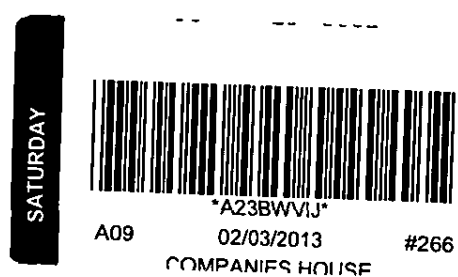


Registered No 3032971

Hewlett-Packard CDS Limited

Report and Financial Statements

31 October 2012



Hewlett-Packard CDS Limited

Registered No 3032971

Directors

S Burr

N Wilson

Secretary

R Putland

Auditors

Ernst & Young LLP

Apex Plaza

Forbury Road

Reading

Berkshire

RG1 1YE

Registered Office

Amen Corner

Can Road

Bracknell

Berkshire

RG12 1HN

Directors' report

The directors present their report and financial statements for the year ended 31 October 2012

Principal activity and business review

The principal activity of the company is the provision of a broad range of integrated IT hardware and software support services for a wide variety of manufacturers' computer products, desktop management services and computer repair services

The company acts as an internal subcontractor for Hewlett-Packard group of companies for the delivery of on-site resident services

Results and dividends

The profit for the year, after taxation, amounted to £4,937,000 (2011 profit £1,252,000) The company did not pay a dividend (2011- £Nil)

Future prospects

The directors expect the general level of activity to continue in the foreseeable future

Review of business risk

Hewlett-Packard CDS 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 CDS Limited A full description of the risks and uncertainties impacting Hewlett-Packard Company can be found in the Hewlett-Packard Company financial statements

A review of business risks within the UK group, of which the company forms a part, has been included within the financial statements of Hewlett-Packard Limited

Key risks for this Company are set out below

Market conditions

Levels of business activity will vary for each of the markets in which Hewlett-Packard CDS 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'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

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

The overall performance of the company is measured against benchmarked data in three main areas, being people, financial, and operational excellence The company has exceeded or achieved the targets set in 2012 over the majority of these metrics

Directors' report (continued)

Going Concern

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 report and the financial statements.

The environment

Our goals are to provide products and services that are safe and environmentally sound throughout their lifecycles, and conduct our operations in an environmentally responsible manner.

To accomplish this, we will

- pursue pollution prevention, energy conservation and waste reduction in our operations,
- offer our customers environmentally responsible end-of-life management services for HP products, and
- require our suppliers to conduct their operations in a socially and environmentally responsible manner.

We achieve this by integrating these objectives into our business planning, decision-making, performance tracking and review processes to ensure we achieve our goals and continually improve upon them.

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. Employees receive regular newsletters and have the opportunity to provide feedback to senior management by participating in an annual Voice of the Workforce survey.

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, of which Hewlett-Packard CDS Limited is a subsidiary, publishes an annual corporate responsibility report where detailed company wide 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.

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 2012 were equivalent to 11 days' purchases, based on the average daily amount invoiced by suppliers during the year (2011: 12 days).

Directors' report (continued)

Directors

The directors of the company during the year and to the date of this report were as follows

S Burr

N Wilson

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

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 continue as the company's auditor. In accordance with the elective resolution passed by the company under section 386 of the Companies Act 1985, which continues in force under the Companies Act 2006, the company has 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



Steven Burr

Director

Date 28/02/2013

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 law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the directors are required to

- select accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 that 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 auditor's report

to the members of Hewlett-Packard CDS Limited

We have audited the financial statements of Hewlett-Packard CDS Limited for the year ended 31 October 2012 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 October 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report (continued)

to the members of Hewlett-Packard CDS Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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

Ernst & Young LLP

Marcus Butler (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Reading

Date *01/03/2013*

Profit and loss account

for the year ended 31 October 2012

	<i>Note</i>	<i>2012</i> <i>£'000</i>	<i>2011</i> <i>£'000</i>
Turnover	2	80,966	84,614
Cost of sales		(74,345)	(78,992)
Gross profit		6,621	5,622
Other operating expenses		(623)	448
Other income/(expense)		431	(42)
Operating profit	3	6,429	6,028
Interest receivable from group undertakings		5	287
Interest payable	6	(11)	(168)
Profit on ordinary activities before taxation		6,423	6,147
Tax charge on profit on ordinary activities	7	(1,486)	(4,895)
Profit for the financial year	15	4,937	1,252

All activities of the company are classed as continuing

There are no recognised gains or losses, other than those passing through the profit and loss account

Balance sheet

at 31 October 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	8	372	425
Current assets			
Stocks	9	-	2,093
Debtors - due within one year	10	33,091	31,750
Cash at bank and in hand		17	204
		33,108	34,047
Creditors: amounts falling due within one year	11	(14,061)	(20,072)
Net current assets		19,047	13,975
Total assets less current liabilities		19,419	14,400
Provision for liabilities	12	(619)	(537)
Net assets		18,800	13,863
Capital and Reserves			
Called up share capital	14	10,500	10,500
Profit and loss account	15	8,300	3,363
Equity shareholders' funds	15	18,800	13,863

Approved by the Board



Steven Burr
Director

Date 28/02/2013

Notes to the financial statements

at 31 October 2012

1. Accounting policies

Accounting convention

The financial statements are prepared in accordance with applicable United Kingdom accounting standards, under the historical cost convention and on a going concern basis

Cash Flow

In accordance with Financial Reporting Standard 1 (revised), Hewlett-Packard CDS 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

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life as follows

Plant and machinery - 15 to 5 years

Stocks

Stocks are stated at the lower of average purchase cost and net realisable value. Net realisable value is based on estimated selling price less all costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised without discounting in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in future or a right to pay less tax in future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Foreign currency

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

Pension costs and other post retirement benefits

The company operates a defined contribution pension scheme. The assets of the schemes are held separately from those of the company

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

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

Provision for liabilities

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

Notes to the financial statements

at 31 October 2012

2. Turnover

Turnover represents an amount equal to the value of direct and indirect costs plus an additional 8% as specified in the trust agreement between Hewlett-Packard CDS Limited, Hewlett-Packard Limited, and Hewlett-Packard Enterprise Services UK Limited

3. Operating profit

Operating profit is stated after charging/(crediting)

	2012 £'000	2011 £'000
Foreign exchange (gain)/loss	(251)	216
Depreciation (note 8)	168	237
Operating lease rentals - land and buildings	1,138	1,357
- other	850	1,045
Auditors' remuneration for audit services	21	64
	<u> </u>	<u> </u>

4. Staff costs

	2012 £'000	2011 £'000
Wages and salaries	51,093	49,513
Social security costs	5,569	5,483
Other pension costs (note 17)	1,732	1,549
	<u>58,394</u>	<u>56,545</u>

The monthly average number of employees during the year was as follows

	2012	2011
Direct	1,443	1,422
Management and administration	51	57
	<u>1,494</u>	<u>1,479</u>

Notes to the financial statements

at 31 October 2012

5. Directors' remuneration

The two (2011: three) Directors who served the company during the year, Steven Burr and Nicholas Wilson, earned a total of £902,597 (2011: £1,033,564). These directors are also directors or officers of other companies within the Hewlett-Packard group and their services to this company do not occupy a significant amount of their time. The directors' remuneration is paid by a fellow group company Hewlett-Packard Limited. All central function payments which these form part of are allocated across the HP group via global allocation charges based on company headcounts. This is included within administration expenses for 2012 and 2011.

6. Interest payable

	2012 £'000	2011 £'000
<i>Interest payable and similar charges</i>		
Interest payable to fellow group undertakings	11	168
	<u>11</u>	<u>168</u>

Notes to the financial statements

at 31 October 2012

7. Tax charge on profit on ordinary activities

	2012 £'000	2011 £'000
<i>Current tax</i>		
UK corporation tax based on the profit for the year 24 83% (2011 26 83%)	1,571	4,045
(Over)/Under provision in prior years	(100)	307
	<u>1,471</u>	<u>4,352</u>
Foreign tax	2	-
Total current tax	<u>1,473</u>	<u>4,352</u>
<i>Deferred taxation</i>		
Origination and reversal of timing differences	(4)	513
Adjustment in respect of prior periods	(15)	-
Effect of rate change from 25% to 23% (2011 27% to 25%)	32	30
Total tax on profit on ordinary activities	<u>1,486</u>	<u>4,895</u>

The tax assessed on the profit on ordinary activities for the year is lower (2011 higher) than the standard rate of corporation tax in the UK of 24 83% (2011 26 83%) The differences are reconciled below

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	6,423	6,147
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24 83% (2011 26 83%)	<u>1,595</u>	<u>1,649</u>
<i>Effects of</i>		
Non taxable items	(70)	(119)
(Accelerated) capital allowances	(20)	(367)
Other timing differences	66	(79)
Group relief paid for in excess of standard rate	-	2,961
(Over)/under provision in prior years	(100)	307
Overseas tax	2	-
Total current tax	<u>1,473</u>	<u>4,352</u>

In Budget 2011 on 23 March 2011, the Chancellor of the Exchequer announced a reduction in the UK rate of corporation tax to 26%. This reduced rate applied from 1 April 2011 and was enacted using secondary legislation, called the Provisional Collection of Taxes Act. A further 1% rate reduction to 25% was also announced and it was intended that this would be effective from 1 April 2012. However, in his budget of 21 March 2012, the Chancellor of the Exchequer announced a number of further changes to the UK Corporation Tax rate. These included a reduction in the UK corporation tax rate from 25% to 24% effective from 1 April 2012 (and substantively enacted as of 26 March 2012 and dealt with by Resolution under the Provisional Collection of Taxes Act), and reduction from 24% to 23% from 1 April 2013 which was substantively enacted on 3 July 2012. The UK government intended to reduce the UK corporate income tax rate to 22% by 1 April 2014, but the Chancellor announced in his Autumn statement on 5 December 2012 that the main rate of Corporation Tax will be reduced by a further one per cent from 1 April 2014, to 21 per cent. Consequently, the company will only recognise the impact of the rate change which is substantively enacted at the balance sheet date in its financial statements.

Notes to the financial statements

at 31 October 2012

7. Tax charge on profit on ordinary activities (continued)

For indicative purposes only the affect of the reduction in tax rate to 21% for year ended 31 October 2014 would be to reduce the deferred tax asset as at 31 October 2012 of £364,000 to £332,000

Further, from 1 April 2012, there will be a 2% reduction in the rates of capital allowances, the main rate pool going down from 20% to 18% and the special rate pool from 10% to 8%

8. Tangible fixed assets

	<i>Plant, machinery equipment £'000</i>
At 31 October 2011	5,979
Additions	117
Disposals	(24)
At 31 October 2012	6,072
At 31 October 2011	5,554
Charge for the year	168
Disposals	(22)
At 31 October 2012	5,700
<i>Net book value</i>	
At 31 October 2012	372
At 31 October 2011	425

9. Stocks

	<i>2012 £'000</i>	<i>2011 £'000</i>
Consumable spares	-	2,093

During the year all stock was transferred to Hewlett-Packard International Sarl

Notes to the financial statements

at 31 October 2012

10. Debtors: amounts falling due within one year

	2012 £'000	2011 £'000
Amounts owed by group undertakings	31,679	30,724
Other debtors	628	18
Prepayments and accrued income	420	631
Deferred taxation (note 13)	364	377
	<u>33,091</u>	<u>31,750</u>

11. Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	2,320	2,597
Amounts owed to group undertakings	6,986	12,459
Other taxation and social security	1,637	1,638
Other creditors	1,860	1,468
Accruals and deferred income	1,258	1,910
	<u>14,061</u>	<u>20,072</u>

12. Provision for liabilities

	Leasehold Properties £'000
At 1 November 2011	537
Amounts provided in the year	82
At 31 October 2012	<u>619</u>

Onerous lease provisions represent the net present value of the costs associated with early termination of certain contractual obligations for leasehold premises following a group property rationalisation program

13. Deferred taxation

	Deferred taxation £'000
Balance at 31 October 2011	377
Transfer to Profit and Loss account – charge	(13)
Balance at 31 October 2012	<u>364</u>

Notes to the financial statements

at 31 October 2012

13. Deferred taxation (continued)

The deferred tax asset is recognised as follows

	2012 £'000	2011 £'000
Accelerated capital allowances	303	388
Other timing differences	61	(11)
Undiscounted asset for deferred tax	<u>364</u>	<u>377</u>

Deferred tax asset has been provided at 23% (2011 25%)

A deferred tax asset has been recognised as the directors believe that, based on forecast results, it is more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted

14. Called up share capital

	2012 £'000	2011 £'000
<i>Issued equity share capital</i>		
10,500,000 ordinary shares of £1 each	<u>10,500</u>	<u>10,500</u>

15. Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Profit and loss account £'000	Total £'000
At 31 October 2010	10,500	2,111	12,611
Profit for the year	-	1,252	1,252
At 31 October 2011	<u>10,500</u>	<u>3,363</u>	<u>13,863</u>
Profit for the year	-	4,937	4,937
At 31 October 2012	<u>10,500</u>	<u>8,300</u>	<u>18,800</u>

Notes to the financial statements

at 31 October 2012

16. Financial commitments

Annual commitments under non-cancellable operating leases are as follows

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Commitment expiring</i>				
within one year	-	-	81	50
- during the second to fifth year	268	411	554	664
- after five years	197	71	-	-
	<u>465</u>	<u>482</u>	<u>635</u>	<u>714</u>

17. Pension arrangements

The charge to the profit and loss account of £1,732,268 (2011 £1,549,704) comprises the charge relating to the defined contribution pension scheme

Synstar (UK) pension scheme

The company contributes to a defined contribution pension scheme for employees in the UK known as the Synstar (UK) Pension Scheme (the "Synstar Scheme"). Benefits, other than the lump sum payable on death in service, are not defined but depend on the contributions paid by and in respect of employees to the pension scheme and their investments return

The company makes contributions in respect of all members at the rate of 1% of the members' basic salary. In addition where a member elects to make contributions, the company match the members' contributions on a pound for pound basis up to a maximum of a further 5% of basic salary (i.e. the company's contributions range from 1% to 6% of basic salary). In respect of certain members of staff, the company makes enhanced contributions over and above those outlined for other members. The outstanding liability relating to the scheme at 31 October 2012 was £266,668 (2011 £Nil).

18. Parent undertaking and controlling party

During the year and until 30th May 2012, the immediate parent undertaking is Synstar Holdings Limited, a company incorporated in the United Kingdom. From 30th May 2012, the immediate parent undertaking is Hewlett-Packard Ltd, a company incorporated in the United Kingdom.

From 1st November 2012, the immediate parent undertaking of the company is Hewlett-Packard Vienna B V, a company incorporated in the Netherlands.

On 19th December 2012 Hewlett-Packard Vienna B V changed name to Hewlett-Packard CDS Holding B V.

The ultimate parent company and controlling party and the smallest and 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.

Notes to the financial statements

at 31 October 2012

19. Related party transactions

The company has taken advantage of the exemption in FRS 8, para 3c not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling parent

20. Post balance sheet events

On 1st November 2012, Hewlett-Packard Limited sold the entire issued share capital of the company to Hewlett-Packard Vienna B V for consideration of \$95,000,000