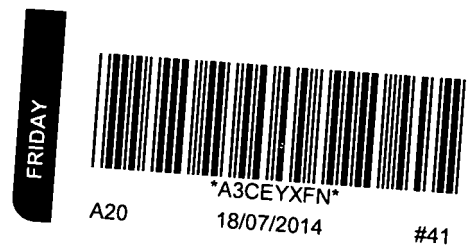


XCHANGING INTERNATIONAL LIMITED

Annual report and financial statements for the year ended 31 December 2013



XCHANGING INTERNATIONAL LIMITED

Annual report and financial statements for the year ended 31 December 2013

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Directors and advisors

Director

S Dews
T Croom (appointed 4 February 2014)

Registered office

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

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

**Directors' report
for the year ended 31 December 2013**

Registered no: 03362271

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

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 (2012: £nil).

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

S Dews

T Croom (appointed 4 February 2014)

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 was approved.

**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.

Statement of disclosure of information to auditors

The directors of the company, in office at the time of approval of this report, acknowledge that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that he ought to have taken as a directors in order to make themselves 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.

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



T Croom
Director

23 May 2014

Independent auditors' report to the members of XCHANGING INTERNATIONAL 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 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

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 Xchanging International 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.

Opinion on other matter prescribed by the Companies Act 2006

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

**Independent auditors' report to the members of
XCHANGING INTERNATIONAL LIMITED (continued)****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.

Entitlement to exemptions

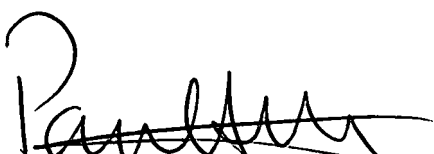
Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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

23/5/14

Profit and loss account for the year ended 31 December 2013

		2013	2012
	Notes	£	£
Impairment	5	-	(1,608)
Loss on ordinary activities before taxation		<u>-</u>	<u>(1,608)</u>
Tax on loss on ordinary activities	4	(184,254)	394
Loss for the financial year		<u>(184,254)</u>	<u>(1,214)</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 difference between the profit on ordinary activities before taxation and the retained profit for the years stated above and their historical cost equivalents.

Balance sheet as at 31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Investments	5	<u>22,345</u>	<u>22,345</u>
Current assets			
Debtors	6	16,925,065	16,925,746
Creditors: amounts falling due within one year	7	(229,258)	(45,685)
Net current assets		<u>16,695,807</u>	<u>16,880,061</u>
Total assets less current liabilities		<u>16,718,152</u>	<u>16,902,406</u>
Net assets		<u>16,718,152</u>	<u>16,902,406</u>
Capital and reserves			
Called up share capital	8	1,000	1,000
Profit and loss account	9	16,717,152	16,901,406
Total shareholders' funds	10	<u>16,718,152</u>	<u>16,902,406</u>

The financial statements on pages 6 to 11 were approved by the board of directors on and were signed on its behalf by:

23 May 2014



T Croom
Director

Company Number: 03362271

23 May 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 in accordance with the historical cost convention, on the going concern basis.

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.

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 Directors' emoluments

The emoluments of directors are paid by a fellow group company which makes no recharge to the company. All directors are directors of the fellow group company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of his 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 fellow group company.

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

3 Loss on ordinary activities before taxation

The company had no employees excluding directors during the current or prior year. The independent auditors' remuneration of £2,000 (2012: £2,000) has been borne by a fellow group undertaking.

4 Tax on loss on ordinary activities

	2013	2012
	£	£
Current tax:		
UK corporation tax charge/(credit)	184,254	(394)
Current tax charge/(credit) for the year	<u>184,254</u>	<u>(394)</u>

The current tax assessed for the year is higher than (2012: the same as) the standard rate of corporation tax in the UK 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 year are taxed at a blended rate of 23.25%. The differences are explained below.

Loss on ordinary activities before tax	-	(1,608)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	-	(394)
Prior year adjustments	184,254	-
Current tax charge/(credit) for year	<u>184,254</u>	<u>(394)</u>

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

5 Investments

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 (Bermuda) Ltd	Bermuda	Computer Services

Investments comprise equity shares with a cost of £22,345 (2012: £22,345).

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

6 Debtors

	2013 £	2012 £
Group relief receivable	-	681
Amounts owed by group undertakings	16,925,065	16,925,065
	<u>16,925,065</u>	<u>16,925,746</u>

7 Creditors: amounts falling due within one year

	2013 £	2012 £
Amounts owed to group undertakings	45,398	21,208
Group relief payable	183,860	24,477
	<u>229,258</u>	<u>45,685</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 2013 (continued)

8 Called up share capital

	2013	2012
	£	£
Allotted and fully paid		
1,000 (2012: 1,000) ordinary A shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

9 Profit and loss account

	£
At 1 January 2013	16,901,406
Loss for the financial year	(184,254)
At 31 December 2013	<u>16,717,152</u>

10 Reconciliation of movement in shareholders' funds

	2013	2012
	£	£
Opening shareholders' funds	16,902,406	16,903,620
Loss for the financial year	(184,254)	(1,214)
Closing equity shareholders' funds	<u>16,718,152</u>	<u>16,902,406</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 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.