Registered no 5070182

LANDMARK BUSINESS CONSULTING LIMITED

Annual report and financial statements

for the year ended 31 December 2007

LANDMARK BUSINESS CONSULTING LIMITED

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Directors and advisors

Directors

S Beard
G Bell
N Edwards

Secretary

A Gallagher

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

Lloyds TSB
25 Gresham St
London
EC2V 7HN

Directors' report for the year ended 31 December 2007

The directors present their report and the audited financial statements of the company for the year ended 31 December 2007

Principal activity

The principal activity of the company is the provision of business support advisory services to insurers and brokers

Review of business and future developments

The results of the company show pre-tax profits of £941,000 (2006 £1,091,000) for the year and sales of £3,861,000 (2006 £3,905,000)

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 which is expected to be consolidated within Xchanging Insurance Professional Services Ltd for 2008

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 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 company

(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 be continually reviewed as the business develops and matures

Directors' report
for the year ended 31 December 2007 (continued)

Key performance indicators

The board measures the company's progress based on the KPI's below

	2007	2006	Definition, method of calculation and analysis
Growth in sales (%)	-1	27	Sales in line with 2006
Operating margin (%)	24	28	Operating margin is the ratio of operating profit to sales expressed as a percentage

Results and dividends

The company's profit for the year was £658,000 (2006 £762,000) No dividends were paid or are proposed (2006 £nil)

Directors

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		
G Bell	15 January 2007	
N Edwards	15 January 2007	
D Fisher		15 January 2007

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 information

Directors' report
for the year ended 31 December 2007 (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 regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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 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 UK 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, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

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
3 March 2008

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 2007 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

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 also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we 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 (continued)

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 2007 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

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

3 March 2008

Profit and loss account
for the year ended 31 December 2007

	Notes	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Turnover	2	**3,861**	3,905
Operating costs	3	**(2,938)**	(2,821)
Operating profit		**923**	1,084
Interest receivable and similar income	6	**18**	7
Profit on ordinary activities before taxation		**941**	1,091
Tax charge on profit on ordinary activities	7	**(283)**	(329)
Retained profit for the financial year		**658**	762

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 results are in respect of continuing operations

Balance sheet
as at 31 December 2007

	Notes	2007	2006
		£'000	£'000
Fixed assets			
Tangible assets	8	-	-
		-	-
Current assets			
Debtors amounts falling due within one year	9	**1,067**	1,893
Cash at bank and in hand		**957**	282
		2,024	2,175
Creditors amounts falling due within one year	10	**(585)**	(1,394)
Net current assets		**1,439**	781
Net assets		**1,439**	781
Capital and reserves			
Called up share capital	12	**1**	1
Profit and loss reserve	13	**1,438**	780
Equity shareholder's funds	14	**1,439**	781

The financial statements on pages 7 to 16 were approved by the board of directors on 3 March 2008 and were signed on its behalf by

Nicholas Edwards
Director

Notes to the financial statements for the year ended 31 December 2007

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 rebates, VAT and other sales related taxes Turnover from the provision of technical services is recognised on a 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%

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 plc group All other related party transactions are disclosed in note 16

Notes to the financial statements for the year ended 31 December 2007 (continued)

Principal accounting policies (continued)

Cash flow statement

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 FRS 1

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

2 Turnover

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

Contributions to turnover by geographical destination are

	2007 £'000	2006 £'000
United Kingdom	**2,126**	3,870
Europe	**1,735**	35
	3,861	3,905

3 Operating costs

Operating costs comprise·	**2007**	2006
	£'000	£'000
Staff costs.		
Wages and salaries	**623**	575
Social security costs	**82**	71
	705	646

Operating profit is stated after charging

Depreciation	**-**	2
Impairment of trade receivables	**48**	-
Auditors' remuneration – audit services	**17**	27

Notes to the financial statements for the year ended 31 December 2007 (continued)

4 Directors' emoluments

	2007	2006
	£'000	£'000
Directors' emoluments		
Aggregate emoluments	124	51

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

	2007	2006
	Number	Number
By activity		
Service delivery	3	3
Selling and distribution	2	1
	5	4

6 Interest receivable and similar income

	2007	2006
	£'000	£'000
Bank Interest	9	7
Intercompany interest receivable	9	-
	18	7

Notes to the financial statements for the year ended 31 December 2007 (continued)

7 Tax charge on profit on ordinary activities

	2007 £'000	2006 £'000
Current tax		
UK corporation tax on profits of the year	282	333
Adjustments in respect of prior years	-	(3)
Total current tax	282	330
Deferred tax		
Accelerated capital allowances	1	(1)
Total deferred tax	1	(1)
Total tax charge for the current year	283	329

The current tax assessed for the period is in line with (2006 higher than) the standard rate of corporation tax in the UK (30%) (2006 30%) The differences are explained below

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	941	1,091
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	282	327
Expenses not deductible for tax purposes	-	5
Accelerated capital allowances	(1)	1
Adjustment to tax charge in respect of previous period	-	(3)
Transfer pricing adjustment	1	-
	282	330

Notes to the financial statements for the year ended 31 December 2007 (continued)

8 Tangible fixed assets

	Computer equipment £'000	Total £'000
Cost		
At 1 January 2007	6	6
Additions	-	-
At 31 December 2007	**6**	**6**
Depreciation		
At 1 January 2007	6	6
Charge for the year	-	-
At 31 December 2007	**6**	**6**
Net book amount		
At 31 December 2007	**-**	**-**
At 31 December 2006	-	-

9 Debtors: amounts falling due within one year

	2007 £'000	2006 £'000
Trade debtors	**9**	720
Amounts owed by group undertakings	**780**	905
Other debtors	**1**	1
Deferred tax (note 11)	**-**	1
Prepayments and accrued income	**277**	266
	1,067	1,893

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

Notes to the financial statements for the year ended 31 December 2007 (continued)

10 Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Trade creditors	4	-
Amounts owed to group undertakings	338	955
Corporation tax	62	138
Taxation and social security	10	86
Other creditors	-	26
Accruals and deferred income	171	189
	585	1,394

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

11 Deferred tax

	2007 £'000	2006 £'000
Provided		
Deferred tax asset at beginning of year	1	-
Charged to the profit and loss account during the year		
- Accelerated capital allowances	(1)	1
Deferred tax asset at end of year	-	1

There is no unprovided deferred tax (2006 nil)

12 Called up share capital

	2007 £'000	2006 £'000
Authorised, allotted, called up and fully paid		
1000 Ordinary shares of £1 each	1	1

Notes to the financial statements for the year ended 31 December 2007 (continued)

13 Reserves

	Profit and loss reserve £'000
At 1 January 2007	780
Retained profit for the financial year	658
At 31 December 2007	**1,438**

14 Reconciliation of movements in equity shareholder's funds

	2007 £'000	2006 £'000
Opening equity shareholder's funds	**781**	19
Profit for the financial year	**658**	762
Closing equity shareholder's funds	**1,439**	781

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 ultimate parent company was Xchanging B V , a company incorporated in the Netherlands Xchanging plc, a company incorporated in England and Wales, acquired the entire share capital of Xchanging B V on 30 April 2007, and hence is the current ultimate parent undertaking The results of Landmark Business Consulting Limited are included in the Xchanging plc consolidated accounts, copies of which may be obtained from Xchanging plc, 13 Hanover Square, London, W1S 1HN, United Kingdom Xchanging plc is the only undertaking to include the results of the company in its consolidated accounts

Notes to the financial statements for the year ended 31 December 2007 (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 plc

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 2007, are set out in the table below

Related Party	Services provided by the company	Revenue		Receivable	
		2007	2006	**2007**	2006
		£'000	£'000	**£'000**	£'000
Xchanging Ins-sure Services Group	- Secondees	**126**	236	**30**	103
Xchanging Claims Services Group	- Secondees and other recharges	**182**	31	**31**	31
Xchanging Broking Services	- Secondees	**214**	25	**43**	27