

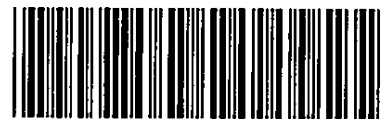
Registered no: 05070182

**XCHANGING ADVISORY SERVICES LIMITED**  
(formerly Landmark Business Consulting Limited)

**Annual Report**

**for the year ended 31 December 2008**

THURSDAY



\*L7EZ092G\*

LD4

16/04/2009

214

COMPANIES HOUSE

**XCHANGING ADVISORY SERVICES LIMITED (formerly Landmark  
Business Consulting Limited)**

**Annual Report  
for the year ended 31 December 2008**

Directors and advisors	1
Director's Report	2 - 4
Independent Auditors' Report	5 - 6
Profit and Loss Account	7
Balance Sheet	8
Notes to the Financial Statements	9 - 17

---

# **XCHANGING ADVISORY SERVICES LIMITED (formerly Landmark Business Consulting Limited)**

## **Directors and advisors**

### **Directors**

G Bell

### **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 Bank plc  
PO Box 72  
Bailey Drive  
Gillingham Business Park  
Kent  
ME8 0LS

# **XCHANGING ADVISORY SERVICES LIMITED (formerly Landmark Business Consulting Limited) 2**

## **Director's Report for the year ended 31 December 2008**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2008. On 1 August 2008, the company changed its name from Landmark Business Consulting Ltd to Xchanging Advisory Services Ltd.

### **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 £776,000 (2007: £941,000) for the year and sales of £3,966,000 (2007: £3,861,000).

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

Due to the economic downturn the directors are not expecting the level of activity to grow over the next year but are expecting it to be in line with the current year.

### **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 company 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 new customers and regular credit control reviews are performed to monitor the collection of debt.

(ii) **Liquidity risk**

The company actively monitors that it has sufficient funds for operations as part of the Xchanging plc groups cash management policies. The company does not currently make use of any financing arrangements but this will be continually reviewed as the business develops and matures.

## **Director's Report for the year ended 31 December 2008 (continued)**

### **Key performance indicators**

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

	2008	2007	Definition, method of calculation and analysis
Growth in sales (%)	3	-1	Sales in line with 2007.
Operating margin (%)	19	24	Operating margin is the ratio of operating profit to sales expressed as a percentage.

### **Results and dividends**

The company's profit after tax for the year was £554,000 (2007: £658,000). No dividends were paid or are proposed (2007: £nil).

### **Directors**

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

#### **Name**

G Bell  
N Edwards (Resigned 3 November 2008)  
S Beard (Resigned 27 February 2009)

### **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.

## **Director's Report for the year ended 31 December 2008 (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.

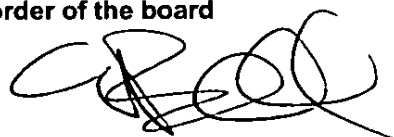
The directors confirm that they have complied with the above requirements in preparing the financial statements.

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 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**

A handwritten signature in black ink, appearing to be 'George Bell', written over a horizontal line.

**George Bell  
Director**

## **Independent Auditors' Report to the members of XCHANGING ADVISORY SERVICES LIMITED (formerly Landmark Business Consulting Limited)**

We have audited the financial statements of Xchanging Advisory Services Limited for the year ended 31 December 2008 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  
XCHANGING ADVISORY SERVICES LIMITED (formerly  
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 2008 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**

14 April 2009



**Profit and Loss Account  
for the year ended 31 December 2008**

	Notes	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Turnover	2	3,966	3,861
Operating costs	3	<u>(3,212)</u>	<u>(2,938)</u>
<b>Operating profit</b>		<b>754</b>	<b>923</b>
Interest receivable and similar income	6	<u>22</u>	<u>18</u>
<b>Profit on ordinary activities before taxation</b>		<b>776</b>	<b>941</b>
Tax on profit on ordinary activities	7	<u>(222)</u>	<u>(283)</u>
<b>Profit for the financial year</b>		<b><u>554</u></b>	<b><u>658</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.

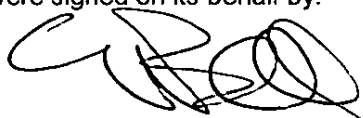
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

All results are in respect of continuing operations.

**Balance Sheet  
as at 31 December 2008**

	Notes	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Tangible assets	8	1	-
		<u>1</u>	<u>-</u>
<b>Current assets</b>			
<b>Debtors:</b> amounts falling due within one year	9	2,960	1,067
Cash at bank and in hand		661	957
		<u>3,621</u>	<u>2,024</u>
<b>Creditors:</b> amounts falling due within one year	10	(1,601)	(585)
<b>Net current assets</b>		<u>2,020</u>	<u>1,439</u>
<b>Total assets less current liabilities</b>		<u>2,021</u>	<u>1,439</u>
<b>Creditors:</b> amounts falling due after one year	11	(3)	-
<b>Net assets</b>		<u>2,018</u>	<u>1,439</u>
<b>Capital and reserves</b>			
Called up share capital	13	1	1
Profit and loss reserve	14	2,017	1,438
<b>Equity shareholder's funds</b>	15	<u>2,018</u>	<u>1,439</u>

The financial statements on pages 7 to 17 were approved by the board of directors on 14 April 09 and were signed on its behalf by:



**George Bell  
Director**

## **Notes to the financial statements for the year ended 31 December 2008**

### **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 direct 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.

#### **Taxation**

Current tax is charged at 28.5% (2007: 30%). The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly the company's profits for this accounting period are taxed at an effective rate of 28.5% and will be taxed at 28% in the future.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date. However, deferred tax assets are regarded as recoverable and therefore recognised, only when, on the basis of all available evidence, the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**Notes to the financial statements  
for the year ended 31 December 2008 (continued)**

**Principal accounting policies (continued)**

**Taxation (Continued)**

Deferred tax is measured on a non-discounted basis at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**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 18.

**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 within the United Kingdom.

Contributions to turnover by geographical destination are:

	2008 £'000	2007 £'000
United Kingdom	2,118	2,126
Europe	1,848	1,735
	<u>3,966</u>	<u>3,861</u>

**Notes to the financial statements  
for the year ended 31 December 2008 (continued)**

**3 Operating costs**

<b>Operating costs comprise:</b>	<b>2008 £'000</b>	<b>2007 £'000</b>
<b>Staff costs:</b>		
Wages and salaries	728	623
Social security costs	87	82
Share based payments	28	-
Other operating costs	2,369	2,233
	<u>3,212</u>	<u>2,938</u>

**Operating profit is stated after charging:**

Depreciation	1	-
Impairment of trade receivables	-	48
Auditors' remuneration – audit services	18	17
	<u>18</u>	<u>17</u>

**4 Directors' emoluments**

	<b>2008 £'000</b>	<b>2007 £'000</b>
<b>Directors' emoluments</b>		
Aggregate emoluments	150	124
Amounts paid to related parties for directors services	8	-
	<u>158</u>	<u>124</u>

Included in directors emoluments above are fees totalling £8,000 (2007: £nil) that were charged by another Xchanging group company during the year as the directors are employees of that Xchanging group company. During the year one director exercised options over 5p ordinary shares of Xchanging plc, the ultimate parent company (2007: nil). There are no directors with retirement benefits accruing under defined contribution or defined benefit schemes.

**Notes to the financial statements  
for the year ended 31 December 2008 (continued)**

**5 Employees**

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

	<b>2008</b>	<b>2007</b>
	<b>Number</b>	<b>Number</b>
<b>By activity</b>		
Service delivery	4	3
Selling and distribution	1	2
Administration	1	-
	<u>6</u>	<u>5</u>

**6 Interest receivable and similar income**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest	-	9
Intercompany interest receivable	22	9
	<u>22</u>	<u>18</u>

**Notes to the financial statements  
for the year ended 31 December 2008 (continued)**

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

	2008 £'000	2007 £'000
Current tax:		
UK corporation tax on profits of the year	230	282
Total current tax	230	282
Deferred tax:		
Reversal of temporary differences and transfer pricing	(8)	-
Accelerated capital allowances	-	1
Total deferred tax	(8)	1
Total tax charge for the current year	222	283

The current tax assessed for the period is higher than (2007: in line with) the standard rate of corporation tax in the UK (28.5%) (2007: 30%). The differences are explained below.

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	776	941
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	222	282
Accelerated capital allowances	-	(1)
Short term temporary differences	8	-
Transfer pricing adjustment	-	1
	230	282

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly the company's profits for this accounting period are taxed at an effective rate of 28.5% and will be taxed at 28% in the future.

Deferred tax has been calculated using a tax rate of 28% (2007: 28%).

**Notes to the financial statements  
for the year ended 31 December 2008 (continued)**

**8 Tangible fixed assets**

	<b>Computer equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>		
At 1 January 2008	6	6
Additions	2	2
Disposals	(6)	(6)
<b>At 31 December 2008</b>	<b>2</b>	<b>2</b>
<b>Depreciation</b>		
At 1 January 2008	6	6
Charge for the year	1	1
Disposals	(6)	(6)
<b>At 31 December 2008</b>	<b>1</b>	<b>1</b>
<b>Net book amount</b>		
<b>At 31 December 2008</b>	<b>1</b>	<b>1</b>
At 31 December 2007	-	-

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

	<b>2008 £'000</b>	<b>2007 £'000</b>
Trade debtors	150	9
Amounts owed by group undertakings	2,399	780
Other debtors	18	1
Deferred tax (note 12)	8	-
Tax and social security	80	-
Prepayments and accrued income	305	277
	<b>2,960</b>	<b>1,067</b>

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



**Notes to the financial statements  
for the year ended 31 December 2008 (continued)**

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

	2008 £'000	2007 £'000
Trade creditors	13	4
Amounts owed to group undertakings	1,133	338
Group relief	281	62
Taxation and social security	-	10
Other creditors	9	-
Accruals and deferred income	165	171
	<u>1,601</u>	<u>585</u>

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

**11 Creditors: Amounts falling due after more than one year**

	2008 £'000	2007 £'000
Tax and social security	<u>3</u>	<u>-</u>

**12 Deferred tax**

	2008 £'000	2007 £'000
<b>Deferred tax asset comprises:</b>		
Reversal of temporary differences and transfer pricing	<u>8</u>	<u>-</u>
Deferred tax asset at end of year	<u>8</u>	<u>-</u>
At 1 January	-	1
Amount credited/(charged) to the profit and loss (note 7)	<u>8</u>	<u>(1)</u>
Deferred tax asset at 31 December	<u>8</u>	<u>-</u>

There is no unprovided deferred tax (2007: £nil).

**Notes to the financial statements  
for the year ended 31 December 2008 (continued)**

**13 Called up share capital**

	2008 £'000	2007 £'000
<b>Authorised</b>		
1000 (2007: 1000) Ordinary shares of £1 each	<u>1</u>	<u>1</u>
<b>Allocated, called up and fully paid</b>		
1000 (2007: 1000) Ordinary shares of £1 each	<u>1</u>	<u>1</u>

**14 Reserves**

	Profit and loss reserve £'000
At 1 January 2008	1,438
Retained profit for the financial year	554
Share options issued	25
<b>At 31 December 2008</b>	<u><b>2,017</b></u>

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

	2008 £'000	2007 £'000
Opening equity shareholder's funds	1,439	781
Profit for the financial year	554	658
Share options issued	25	-
<b>Closing equity shareholder's funds</b>	<u><b>2,018</b></u>	<u><b>1,439</b></u>

## **Notes to the financial statements for the year ended 31 December 2008 (continued)**

### **16 Share based payments**

An award has been granted under the Performance Share Plan to one director of the company. Under the terms of the scheme, conditional awards of shares in Xchanging plc are granted, which will vest at the end of the three year performance. Full details of the scheme are outlined in the accounts of Xchanging plc, the ultimate parent company.

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

Xchanging Advisory Services Limited (formerly 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 is Xchanging plc, a company incorporated in England and Wales. The results of Xchanging Advisory Services 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.

### **18 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, but are less than 90% owned by the group.

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 2008, are set out in the table below:

Related Party	Services provided by the company	Revenue		Receivable	
		2008	2007	2008	2007
		£'000	£'000	£'000	£'000
Xchanging Ins-sure Services Group	- Secondees	349	126	150	30
Xchanging Claims Services Group	- Secondees and other recharges	646	182	139	31
Xchanging Broking Services	- Secondees	493	214	45	43