

Registered no 03362271

XCHANGING INTERNATIONAL LIMITED

Annual report and financial statements for the year ended 31 December 2011



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XCHANGING INTERNATIONAL LIMITED

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Director and advisers

Director

J Priggen

Registered office

34 Leadenhall Street
London
EC3A 1AX

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

**Director's report
for the year ended 31 December 2011**

Registered no: 03362271

The director presents his annual report and the audited financial statements of the company for the year ended 31 December 2011

Principal activity

The company acts as a holding company

Review of business and future developments

The company did not trade during the current or preceding year. No dividends were paid or are proposed (2010: none)

The director is satisfied with the financial position of the company

Financial risk management

The company has limited exposure to financial risk as all material financial instruments are with companies within the group headed by Xchanging plc, Xchanging International Limited's ultimate parent undertaking. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided in the group's annual report, which does not form part of this report.

The principal risk facing the company is any significant impairment in the value of its investments

Directors

The director who held office during the year and up to the date of signing the financial statements was

Name	Appointed	Resigned
J Priggen		23/01/2012
A Bligh	23/01/2012	

Qualifying third party indemnity provision

There was no qualifying third party indemnity provision in force for the benefit of any directors at any time during the financial year or up to the time the report is approved

**Director's report
for the year ended 31 December 2011 (continued)****Statement of director's responsibilities**

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

Going concern

The director believes that preparing the accounts on the going concern basis is appropriate based on projections for the foreseeable future. This assumption is based on the ongoing financial support of the ultimate parent company, Xchanging plc. The director has received written confirmation of continued parent company support for at least fifteen months from the date of approval of these accounts.

Statement of disclosure of information to auditors

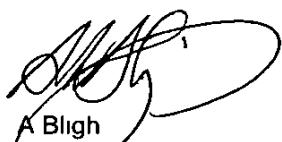
The director of the company, in office at the time of approval of this report, acknowledges that

- 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.

**Director's report
for the year ended 31 December 2011 (continued)****Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. The company has elected to dispense with the requirement to appoint auditors annually, therefore, in the absence of a notice proposing that the appointment be terminated, PricewaterhouseCoopers LLP will continue as auditors to the company.

On behalf of the board



A Bligh
Director
Date 21-Mar-2012.

**Independent auditors' report to the members of
XCHANGING INTERNATIONAL LIMITED**

We have audited the financial statements of Xchanging International Limited for the year ended 31 December 2011 which comprise the Profit & Loss Account, the Balance Sheet and the related notes. 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).

Respective responsibilities of director and auditors

As explained more fully in the Director's Responsibilities Statement set out on page 3 the director is 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). 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.

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 annual report 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 December 2011 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

**Independent Auditors' Report to the members of
XCHANGING INTERNATIONAL LIMITED (continued)**

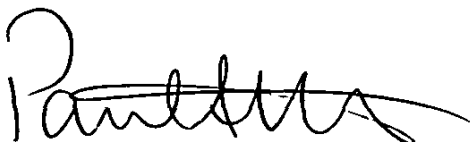
Opinion on other matter prescribed by the Companies Act 2006

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

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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



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

29/3/2012

**Profit and loss account
for the year ended 31 December 2011**

	Notes	2011 £	2010 £
Profit on sale of investments		<u>16,925,065</u>	<u>-</u>
Profit on ordinary activities before taxation		16,925,065	-
Tax charge/credit on result on ordinary activities	4	(25,557)	205
Profit for the financial year		<u>16,899,508</u>	<u>205</u>

There were no other recognised gains and losses for the year other than those above, therefore no separate statement of total recognised gains and losses has been prepared

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historic cost equivalents

Balance sheet as at 31 December 2011

	Notes	2011 £	2010 £
Fixed assets			
Investments	5	<u>23,953</u>	<u>23,954</u>
Current assets			
Debtors	6	16,925,352	1,366
Creditors amounts falling due within one year	7	<u>(45,685)</u>	<u>(21,208)</u>
Net current assets / (liabilities)		<u>16,879,667</u>	<u>(19,842)</u>
Total assets less current liabilities		<u>16,903,620</u>	<u>4,112</u>
Net assets		<u>16,903,620</u>	<u>4,112</u>
Capital and reserves			
Called up share capital	8	1,000	1,000
Profit and loss account	9	16,902,620	3,112
Total shareholder's funds	10	<u>16,903,620</u>	<u>4,112</u>

The financial statements on pages 7 to 12 were approved by the board of directors on 29th March 2012 and were signed on its behalf by


A Bligh
Director

Company Number. 03362271

Notes to the financial statements for the year ended 31 December 2011

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.

Cash flow statement and non-consolidation of subsidiary undertakings

The financial statements contain information about Xchanging International Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is a wholly owned subsidiary of Xchanging plc and is included in the consolidated financial statements of that company, 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) and has also taken advantage of the exemption from preparing consolidated financial statements under the terms of s400 of the Companies Act 2006.

Going concern

The director believes that preparing the accounts on the going concern basis is appropriate based on projections for the foreseeable future. This assumption is based on the ongoing financial support of the ultimate parent company, Xchanging plc. The director has received written confirmation of continued parent company support for at least fifteen months from the date of approval of these accounts.

Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment. Impairment reviews are conducted at the end of the first full year following acquisition and thereafter where indicators of impairment are present.

Related party transactions

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

2 Director's emoluments

The director did not receive any emoluments specifically in respect of their role as directors of the company.

During the year the director exercised no options over 5p shares of Xchanging plc (2010: None).

Notes to the financial statements for the year ended 31 December 2011 (continued)

3 Operating profit

The company had no employees excluding directors during the current or prior year, and the auditors' fees in relation to the audit of the Company totalling £1,500 (2010 £1,500) were borne by Xchanging Global Insurance Systems Limited

4 Tax on profit on ordinary activities

	2011 £	2010 £
Current tax		
UK corporation tax charge/credit	25,557	(205)
Current tax charge / (credit) for the year	<u>25,557</u>	<u>(205)</u>

The tax charge relates to tax on interest-free intercompany loans which accrue imputed interest at 3.45% for UK Corporation tax purposes

The current tax assessed for the period is higher (2010 lower) than the standard rate of corporation tax in the UK (26.5% (2010 28%)). The differences are explained below

Result on ordinary activities before tax	<u>16,925,065</u>	<u>-</u>
Result on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010 28%)	4,485,142	-
Profit on sale of investment not taxable	(4,485,142)	
Transfer pricing adjustments	25,557	(205)
Current tax charge / (credit) for the year	<u>25,557</u>	<u>(205)</u>

Factors affecting current and future tax charges

The Finance Act 2011, which was substantively enacted on 5 July 2011, included legislation reducing the main rate of corporation tax to 25 per cent from 1 April 2012. Further reductions to the main rate are proposed to reduce the rate to 23 per cent by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and are therefore not included in these Financial Statements.

There are no recognised or unrecognised deferred tax charges.

Notes to the financial statements for the year ended 31 December 2011 (continued)

5 Fixed asset investments

Investments comprise equity shares with a cost of £23,953 (2010 £23,954)

The company has the following principal wholly owned subsidiary undertakings

Name	Country of incorporation	Principal activity
Xchanging Asia Pacific Sdn Bhd *	Malaysia	Computer Services
Xchanging Global Insurance Services (US) Inc	USA	Computer Services
Xchanging Global Insurance Services (Bermuda) Ltd *	Bermuda	Computer Services

* held directly

During the year, the company sold its investment in Xchanging Systems and Services Inc for a consideration of £16,925,626, to another part of the Xchanging Group

The directors believe that the carrying value of the investments is supported by their underlying net assets

6 Debtors

	2011	2010
	£	£
Group relief receivable	287	1,366
Amounts receivable from group undertakings	16,925,065	-
	<u>16,925,352</u>	<u>1,366</u>

7 Creditors: amounts falling due within one year

	2011	2010
	£	£
Amounts owed to group undertakings	21,208	21,208
Group relief payable	24,477	-
	<u>45,685</u>	<u>21,208</u>

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

Notes to the financial statements for the year ended 31 December 2011(continued)

8 Called up share capital

	2011 £	2010 £
Allotted and fully paid		
1,000 (2010 1,000) ordinary A shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

9 Profit and loss reserve

	£
At 1 January 2011	3,112
Profit for the financial year	16,899,508
At 31 December 2011	<u>16,902,620</u>

10 Reconciliation of movement in shareholder's funds

	2011 £	2010 £
Opening shareholder's funds	4,112	3,907
Profit for the financial year	16,899,508	205
Closing equity shareholder's funds	<u>16,903,620</u>	<u>4,112</u>

11 Parent undertaking and ultimate controlling party

The immediate parent undertaking is Xchanging Global Insurance Systems Limited, a company incorporated in the United Kingdom

The company's ultimate parent undertaking and controlling party is Xchanging plc, a company incorporated in the United Kingdom. The results of Xchanging International Limited are included in the Xchanging plc consolidated accounts, copies of which may be obtained from Xchanging plc, 34 Leadenhall Street, London, EC3A 1AX, United Kingdom. Xchanging plc is the only undertaking to include the results of the company in its consolidated accounts.