

Registered number 04163382

XPANSE LIMITED

Annual report

for the year ended 31 December 2012

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XPANSE LIMITED

Annual report for the year ended 31 December 2012

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Directors and advisers

Directors

G N Whitaker
J E Gregory

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
London E14 5JJ
United Kingdom

Bankers

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

Barclays Bank PLC
1 Churchill Place
London

**Directors' report
for the year ended 31 December 2012**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012

Principal activity

Xpanse Limited is a wholly owned non-trading holding company

Review of business and future developments

The company received dividends from its subsidiary undertakings during the year and is expected to do so in the future

The company results are set out in the profit and loss account on page 6

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, Xpanse Limited's ultimate parent undertaking

Results and dividends

The company's profit for the year was £3,945,000 (2011 £4,450,000)

The directors do not recommend a dividend payment in respect of the year ended 31 December 2012 (2011 £nil)

Directors

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

Name	Appointed	Resigned
M Alibhai	-	9 March 2012
J E Gregory	29 June 2012	-
G N Whitaker	-	-

Directors' report for the year ended 31 December 2012

Statement of directors' responsibilities

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,
- 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 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. 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



G N Whitaker
Director
27 March 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF XPANSE LIMITED

We have audited the financial statements of XPANSE Limited for the year ended 31 December 2012 which comprise the Profit and 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 directors and auditors

As explained more fully in the statement of directors' responsibilities 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 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 Director's 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 2012 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 XPANSE LIMITED (continued)**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

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



Ian Benham (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 March 2013

**Profit and loss account
for the year ended 31 December 2012**

		Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Continuing Operations	Notes		
Income from shares in group undertakings		5,642	6,349
Operating costs – exceptional items	5	<u>-</u>	<u>(50)</u>
Operating profit – continuing operations		5,642	6,299
Interest receivable and similar income	6	39	39
Interest payable and similar charges	7	<u>(2,337)</u>	<u>(1,926)</u>
Profit on ordinary activities before taxation		3,344	4,412
Tax on profit on ordinary activities	8	601	38
Profit for the financial year		<u>3,945</u>	<u>4,450</u>

The company had no gains or losses other than those included in the results above, therefore no separate statement of total recognised gains and losses has been presented

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

The notes on pages 8 to 13 form part of these financial statements

**Balance sheet
as at 31 December 2012**

	Notes	2012 £'000	2011 £'000
Fixed assets			
Investments	9	<u>37,094</u>	<u>37,094</u>
		37,094	37,094
Current assets			
Debtors	10	21,383	17,922
Creditors: amounts falling due within one year	11	<u>(47,470)</u>	<u>(47,954)</u>
Net current liabilities		(15,497)	(30,032)
Net assets		<u>11,007</u>	<u>7,062</u>
Capital and reserves			
Called up share capital	12	2	2
Share premium account	13	1,998	1,998
Profit and loss account	13	9,007	5,062
Total shareholders' funds	14	<u>11,007</u>	<u>7,062</u>

Registered number: 04163382

The financial statements on pages 6 to 13 were approved by the board of directors on 27 March 2013 and were signed on its behalf by



G N Whitaker
Director
27 March 2013

Notes to the financial statements for the year ended 31 December 2012

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 as the parent company Xchanging plc has confirmed that it will continue to provide financial support to the company to enable Xpanse Limited to meet its debts as and when they fall due for a period of at least twelve months from the date of signing of these financial statements.

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.

Cash flow statement and non-consolidation of subsidiary undertakings

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) and has also taken advantage of the exemption from preparing consolidated financial statements under the terms of s400 of the Companies Act 2006.

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.

Dividend income

Dividends receivable from the Company's investments in subsidiary undertakings are recognised when the company's right to receive payment is established.

2 Directors Emoluments

The directors do not receive any emoluments from the company in respect of their services to the company.

**Notes to the financial statements
for the year ended 31 December 2012 (continued)****3 Employees**

The company had no employees during the current or prior year

4 Auditors' remuneration

The auditors' remuneration of £2,000 has been borne by Xchanging UK Limited

5 Exceptional costs

No exceptional charges were incurred in 2012. In 2011 stamp duty of £50,000 was incurred as an exceptional cost in the acquisition of the remaining 50% of the share capital of Xchanging Broking Services Limited

6 Interest receivable and similar income

	2012 £'000	2011 £'000
Interest receivable from group undertakings	<u>39</u>	<u>39</u>

7 Interest payable and similar charges

	2012 £'000	2011 £'000
Interest payable to group undertakings	(1,932)	(1,791)
Other interest payable	(405)	(135)
	<u>(2,337)</u>	<u>(1,926)</u>

**Notes to the financial statements
for the year ended 31 December 2012 (continued)**

8 Tax on profit on ordinary activities

	2012 £'000	2011 £'000
Current tax		
UK corporation tax on profits of the year	(563)	(501)
Adjustments in respect of prior years	(38)	463
Total tax credit for the year	<u>(601)</u>	<u>(38)</u>

The tax assessed for the year is lower (2011 lower) than the standard effective rate of corporation tax in the UK of 24.5% (2011 26.5%). The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly the Company's profits for this accounting period are taxed at a blended rate of 24.5%. The differences are explained below.

Profit on ordinary activities before tax	<u>3,344</u>	<u>4,412</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	819	1,169
Non-taxable dividend income	(1,382)	(1,683)
Adjustments in respect of prior years	(38)	463
Non-taxable exceptional item	-	13
Tax credit for the year	<u>(601)</u>	<u>(38)</u>

Further reductions to the UK corporation tax rate were announced in the March 2012 Budget. These changes, which are expected to be enacted separately each year, propose to reduce the rate to 23% by 1 April 2013 and to 22% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

**Notes to the financial statements
for the year ended 31 December 2012 (continued)**

9 Investments

The company has the following principal subsidiary undertakings over which the company holds management and operational control

Name	Country of incorporation	Principal activity	Effective interest and proportion of equity held
Ins-sure Holdings Limited*	United Kingdom	Holding company	50%
Xchanging Global Insurance Systems Limited*	United Kingdom	Trading company	100%
Xchanging Resourcing Services Limited*	United Kingdom	Trading company	100%
Xchanging Broking Services Limited*	United Kingdom	Trading Company	100%

* Held directly

Investments comprise equity shares with a cost of £37,094,000 (2011 £37,094,000)

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

10 Debtors

	2012 £'000	2011 £'000
Amounts falling due within one year.		
Amounts owed by group undertakings	20,268	17,409
Group relief receivable	1,115	513
	21,383	17,922

Included in amounts owed by group undertakings is an unsecured loan of £1,300,000 (2011 £1,300,000) which is subject to interest of base rate plus 2.5% per annum and is repayable on demand. All other amounts are unsecured, interest free and are repayable on demand.

Notes to the financial statements for the year ended 31 December 2012 (continued)

11 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Amounts owed to group undertakings	47,470	41,819
Deferred consideration on acquisition	-	6,135
	<u>47,470</u>	<u>47,954</u>

Included in amounts owed to group undertakings is an unsecured loan of £28,250,000 (2011 £26,318,000), including accrued interest of £11,429,000 (2011 £9,497,000), which is subject to interest of 7.322% per annum and is repayable on demand. All other amounts are unsecured, interest free and are repayable on demand.

12 Called up share capital

	2012 £'000	2011 £'000
Authorised		
5,000 ordinary shares of £1 each	<u>5</u>	<u>5</u>
Allotted, called up and fully paid		
2,001 ordinary shares of £1 each	<u>2</u>	<u>2</u>

13 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2012	1,998	5,062
Profit for the financial year	-	3,945
At 31 December 2012	<u>1,998</u>	<u>9,007</u>

**Notes to the financial statements
for the year ended 31 December 2012 (continued)**

14 Reconciliation of movements in equity shareholders' funds

	2012	2011
	£'000	£'000
Opening equity shareholders' funds	7,062	2,612
Profit for the financial year	3,945	4,450
Dividend paid	-	-
Closing equity shareholders' funds	<u>11,007</u>	<u>7,062</u>

15 Contingent Liabilities

The Xchanging plc Group, of which the Company is a member, has a £ 75 0 million multicurrency revolving credit facility and a £20 0 million term loan provided by a syndicate of banks in respect of which Xpanse Limited is a guarantor. At the year-end date, £7 0 million and € 13 0 million (£ 10 6 million) (2011 £28 0 million) had been drawn as cash under the revolving credit facility and a further €20 0 million (2011 €20 0 million) and \$2 7 million (2011 \$ 2 7 million) had been utilised as letters of credit by the Group. The balance outstanding against the term loan was £ 20 0 million (2011 £ 20 0 million). Both the facilities mature in August 2015.

16 Parent undertaking and ultimate controlling party

The immediate parent company is Xchanging B V.

The ultimate parent company and controlling party is Xchanging plc, a company incorporated in England and Wales. The results of Xpanse Limited are included in the Xchanging plc consolidated financial statements, 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 financial statements.