

Registered no 02767639

DATA INTEGRATION LIMITED

Annual report

for the year ended 31 December 2013

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DATA INTEGRATION LIMITED

Annual report for the year ended 31 December 2013

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DATA INTEGRATION LIMITED

Directors and advisors

Directors

A Binns
S Dews
M Pollard
T Croom (appointed 4th February 2014)

Secretary

Gail McGrath (resigned 25th June 2013)

Registered office

Xchanging
The Walbrook Building
25 Walbrook
London
EC4N 8AQ

Independent auditors

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

Solicitors

Clifford Chance LLP
10 Upper Bank Street
Canary Wharf
London
E14 5JJ

Bankers

Barclays Bank plc
Technology and Telecoms Team
Level 26
1 Churchill Place
London
E14 5HP

Lloyds Bank plc
PO Box 72
Bailey Drive
Gillingham
Kent
ME8 0LS

Strategic report for the year ended 31 December 2013

The directors present their strategic report on the company for the year ended 31 December 2013

Review of business and future developments

The results of the Company show on ordinary activities before taxation a pre-tax profit of £510,675 for the year (2012 Loss £463,417) and turnover of £17,116,650 (2012 £16,162,397)

Trade throughout this year has been good as it exceeded the recovery plan in the year. The company continues to be an innovative supplier of strategic solutions to both the public and private sector and its diverse customer base provides it with an extremely stable foundation for its core business operations whilst still providing it with excellent growth opportunities, with enhanced Managed Service offerings and "Cloud" based solutions.

The company's principal activities fall into three main areas: the maintenance, management and support of client networks, the supply of consulting and design services, and implementation of IT network solutions.

Key performance indicators

The directors of Data Integration Limited manage the Company's operations on a divisional basis and such divisions include other group entities. For this reason, the Company's directors believe that analysis using key performance indicators for the individual Company is not necessary or appropriate for an understanding of the development, performance or position of the business. The Company falls into the Technology sector of Xchanging plc. This includes the provision of hosting and related computer services and the development, sale and support of computer software packages for the insurance industry. The development, performance and position of this sector is discussed in the group's annual report which does not form part of this report.

Strategic report for the year ended 31 December 2013 (continued)

Business risk management

The management of the business and the execution of the Company's strategy are subject to a number of risks

The key business risks and uncertainties affecting the Company are considered to relate to the failure to achieve new contractual relationships and the continuation of recurring projects along with the potential loss of key personnel

Our reputation is reliant on successful implementation of software and IT projects. Poor implementation could impact customer service levels and profitability thereby damaging our reputation. This is mitigated through the application of standard procedures for implementing new projects and using experienced staff with high project, changes and people management skills.

Continuing to retain our key personnel and recruit new talented individuals is key to our success. Failure to retain and develop our skill sets may hinder the ability to achieve our goals. This is mitigated through an established structure for staff performance and development monitoring and leadership training schemes to underpin succession plans, together with continuing development of skills to meet the business needs.

Our service delivery and reputation is highly reliant on business continuity and security of our IT systems. Business disruption or IT system and security issues may result in loss of service, loss or compromise of customer and internal data, breach of legal and regulatory obligations and damage to reputation. This is mitigated through defined Information Security policies and protocols, a focus on continued development of Business Continuity and Disaster Recovery planning and testing.

In order to maintain our market position, we continually invest in our product set. However to mitigate the risk of developing non-marketable products, we engage with key customers throughout the development programme to validate functional components. Therefore, we have a high confidence level that existing customers will migrate to the replacement modules over time and also expect high interest from new customers.

Approved by the board and signed on behalf of the board by



T Croom
Director
22 April 2014

Directors' report for the year ended 31 December 2013

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2013

Financial risk management

The financial risk management objectives and policies of the Company are the same as for Xchanging plc. The Company complies with the group financial risk management policies as the directors consider these to be appropriate.

The Company is exposed to a variety of financial risks which are reviewed on a regular basis in order to limit the adverse effects on the financial performance of the Company. These are set out below:

- I Credit risk
The Company has a low concentration of credit risk with respect to trade receivables due to the nature and structure of the customer base. Credit risk assessments are performed when signing up new customers. A large proportion of the trade receivables is comprised of fellow group subsidiaries, hence the directors feel that the credit risk is reduced.
- II Liquidity risk
The Company actively manages financing as part of the Xchanging plc group to ensure that it has sufficient available funds for operations and planned expansions.

Results and dividends

The Company's profit for the financial year was £391,920 (2012: loss £349,527). No dividends were paid or proposed in the current or preceding year.

Directors

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

M Pollard
A Binns
S Dews
T Croom (appointed 4th February 2014)

**Directors' report
for the year ended 31 December 2013 (continued)****Directors' Responsibilities Statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with 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 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,
- 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 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

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

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

Approved by the board and signed on behalf of the board by



T Croom
Director
22 April 2014

Independent auditors' report to the members of DATA INTEGRATION LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The financial statements, which are prepared by Data Integration Limited, comprise

- the balance sheet as at 31 December 2013,
- the profit and loss account for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

What an audit of financial statements involves

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

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

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

**Independent auditors' report to the members of
DATA INTEGRATION LIMITED (continued)****Opinion on other matter prescribed by the Companies Act 2006**

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

Other matters on which we are required to report by exception**Adequacy of accounting records and information and explanations received**

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

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

We have no exceptions to report arising from this responsibility

Directors' remuneration

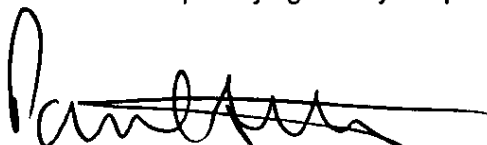
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit**Our responsibilities and those of the directors**

As explained more fully in the Director's Responsibilities Statement 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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



Paul Aitken (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

22 April 2014

Profit and loss account for the year ended 31 December 2013

	Note	2013 £	2012 £
Turnover	2	17,116,650	16,162,397
Operating Expenses	3	<u>(16,605,323)</u>	<u>(16,625,871)</u>
Operating profit / (loss)		511,327	(463,474)
Interest receivable and similar income	6	-	57
Interest payable and similar charges	7	(652)	-
Profit / (loss) on ordinary activities before taxation		<u>510,675</u>	<u>(463,417)</u>
Tax (charge)/credit on profit / (loss) on ordinary activities	8	(118,755)	113,890
Profit / (loss) for the financial year	15	<u>391,920</u>	<u>(349,527)</u>

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the year stated above and their historical cost equivalents

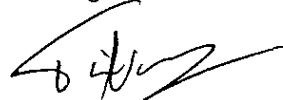
There were no recognised gains or losses in the profit and loss account

Balance sheet as at 31 December 2013

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	9	<u>30,697</u>	<u>68,880</u>
		30,697	68,880
Current assets			
Stock	10	75,584	107,059
Debtors	11	7,607,359	10,075,520
Cash at bank and in hand		<u>883,490</u>	<u>1,092,225</u>
		8,566,433	11,274,804
Creditors amounts falling due within one year	12	<u>(6,125,850)</u>	<u>(9,236,419)</u>
Net current assets		<u>2,440,583</u>	<u>2,038,385</u>
Total assets less current liabilities		2,471,280	2,107,265
Provision for liabilities	13	<u>(23,220)</u>	<u>(51,125)</u>
Net assets		<u>2,448,060</u>	<u>2,056,140</u>
Capital and reserves			
Called up share capital	14	33,979	33,979
Share Premium account	15	542,314	542,314
Profit and loss account	15	1,860,983	1,469,063
Capital redemption reserve	15	10,784	10,784
Total shareholders' funds	16	<u>2,448,060</u>	<u>2,056,140</u>

Registered number: 02767639

The financial statements on pages 8 to 19 were approved by the board of directors on 22 April 2014 and were signed on its behalf by



T Croom
Director
22 April 2014

Notes to the financial statements for the year ended 31 December 2013

1 Principal accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which, unless otherwise stated, have been applied consistently with the prior year, is set out below.

Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of hardware, software and services to customers. Income from support, maintenance and consultancy contracts is recognised evenly over the period of the contract.

Cash flow statement

The company is a wholly owned subsidiary of Xchanging plc and is included in the consolidated financial statements of Xchanging plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

Tangible fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold improvements	over the life of the lease
Computer equipment	20% - 25%
Fixtures & fittings	20%

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities are translated at the rates of exchange ruling on the balance sheet date and any differences arising are taken to the profit and loss account.

Notes to the financial statements for the year ended 31 December 2013 (continued)

1 Principal accounting policies (continued)

Debtors

Debtors are recognised at fair value and subsequently measured at amortised cost less provision for impairment. Provision for impairment is calculated on a specific basis.

Cash at bank and in hand

Cash includes cash in hand and demand deposits which are readily convertible to cash and are subject to minimal risk of changes in value. Cash held in foreign currencies is recognised at the exchange rate ruling on the balance sheet date.

Stocks

Stock and work in progress is valued at the lower of cost and estimated net realisable value.

Provisions

Provisions are recognised when a present obligation exists as the result of a past event and it is probable that this will result in an outflow of economic benefit, the size of which can be reliably estimated. Where the provision is long term, such as onerous contract provisions where the unavoidable costs of meeting obligations exceed any economic benefits expected to be received, the net cash flows are discounted using an appropriate pre-tax discount rate.

Accrued and deferred income

Billings are included in trade debtors in accordance with the terms of relevant rental or maintenance contract. To the extent that billings are recorded in advance of the relevant turnover, such advance billings are included in deferred income, and released over the period of the contract. Accrued income is recognised while revenue is earned according to contract terms, but is not yet billed.

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 that result in an obligation to pay more or a right to pay less, tax in the future have occurred at the balance sheet date. However, deferred tax assets are regarded as recoverable and therefore recognised, only when, on the basis of all available evidence, the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the 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.

Notes to the financial statements for the year ended 31 December 2013 (continued)

2 Turnover

The turnover and profit before taxation is attributable to the one principal activity of the company

Turnover by geographical destination is

	2013 £	2012 £
United Kingdom	16,581,131	15,615,582
USA	376,319	527,977
Rest of the world	159,200	18,838
	<u>17,116,650</u>	<u>16,162,397</u>

Turnover by category is

	2013 £	2012 £
Provision of Services	7,712,258	6,506,130
Sale of Goods	9,404,392	9,656,267
	<u>17,116,650</u>	<u>16,162,397</u>

Notes to the financial statements for the year ended 31 December 2013 (continued)

3 Operating costs

Operating costs comprise:	2013 £	2012 £
Re-charged staff costs	3,666,312	4,704,847
Other operating charges	12,939,011	11,921,024
	<u>16,605,323</u>	<u>16,625,871</u>

Operating profit is stated after charging/(crediting)

	2013 £	2012 £
Depreciation of tangible fixed assets	38,183	68,527
Auditors' remuneration - Audit fee	10,750	7,450
Impairment of trade receivables	1,807	(45,146)
Foreign exchange loss	53,811	36,219
Operating lease charges – land and buildings	35,283	39,749

The auditors' fees in relation to the audit of the Company totalling £10,750 (2012 £7,450) were borne by Xchanging Global Insurance Solutions Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

4 Employees

There were no employees employed by Data Integration Limited at the year end. A staff recharge was made from Xchanging Global Insurance Solutions Limited, based upon gross margin split.

5 Directors' emoluments

The emoluments of directors are paid by other group companies which make no recharge to the company. All directors are directors of other group companies and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the other group companies.

6 Interest receivable and similar income

	2013 £	2012 £
Bank interest	-	57
	<u>-</u>	<u>57</u>

7 Interest payable and similar charges

	2013 £	2012 £
Other interest	(652)	-
	<u>(652)</u>	<u>-</u>

Notes to the financial statements for the year ended 31 December 2013 (continued)

8 Tax on profit / (loss) on ordinary activities

	2013 £	2012 £
Current tax		
UK corporation tax charge/(credit) on profit/(loss) for the year	120,687	(123,854)
Adjustments in respect of prior years	19,157	(28,621)
Total current tax	139,844	(152,475)
Deferred tax.		
Capital allowances in excess of depreciation	(1,955)	10,408
Adjustments in respect of prior years	(19,248)	28,667
Change in tax rate adjustment	114	(490)
Total deferred tax	(21,089)	38,585
Total tax charge/(credit) for the year	118,755	(113,890)

The tax assessed for the year is higher (2012 lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2013 of 23.25% (2012 24.5%). The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly the company's profits for the accounting period are taxed at a blended rate of 23.25%. The differences are explained below:

	2013 £	2012 £
Profit / (loss) on ordinary activities before taxation	510,675	(463,417)
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012 24.5%)	118,732	(113,537)
Depreciation in excess of capital allowances	1,955	(10,408)
Expenses not deductible for tax purposes	-	91
Adjustments in respect of prior years	19,157	(28,621)
Current tax charge/(credit) for the year	139,844	(152,475)

	2013 £	2012 £
Provision for deferred tax		
Accelerated capital allowances	6,292	(16,614)
Other timing differences	(10)	1,807
Deferred tax asset/(liability) (Note 11 and 12)	6,282	(14,807)
 Provision at the start of the period	 (14,807)	 23,778
Deferred tax credit/(charge) in the profit and loss account for the period	21,089	(38,585)
Asset/(liability) at the end of the period	6,282	(14,807)

Notes to the financial statements for the year ended 31 December 2013 (continued)

8 Tax on profit/(loss) on ordinary activities (continued)

Factors affecting current and future tax charges

During the year Finance Act 2013 reduced the main rate of corporation tax in the UK to 21% from 1 April 2014 and to 20% from April 2015

9 Tangible fixed assets

	Leasehold improvements	Computer equipment, fixtures and fittings	Total
	£	£	£
Cost			
At 1 January 2013	76,530	277,617	354,147
At 31 December 2013	76,530	277,617	354,147
Accumulated depreciation			
At 1 January 2013	54,448	230,819	285,267
Charge for the year	12,064	26,119	38,183
At 31 December 2013	66,512	256,938	323,450
Net book amount			
At 31 December 2013	10,018	20,679	30,697
At 31 December 2012	22,082	46,798	68,880

10 Stocks

	2013	2012
	£	£
Maintenance stock	75,584	107,059
	75,584	107,059

11 Debtors

	2013	2012
	£	£
Amounts falling due within one year		
Trade debtors	1,984,801	2,755,656
Amounts owed by group undertakings	3,431,520	4,745,736
Other debtors	-	13,005
Taxation and social security	157,674	264,938
Prepayments and accrued income	2,027,082	2,296,185
Deferred taxation	6,282	-
	7,607,359	10,075,520

Amounts owed by group undertakings are interest free and are repayable on demand

Notes to the financial statements for the year ended 31 December 2013 (continued)

12 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	2,088,534	773,893
Amounts owed to group undertakings	21,580	4,522,228
Group relief	168,631	28,788
Other creditors	2,422	-
Accruals and deferred income	3,844,683	3,896,703
Deferred taxation	-	14,807
	6,125,850	9,236,419

Amounts owed to group undertakings are interest free and are repayable on demand

13 Provisions for liabilities

	Total £
Provision at start of year	51,125
Utilised in the year	(27,905)
At 31 December 2013	23,220

The provision relates to an onerous lease on a property

14 Called up share capital

	2013 £	2012 £
Allotted, called up and fully paid		
2,398,260 (2012 2,398,260) Ordinary shares of £0.01	23,983	23,983
999,698 'A' (2012 999,698 'A') Ordinary shares of £0.01	9,996	9,996
	33,979	33,979

'A' shares have no voting rights and no entitlements to any dividend. On liquidation, the 'A' shares are entitled to firstly to the amounts paid up (excluding any premium) after payment of its liabilities.

Notes to the financial statements for the year ended 31 December 2013 (continued)

15 Reserves

	Capital redemption reserve	Share	Premium account	Profit and loss account	Total
	£		£	£	£
At 1 January 2013	10,784		542,314	1,469,063	2,022,161
Profit for the financial year	-		-	391,920	391,920
At 31 December 2013	10,784		542,314	1,860,983	2,414,081

16 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	2,056,140	2,405,667
Profit / (loss) for the financial year	391,920	(349,527)
Closing shareholders' funds	2,448,060	2,056,140

17 Lease commitments

Operating Leases

At 31 December 2013 the Company had annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings 2013 £	Land and buildings 2012 £
Within one year	-	-
Within two to five years	9,725	9,725
More than five years	-	-
	9,725	9,725

**Notes to the financial statements
for the year ended 31 December 2013 (continued)****18 Contingent Liabilities**

In February 2014 the Xchanging Group refinanced its existing debt facilities and signed a new four and a half year revolving credit facility of £125 million. The company has become a guarantor under this new facility.

19 Ultimate controlling party

Data Integration Limited is a wholly owned subsidiary of Xchanging Global Insurance Solutions Limited, a company incorporated in the England and Wales. The ultimate parent company and controlling party is Xchanging plc, a company incorporated in England and Wales.

The results of Data Integration Limited are included in the Xchanging plc consolidated financial statements, copies of which may be obtained from Xchanging plc, The Walbrook Building 25 Walbrook London EC4N 8AQ, United Kingdom. Xchanging plc is the only undertaking to include the results of the Company in its consolidated financial statements.

20 Related party transactions

The company has taken advantage of the exemption available in Financial Reporting Standard 8 (Related Party Disclosure) not to disclose transactions with related parties that are wholly owned by the group.