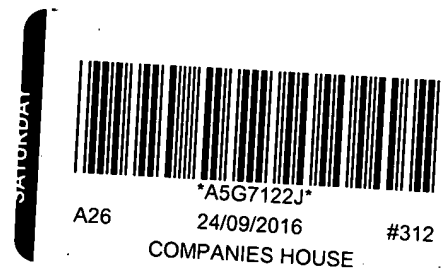


Registered no: 03362271

# **XCHANGING INTERNATIONAL LIMITED**

## **Annual report**

**for the year ended 31 December 2015**



# **XCHANGING INTERNATIONAL LIMITED**

## **Annual report for the year ended 31 December 2015**

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## Directors and advisers

### Directors

C Wilson  
M Woodfine

### 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

Ashurst LLP  
Broadwalk House  
5 Appold Street  
London  
EC2A 2HA

## **Directors' report for the year ended 31 December 2015**

The directors present their report and the audited financial statements of Xchanging International Limited, for the year ended 31 December 2015.

### **Directors**

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

<b>Name</b>	
C Wilson	Appointed 16 June 2016
M Pickett	Appointed 23 May 2016, Resigned 24 June 2016
M Woodfine	Appointed 23 May 2016
T Croom	Resigned 23 May 2016
S Dews	Resigned 26 January 2015

### **Results and dividends**

The company's loss for the financial year was £151,000 (2014: loss of £166,000). The company did not receive, propose or pay out any dividends in either the current year or the prior year.

The financial statements of Xchanging International Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The company transitioned from UK GAAP to FRS101 for all years presented.

### **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 at the reporting date. 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.

### **Events after the reporting date**

Following a formal bid made on 9 December 2015, supported by Xchanging's Board, Computer Sciences Corporation ('CSC') announced on 5 May 2016 that it unanimously recommended cash offer had become unconditional in all respects, and therefore that change of control of the Xchanging group had occurred. Xchanging plc was subsequently delisted from the London Stock Exchange on 6 June 2016. At the date of signing the ultimate parent company of Xchanging International Limited is Computer Sciences Corporation, a company incorporated in the United States of America.

### **Going concern**

The directors believe that preparing the financial statements on the going concern basis is appropriate as the parent company of Xchanging plc, CSC Computer Sciences International Operations Limited, has confirmed that it will provide such financial support as is necessary for Xchanging International Limited to meet its liabilities as they fall due for a period of fifteen months from the signing of these financial statements.

**Directors' report  
for the year ended 31 December 2015 (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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 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.

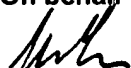
**Statement of disclosure of information to auditors**

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.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and therefore a strategic report has not been prepared by the directors.

**On behalf of the board**



C Wilson

Director

15 July 2016

## **Independent auditors' report to the members of Xchanging International Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Xchanging International 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 2015 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**

The financial statements, included in the Annual Report, comprise:

- the Balance Sheet as at 31 December 2015;
- the Income statement and the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity 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 the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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 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

## **Independent auditors' report to the members of Xchanging International Limited (continued)**

### **Other matters on which we are required to report by exception (continued)**

- 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.

### **Director's remuneration**

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

### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. 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 director; and
- the overall presentation of the financial statements.

**Independent auditors' report to the members of  
Xchanging International Limited (continued)****What an audit of financial statements involves (continued)**

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.

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

15 July 2016

**Income Statement  
for the year ended 31 December 2015**

	Note	2015 £'000	2014 £'000
Tax on result on ordinary activities	6	(151)	(166)
<b>Loss for the financial year</b>		<u>(151)</u>	<u>(166)</u>

**Statement of Comprehensive income  
for the year ended 31 December 2015**

	2015 £'000	2014 £'000
Loss for the financial year	(151)	(166)
Total comprehensive expense for the year	<u>(151)</u>	<u>(166)</u>

## Balance Sheet as at 31 December 2015

	Note	2015 £'000	2014 £'000
<b>Fixed assets</b>			
Investments	7	22	22
		<u>22</u>	<u>22</u>
<b>Current assets</b>			
Debtors	8	16,910	16,925
		<u>16,910</u>	<u>16,925</u>
Creditors: amounts falling due within one year	9	(531)	(395)
<b>Net current assets</b>		<u>16,379</u>	<u>16,530</u>
<b>Total assets less current liabilities</b>		<u>16,401</u>	<u>16,552</u>
<b>Net Assets</b>		<u>16,401</u>	<u>16,552</u>
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Retained earnings		16,400	16,551
<b>Total shareholders' funds</b>		<u>16,401</u>	<u>16,552</u>

**Registered number:** 03362271

The notes on pages 11 to 16 are an integral part of these financial statements. The financial statements on pages 7 to 16 were approved by the board of directors on 15 July 2016 and were signed on their behalf by:



**C Wilson**  
**Director**  
15 July 2016

## Statement of changes in equity for the year ended 31 December 2015

	Called up Share Capital	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000
<b>Balance as at 1 January 2014</b>	<u>1</u>	<u>16,717</u>	<u>16,718</u>
Loss for the financial year and total comprehensive expense	<u>-</u>	<u>(166)</u>	<u>(166)</u>
<b>Balance as at 31 December 2014</b>	1	16,551	16,552
Loss for the financial year and total comprehensive expense	<u>-</u>	<u>(151)</u>	<u>(151)</u>
<b>Balance as at 31 December 2015</b>	<u>1</u>	<u>16,400</u>	<u>16,401</u>

Retained earnings represent accumulated comprehensive income for the year and prior years plus share-based payments adjustments and related tax credits, charges from the parent company for share based payments, less dividends paid.

## **Notes to the financial statements for the year ended 31 December 2015**

### **1 General information**

Xchanging International Limited is a holding company. Its country of operation, incorporation and domicile is the United Kingdom. Its parent entity is Xchanging Global Insurance Systems Limited.

### **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Basis of preparation**

The financial statements of Xchanging International Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The company transitioned from UK GAAP to FRS101 for all periods presented. The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies using FRS101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 62, B64(d), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3, 'Business Combinations'
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of evaluation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows)
  - 10(f) (a Balance Sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third Balance Sheet)

**Notes to the financial statements  
for the year ended 31 December 2015 (continued)****2 Summary of significant accounting policies (continued)****Basis of preparation (continued)**

- 111 (cash flow statement information), and
- 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

**Going concern**

The directors believe that preparing the financial statements on the going concern basis is appropriate as the parent company of Xchanging plc, CSC Computer Sciences International Operations Limited, has confirmed that it will provide such financial support as is necessary for Xchanging International Limited to meet its liabilities as they fall due for a period of fifteen months from the signing of these financial statements.

**Consolidation**

The company is a wholly owned subsidiary of Xchanging Global Insurance Systems Limited and of its ultimate parent, as at the reporting date, Xchanging Plc. Xchanging plc was the ultimate parent for the financial year and as at the reporting date. It is included in the consolidated financial statements of Xchanging Plc which are publically available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements are separate financial statements.

**Investments**

Investments in subsidiaries are held at cost less accumulated impairment losses.

**Share capital**

Ordinary shares are classified as equity.

**Notes to the financial statements  
for the year ended 31 December 2015 (continued)****2 Summary of significant accounting policies (continued)****Dividend distribution**

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

**Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**3 Critical accounting estimates and judgments**

Management is required to exercise judgement and make sure of estimates and assumptions in the application of accounting standards. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**(a) Valuation of investments**

The carrying value of investments is re-assessed annually to ensure that investment values are substantiated by their net assets or value in use.

**4 Operating profit**

The auditors' remuneration of £4,000 (2014:£2,000) has been borne by Xchanging UK Limited, a fellow subsidiary undertaking of Xchanging plc.

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 5 Employees and directors

The company had no employees during the current or the prior year.

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. Accordingly, the above details include no emoluments in respect of the directors. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the other Group companies.

### 6 Tax on result on ordinary activities

	2015 £'000	2014 £'000
<b>Tax expense included in income statement</b>		
Current tax:		
UK corporation tax on result for the year	-	-
Adjustments in respect of prior years	151	166
<b>Total tax on result on ordinary activities</b>	<b>151</b>	<b>166</b>

The tax for the year is higher (2014: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2015 of 20.25% (2014: 21.5 %).

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1st April 2015. Accordingly the company's profits for the accounting year are taxed at a blended rate of 20.25% (2014: 21.5%). The differences are explained below:

	2015 £'000	2014 £'000
Result on ordinary activities before taxation	-	-
Result multiplied by the standard rate of tax in the UK of 20.25% (2014: 21.5%)	-	-
Effects of:		
Adjustments in respect of prior years	151	166
<b>Total tax charge</b>	<b>151</b>	<b>166</b>

The Finance (No 2) Act 2015 reduced the standard rate of corporation tax in the UK from 20% to 19% with effect from 1 April 2017 and then from 19% to 18% with effect from 1 April 2020.

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 7 Investments

	2015 £'000	2014 £'000
<b>Shares in group undertakings</b>		
At 1 January	22	22
<b>At 31 December</b>	<u>22</u>	<u>22</u>

The following are the subsidiaries of Xchanging International Limited:

Name	Country of incorporation	Principal activity	Effective interest and proportion of equity held
Xchanging Global Insurance Services Bermuda Limited	United Kingdom	Dormant	100%
Xchanging Asia Pacific Sdn Bhd (Malaysia)	Malaysia	Business Processing Services	100%

### 8 Debtors

	2015 £'000	2014 £'000
Amounts owed by group undertakings	16,910	16,925
	<u>16,910</u>	<u>16,925</u>

The loan receivable balances are unsecured with wholly owned fellow group companies. These balances bear interest at a margin of 3.75% above the LIBOR and are repayable on demand. The company waived the interest charge to fellow group companies for the current and prior year.

### 9 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Amounts owed to group undertakings	531	395
	<u>531</u>	<u>395</u>

### 10 Called up share capital

	2015 £'000	2014 £'000
Ordinary shares		
<b>Allotted and fully paid</b>		
At 1 January	1	1
At 31 December	<u>1</u>	<u>1</u>

Allotted called up and fully paid shares 1,000 (2014: 1,000) ordinary share of £1 (2014: £1) each.

## **Notes to the financial statements for the year ended 31 December 2015 (continued)**

### **11 Parent undertaking and ultimate controlling party**

Xchanging International Limited is a wholly owned subsidiary of Xchanging Global Insurance Systems Limited, a company incorporated in the United Kingdom. Xchanging Plc is the parent company of the smallest group to consolidate these financial statements.

The ultimate parent company at the reporting date was Xchanging plc, a company incorporated in England and Wales. The results of Xchanging International Limited are included in the Xchanging plc consolidated financial statements for the year ended 31 December 2015. Copies of the Xchanging plc financial statements may be obtained from Xchanging plc, The Walbrook Building, 25 Walbrook, London, EC4N 8AQ, United Kingdom. Xchanging plc is the parent company of the largest group to consolidate these financial statements.

As stated in note 12, as of 5 May 2016, the ultimate parent company of Xchanging International Limited is Computer Sciences Corporation, a company incorporated in the United States of America.

### **12 Events after the reporting date**

Following a formal bid made on 9 December 2015, supported by Xchanging's Board, Computer Sciences Corporation ('CSC') announced on 5 May 2016 that its unanimously recommended cash offer had become unconditional in all respects, and therefore that change of control of the Xchanging group had occurred. Xchanging plc was subsequently delisted from the London Stock Exchange on 6 June 2016. At the date of signing the ultimate parent company of Xchanging International Limited is Computer Sciences Corporation, a company incorporated in the United States of America.

### **13 Transition to Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101)**

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with FRS 101. Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for years beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2014, the Company's date of transition to FRS101. However, there were no adjustments or changes in accounting policies necessary for the previously published numbers under UK GAAP and the reported numbers under FRS101 for any years since 1 January 2014, therefore no restatements have been made and no reconciliation is presented as it is not required.