Limited.

25. Related parties

The company has taken advantage of the exemption available to wholly owned subsidiary undertakings under Financial Reporting Standard Number 8 ("Related Party Transactions"), and accordingly has not provided details of its transactions with entities forming part of the Hewlett-Packard Company group.