

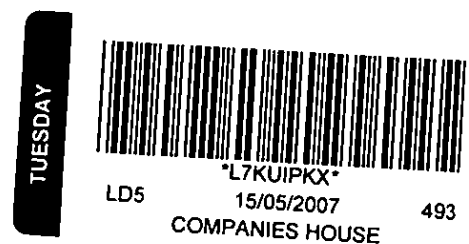
Registered no 2247736

# **LANDMARK BUSINESS CONSULTING LIMITED**

**Annual report and financial statements**

**for the year ended 31 December 2006**

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# **LANDMARK BUSINESS CONSULTING LIMITED**

## **Annual report and financial statements for the year ended 31 December 2006**

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## **Directors and advisors**

### **Directors**

S Beard  
G Bell  
N Edwards

### **Secretary**

Hexagon Registrars Limited

### **Registered office**

34 Leadenhall Street  
London  
EC3A 1AX

### **Independent auditors**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

### **Solicitors**

Clifford Chance LLP  
10 Upper Bank Street  
London  
E14 5JJ

### **Bankers**

Barclays Bank Plc  
PO Box 544  
54 Lombard St  
London  
EC3V 9EX

Lloyds TSB  
25 Gresham St  
London  
EC2V 7HN

## **Directors' report for the year ended 31 December 2006**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2006

### **Principal activity**

The principal activity of the company is the provision of technical services within the insurance industry

### **Review of business and future developments**

The results of the company show pre-tax profits of £1,091,000 (2005 9 months £770,000) for the year and sales of £3,905,000 (2005 9 months £3,070,000)

Both the level of business and the year end financial position of the company were in line with management's expectations

The directors expect an increase in the level of activity over the next year, primarily due to organic growth. This increase is regarded as integral to the continuing success of the business

### **Principal risks and uncertainties**

#### ***Business Risk***

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 failure to achieve new contractual relationships and continuation of recurring projects along with the loss of key personnel

#### **Financial Risk**

The financial risk management objectives and policies of the company are the same as for Xchanging B V. The company complies with the group financial risk management policies as the directors consider these to be appropriate. These are set out in full in the financial accounts of Xchanging B V. The significant risks to this company are detailed below

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 group

##### **(i) Credit risk**

The group has a concentration of credit risk with respect to trade receivables due to the nature and structure of its customer base. Credit risk assessments are performed when signing up to new customers and regular credit control reviews are performed to monitor the collection of debt

##### **(ii) Liquidity risk**

The group actively monitors that it has sufficient funds for operations and any planned expansions. The group does not currently make use of any financing arrangements but this will continually reviewed as the business develops and matures

## Directors' report for the year ended 31 December 2006 (continued)

### Key Performance Indicators

We have made significant progress during the year on the group's overriding objectives for growth. The board measures this progress based on the KPIs below

	2006	2005	Definition, method of calculation and analysis
Growth in sales (%)	27	102	Year on year sales growth expressed as a percentage
Operating margin (%)	28	25	Operating margin is the ratio of operating profit before exceptional items and goodwill amortisation to sales expressed as a percentage

### Results and dividends

The company's profit for the year was £762,000 (2005 9 months £507,000). No dividends were paid or are proposed (2005 9 months £680,000)

### Directors and their interests

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

Name	Date of appointment	Date of resignation
S Beard	10 April 2006	
G Bell	10 April 2006	
N Edwards	24 July 2006	
D Fisher		11 April 2006

None of the directors had any interest in the shares of the company during the year or as at 31 December 2006

The interests in the shares and share options in the ultimate parent company held by directors of Landmark Business Consulting Limited are shown below

#### Shareholdings

Common shares of Euro 0.01 each	2006	2005 or date of appointment
S Beard	16,800	-
N Edwards	8,000	-

Share options under an approved scheme over common shares of Euro 0.01 each

## Directors' report for the year ended 31 December 2006 (continued)

Director	Number of options at 1 January 2006 or date of appointment	Granted	During the year Exercised	At 31 December 2006	Exercise price	Date from which exercisable	Expiry date
S Beard	10,000	-	10,000	-	207 0p	25/06/05	25/06/12
	6,800	-	6,800	-	383 0p	29/04/06	29/04/13
N Edwards	22,000	-	-	22,000	383 0p	29/04/06	29/04/13

Share options under an unapproved scheme over common shares of Euro 0 01 each

Director	Number of options at 1 January 2006 or date of appointment	Granted	During the year Exercised	At 31 December 2006	Exercise price	Date from which exercisable	Expiry date
S Beard	3,200	-	-	3,200	383 0p	29/04/06	29/04/13
	15,000	-	-	15,000	136 0p	24/11/06	24/11/13
	15,000	-	-	15,000	383 0p	24/11/06	24/11/13
	50,000	-	-	50,000	383 0p	13/12/07	13/12/14
N Edwards	8,000	-	8,000	0	383 0p	29/04/06	29/04/13
	10,000	-	-	10,000	136 0p	24/11/06	24/11/13
	10,000	-	-	10,000	383 0p	24/11/06	24/11/13
	25,000	-	-	25,000	383 0p	17/08/07	17/08/14

Share options over G shares of Euro 0 01 each

Director	Number of options at 1 January 2006 or date of appointment	Granted	During the year Exercised	At 31 December 2006	Exercise Price	Date from which exercisable	Expiry date
N Edwards	667	-	-	667	2137 0p	17/08/07	17/08/14

### 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/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that

## **Directors' report for the year ended 31 December 2006 (continued)**

### **Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the 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 confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 1985. 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

### **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.

**By order of the board**



**Nicholas Edwards**  
**Director**  
**29<sup>th</sup> March 2007**

## **Independent auditors' report to the members of LANDMARK BUSINESS CONSULTING LIMITED**

We have audited the financial statements of Landmark Business Consulting Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



## **Independent auditors' report to the members of LANDMARK BUSINESS CONSULTING LIMITED**

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
29<sup>th</sup> March 2007

## Profit and loss account for the year ended 31 December 2006

	Notes	Year ended 31 December 2006 £'000	9 months to 31 December 2005 £'000
Turnover	2	3,905	3,070
Operating costs	3	<u>(2,821)</u>	<u>(2,306)</u>
<b>Operating profit</b>		<b>1,084</b>	<b>764</b>
Interest receivable and similar income	6	<u>7</u>	<u>6</u>
<b>Profit on ordinary activities before taxation</b>		<b>1,091</b>	<b>770</b>
Tax charge on profit on ordinary activities	7	<u>(329)</u>	<u>(263)</u>
<b>Retained profit for the financial year</b>		<b><u>762</u></b>	<b><u>507</u></b>

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

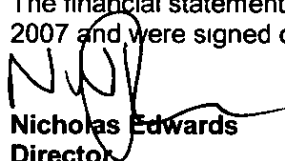
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

All activities are in respect of continuing operations

**Balance sheet  
as at 31 December 2006**

	Notes	2006 £'000	2005 £'000
<b>Fixed assets</b>			
Tangible assets	8	-	2
		<hr/>	<hr/>
		-	2
<b>Current assets</b>			
Debtors amounts falling due within one year	9	1,893	934
Cash at bank and in hand		282	-
		<hr/>	<hr/>
		2,175	934
<b>Creditors</b> amounts falling due within one year	10	(1,394)	(917)
		<hr/>	<hr/>
<b>Net current assets</b>		781	17
<b>Net assets</b>		<hr/>	<hr/>
		781	19
<b>Capital and reserves</b>			
Called up share capital	12	1	1
Profit and loss reserve	13	780	18
		<hr/>	<hr/>
<b>Equity shareholder's funds</b>	14	781	19
		<hr/>	<hr/>

The financial statements on pages 8 to 17 were approved by the board of directors on 29<sup>th</sup> March 2007 and were signed on its behalf by

  
Nicholas Edwards  
Director

## **Notes to the financial statements for the year ended 31 December 2006 and 9 months ended 31 December 2005**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with the Companies Act 1985 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 accounts on the going concern basis is appropriate based on budgets and cash flow projections.

#### **Turnover**

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade debtors, VAT and other sales related taxes. Turnover from the provision of technical services is recognised on time and material basis.

#### **Tangible fixed assets**

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:

Computer equipment	33%
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#### **Cash**

Cash includes cash 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.

#### **Pensions**

The costs of providing defined contribution pensions and related benefits are charged to the profit and loss account as incurred.

#### **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 more than 90% owned by the Xchanging BV group. All other related party transactions are disclosed in note 16.

## Notes to the financial statements for the year ended 31 December 2006 and 9 months ended 31 December 2005 (continued)

### Cash flow statement

The company is a wholly-owned subsidiary of Xchanging BV and is included in the consolidated financial statements of Xchanging BV, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

## 2 Turnover

All turnover was contributed to by the company's principal activity. The origin and destination of all turnover is within the United Kingdom.

Contributions to turnover by geographical destination are

	Year ended 31 December 2006	9 months to 31 December 2005
	£'000	£'000
United Kingdom	3,870	3,070
Europe	35	-
	<u>3,905</u>	<u>3,070</u>

## 3 Operating costs

	Year ended 31 December 2006	9 months to 31 December 2005
	£'000	£'000
<b>Operating costs comprise:</b>		
<b>Staff costs:</b>		
Wages and salaries	575	371
Social security costs	71	45
Other operating costs	2,175	1,890
	<u>2,821</u>	<u>2,306</u>

Other operating costs include

Depreciation	2	1
Loss on disposal of fixed assets	-	5
Auditors' remuneration – audit services	<u>27</u>	<u>1</u>

**Notes to the financial statements  
for the year ended 31 December 2006 and 9 months  
ended 31 December 2005 (continued)**

**4 Directors' emoluments**

	2006 £'000	2005 £'000
<b>Directors' emoluments</b>		
Aggregate emoluments	51	371
	<u>51</u>	<u>371</u>

There were no retirement benefits accruing for any of the directors

**5 Employees**

The average number of persons (including executive directors) employed by the company during the year was

	2006 Number	2005 Number
<b>By activity</b>		
Service delivery	3	3
Selling and distribution	1	1
	<u>4</u>	<u>4</u>

**6 Interest receivable and similar income**

	2006 £'000	2005 £'000
Bank interest	7	6
	<u>7</u>	<u>6</u>

**Notes to the financial statements  
for the year ended 31 December 2006 and 9 months  
ended 31 December 2005 (continued)**

**7 Tax charge on profit on ordinary activities**

	2006 £'000	2005 £'000
Current tax		
UK corporation tax on profits of the year	333	263
Adjustments in respect of prior years	(3)	
Total current tax	330	263
Deferred tax		
Depreciation in excess of capital allowances	(1)	-
Total deferred tax	(1)	-
Total tax charge for the current year	329	263

The current tax assessed for the period is higher (2005 higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	1,091	770
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 30%)	327	231
Expenses not deductible for tax purposes	5	38
Depreciation for the year in excess of capital allowances	1	
Marginal Relief	-	(6)
Adjustment to tax charge in respect of previous period	(3)	
	330	263

**Notes to the financial statements  
for the year ended 31 December 2006 and 9 months  
ended 31 December 2005 (continued)**

**8 Tangible fixed assets**

	Computer equipment	Total
	£'000	£'000
<b>Cost</b>		
At 1 January 2006 and 31 December 2006	6	6
<b>Depreciation</b>		
At 1 January 2006	4	4
Charge for the year	2	2
<b>At 31 December 2006</b>	<u>6</u>	<u>6</u>
<b>Net book amount</b>		
At 31 December 2006	<u>-</u>	<u>-</u>
At 31 December 2005	<u>2</u>	<u>2</u>

**9 Debtors: amounts falling due within one year**

	2006 £'000	2005 £'000
Trade debtors	720	932
Amounts owed by group undertakings	905	-
Other debtors	1	2
Deferred Tax (note 12)	1	-
Prepayments and accrued income	266	-
	<u>1,893</u>	<u>934</u>

Amounts owed by group undertakings are interest free and repayable on demand



**Notes to the financial statements  
for the year ended 31 December 2006 and 9 months  
ended 31 December 2005 (continued)**

**10 Creditors: amounts falling due within one year**

	2006 £'000	2005 £'000
Bank loans and overdraft	-	3
Trade creditors	-	525
Amounts owed to group undertakings	955	-
Corporation tax	138	-
Taxation and social security	86	350
Other creditors	26	39
Accruals and deferred income	189	-
	<u>1,394</u>	<u>917</u>

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

**11 Deferred Tax Note**

	2006 £'000	2005 £'000
Provided		
Deferred tax asset at beginning of year	-	-
Charged to the profit and loss account during the year	-	-
- Accelerated capital allowances	1	-
Deferred tax asset at end of year	<u>1</u>	<u>-</u>
Deferred tax asset comprises		
Accelerated capital allowances	1	-
	<u>1</u>	<u>-</u>

There is no unprovided deferred tax (2005 nil)

**12 Called up share capital**

	2006 £'000	2005 £'000
<b>Authorised</b>		
Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

**Notes to the financial statements  
for the year ended 31 December 2006 and 9 months  
ended 31 December 2005 (continued)**

**13 Reserves**

	<b>Profit and loss reserve £'000</b>
At 1 January 2006	18
Retained profit for the financial year	762
<b>At 31 December 2006</b>	<b><u>780</u></b>

**14 Reconciliation of movements in equity shareholder's funds**

	<b>2006 £'000</b>	<b>2005 £'000</b>
Opening equity shareholder's funds	19	1
Profit for the financial year	762	18
<b>Closing equity shareholder's funds</b>	<b><u>781</u></b>	<b><u>19</u></b>

**15 Parent undertaking and ultimate controlling party**

Landmark Business Consulting Limited is a wholly owned subsidiary of Xchanging Insurance Professional Services Ltd, a company incorporated in the United Kingdom

The smallest group in which the results of Landmark Business Consulting Limited are consolidated is that headed by Xchanging Insurance Professional Services Limited. The directors consider Xchanging BV, a company incorporated in the Netherlands, to be the ultimate parent undertaking and ultimate controlling party, and the parent company of the largest group to consolidate the results of Landmark Business Consulting Limited. Xchanging BV is controlled jointly by General Atlantic Partners LLP and the Chief Executive Office, David Andrews, the founding partners. General Atlantic Partners LLP is the majority shareholder through a number of its group companies' shareholdings in Xchanging BV, which act in concert within the context of a group. David Andrews is able to appoint the majority of the Board of Xchanging BV. Copies of the consolidated accounts of Xchanging BV and Xchanging Global Insurance Systems Limited may be obtained from 34 Leadenhall Street, London, EC3A 1AX.

**Notes to the financial statements  
for the year ended 31 December 2006 and 9 months  
ended 31 December 2005 (continued)**

**16 Related party transactions**

The companies set out below are considered to be related parties of the company as they all share the same ultimate controlling party, Xchanging BV

The individual companies together with a description of the nature of the services provided by the company and the amount receivable in respect of each at 31 December 2006, are set out in the table below

Related Party	Services provided by the company	Revenue		Receivable	
		2006	2005	2006	2005
		£'000	£'000	£'000	£'000
Xchanging Ins-sure Services Group	- Secondees	236	-	103	-
Xchanging Claims Services Group	- Secondees and other recharges	31	-	31	-
Xchanging Broking Services	- Secondees	25	-	27	-