

Registered no: 02767639

DATA INTEGRATION LIMITED

Annual report

for the year ended 31 December 2014

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DATA INTEGRATION LIMITED

Annual report for the year ended 31 December 2014

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DATA INTEGRATION LIMITED

Directors and advisors

Directors

A Binns
T Croom
J Priggen

Registered office

The Walbrook Building
25 Walbrook
London
EC4N 8AQ
United Kingdom

Independent auditors

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

Solicitors

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

Bankers

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

Strategic report for the year ended 31 December 2014

The directors present their strategic report on the company for the year ended 31 December 2014.

Review of business and future developments

The results of the Company show a loss on ordinary activities before taxation of £204,000 (2013: profit of £511,000) and turnover of £10,018,000 (2013: £17,117,000).

Trade for the year was disappointing. However, we expect to see a return to growth in 2015. 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 2014 (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.

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 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.

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

24 April 2015

Directors' report for the year ended 31 December 2014

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2014.

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 loss for the financial year was £166,000 (2013: profit of £392,000). No dividends were paid or proposed in the current or preceding year.

Future developments

Future developments of the company are discussed in the Strategic Report on page 2.

Directors

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

M Pollard	Resigned 26 January 2015
S Dews	Resigned 26 January 2015
T Croom	Appointed 4 February 2014
J Priggen	Appointed 26 January 2015
A Binns	

Directors' report for the year ended 31 December 2014 (continued)

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, 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.

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.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

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



T Croom
Director

24 April 2015

Independent auditors' report to the members of DATA INTEGRATION LIMITED

Report on the financial statements

Our opinion

In our opinion, Data Integration Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

What we have audited

Data Integration Limited's financial statements comprise:

- the Balance sheet as at 31 December 2014;
- 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.

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.

Independent auditors' report to the members of DATA INTEGRATION LIMITED (continued)

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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves

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

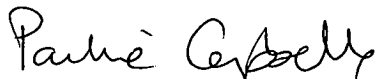
- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

**Independent auditors' report to the members of
DATA INTEGRATION LIMITED (continued)**

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.



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

24 April 2015

Profit and loss account for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Turnover	2	10,018	17,117
Cost of Sales		<u>(7,698)</u>	<u>(14,265)</u>
Gross profit		2,320	2,852
Administrative Expenses	3	<u>(2,524)</u>	<u>(2,340)</u>
Operating (loss)/profit		(204)	512
Interest payable and similar charges	6	-	(1)
(Loss)/profit on ordinary activities before taxation		(204)	511
Tax on (loss)/profit on ordinary activities	7	38	(119)
(Loss)/profit for the financial year	15	<u>(166)</u>	<u>392</u>

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial years 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 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	8	<u>2</u>	<u>31</u>
		2	31
Current assets			
Stocks	9	24	76
Debtors	10	7,859	7,607
Cash at bank and in hand		<u>1,095</u>	<u>883</u>
		8,978	8,566
Creditors: amounts falling due within one year	11	<u>(6,674)</u>	<u>(6,126)</u>
Net current assets		<u>2,304</u>	<u>2,440</u>
Total assets less current liabilities		<u>2,306</u>	<u>2,471</u>
Provision for liabilities	12	<u>(24)</u>	<u>(23)</u>
Net assets		<u>2,282</u>	<u>2,448</u>
Capital and reserves			
Called up share capital	14	34	34
Share Premium account	15	542	542
Profit and loss account	15	1,695	1,861
Capital redemption reserve	15	11	11
Total shareholders' funds	16	<u>2,282</u>	<u>2,448</u>

Registered number: 02767639

The financial statements on pages 9 to 20 were approved by the board of directors on and were signed on its behalf by:



T Croom
Director
24 April 2015

Notes to the financial statements for the year ended 31 December 2014

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 in accordance with the historical cost convention.

Going Concern

The directors believe that preparing the financial statements on the going concern basis is appropriate based on projections for the foreseeable future.

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.

Cash at bank and in hand

Cash includes cash at bank and 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.

Notes to the financial statements for the year ended 31 December 2014 (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.

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.

Related party transactions

The company has taken advantage of the exemption available in Financial Reporting Standard 8, "Related party disclosures", whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of a group headed by Xchanging plc.

Notes to the financial statements for the year ended 31 December 2014 (continued)

2 Turnover

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

Turnover by geographical origin is:

	2014 £'000	2013 £'000
United Kingdom	9,727	16,581
USA	211	377
Rest of the world	80	159
	<u>10,018</u>	<u>17,117</u>

Turnover by category is:

	2014 £'000	2013 £'000
Provision of Services	4,316	7,712
Sale of Goods	5,702	9,405
	<u>10,018</u>	<u>17,117</u>

Notes to the financial statements for the year ended 31 December 2014 (continued)

3 Operating (loss)/profit

Operating costs comprise:	2014	2013
	£'000	£'000
Re-charged staff costs	2,491	2,094
Other operating charges	33	246
	<u>2,524</u>	<u>2,340</u>

Operating (loss)/profit is stated after charging/ (crediting):

	2014	2013
	£'000	£'000
Depreciation of tangible fixed assets	29	38
Auditors' remuneration - Audit fee	15	11
Impairment/(write-back of impairment) to trade receivables	(1)	2
Foreign exchange loss	81	54
Operating lease charges – land and buildings	-	35

The auditors' fees in relation to the audit of the Company totalling £15,000 (2013: £11,000) were borne by Xchanging Global Insurance Solutions Limited.

Notes to the financial statements for the year ended 31 December 2014 (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 the parent company 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 payable and similar charges

	2014 £'000	2013 £'000
Other interest	-	(1)
	-	(1)

Notes to the financial statements for the year ended 31 December 2014 (continued)

7 Tax on (loss) / profit / on ordinary activities

	2014 £'000	2013 £'000
Current tax:		
UK corporation tax (credit)/charge on (loss)/profit for the year	(42)	121
Adjustments in respect of prior years	52	19
Total current tax	10	140
Deferred tax:		
Capital allowances in excess of depreciation	(2)	(2)
Adjustments in respect of prior years	(50)	(19)
Change in tax rate adjustment	4	-
Total deferred tax	(48)	(21)
Total tax (credit)/charge for the year	(38)	119

The tax assessed for the year is higher (2013: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2014 of 21.5% (2013: 23.25%). The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly the company's profits for the accounting period are taxed at a blended rate of 21.5%. The differences are explained below.

	2014 £'000	2013 £'000
(Loss)/profit on ordinary activities before taxation	(204)	511
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25 %)	(44)	119
Depreciation in excess of capital allowances	2	2
Adjustments in respect of prior years	52	19
Current tax charge for the year	10	140

The company will surrender its losses for Group relief to other UK Group companies at the effective tax rate of 21.5% (2013: 23.25%).

Factors affecting current and future tax charges

The Finance Act 2013 reduced the main rate of corporation tax in the UK to 21% from 1 April 2014 and to 20% from 1 April 2015. The change to 20% has been reflected in the closing deferred tax balances recognised in these financial statements.

Deferred tax assets have not been discounted.

Notes to the financial statements for the year ended 31 December 2014 (continued)

8 Tangible fixed assets

	Leasehold improvements	Computer equipment, fixtures and fittings	Total
	£'000	£'000	£'000
Cost			
At 1 January 2014	77	278	355
At 31 December 2014	77	278	355
Accumulated depreciation			
At 1 January 2014	67	257	324
Charge for the year	10	19	29
At 31 December 2014	77	276	353
Net book amount			
At 31 December 2014	-	2	2
At 31 December 2013	10	21	31

9 Stocks

	2014	2013
	£'000	£'000
Maintenance stock	24	76
	24	76

10 Debtors

	2014	2013
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	1,583	1,985
Amounts owed by group undertakings	4,096	3,431
Other debtors	4	-
Taxation and social security	382	158
Prepayments and accrued income	1,698	2,027
Group relief receivable	42	-
Deferred taxation	54	6
	7,859	7,607

Notes to the financial statements for the year ended 31 December 2014 (continued)

11 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	1,226	2,088
Amounts owed to group undertakings	2,982	22
Group relief payable	-	169
Other creditors	-	2
Accruals and deferred income	2,466	3,845
	<u>6,674</u>	<u>6,126</u>

12 Provisions for liabilities

	Total £'000
Provision at start of year	23
Provided in the year	1
Utilised in the year	-
At 31 December 2014	<u>24</u>

The provision relates to an onerous lease on a property.

13 Deferred tax

	2014 £'000	2013 £'000
Provision for deferred tax		
Accelerated capital allowances	32	6
Other timing differences	22	-
Deferred tax asset (Note 10)	<u>54</u>	<u>6</u>
Asset/(liability) at the start of the period	6	(15)
Deferred tax credit in the profit and loss account for the period	48	21
Asset at the end of the period	<u>54</u>	<u>6</u>

Notes to the financial statements for the year ended 31 December 2014 (continued)

14 Called up share capital

	2014 £	2013 £
Allotted, called up and fully paid		
2,398,260 (2013: 2,398,260) Ordinary shares of £0.01 (2013: £0.01)	23,983	23,983
999,698 'A' (2013: 999,698 'A') Ordinary shares of £0.01 (2013: £0.01)	9,996	9,996
	<u>33,979</u>	<u>33,979</u>

'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.

15 Reserves

	Capital redemption reserve £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2014	11	542	1,861	2,414
Loss for the financial year	-	-	(166)	(166)
At 31 December 2014	<u>11</u>	<u>542</u>	<u>1,695</u>	<u>2,248</u>

16 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Opening shareholders' funds	2,448	2,056
(Loss)/profit for the financial year	(166)	392
Closing shareholders' funds	<u>2,282</u>	<u>2,448</u>

17 Lease commitments

At 31 December 2014 the Company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings 2014 £'000	Land and buildings 2013 £'000
Within two to five years	-	10
	<u>-</u>	<u>10</u>

**Notes to the financial statements
for the year ended 31 December 2014 (continued)****18 Contingent Liabilities**

The Company acts as a guarantor for the Xchanging Group's £165.0 million (2013: £75.0 million) multicurrency revolving credit facility. As at 31 December 2014, £115.0 million was drawn as cash under this facility (2013: £nil). The revolving credit facility matures in June 2018.

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, 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.