

Registered number 05070182

XCHANGING ADVISORY SERVICES LIMITED

Annual report and financial statements

for the year ended 31 December 2012

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XCHANGING ADVISORY SERVICES LIMITED

Annual Report for the year ended 31 December 2012

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XCHANGING ADVISORY SERVICES LIMITED

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Director and advisors

Director

S Dews

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

Bankers

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

**Director's report
for the year ended 31 December 2012**

The director presents his report and the audited financial statements of the company for the year ended 31 December 2012

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 a pre-tax profit of £73,000 (2011 loss of £85,000) for the year and sales of £31,000 (2011 £1,516,000)

Activity is down because this line of business is not aligned with the overall strategy of Xchanging, and is no longer an area on which the group wishes to focus going forward
Key Personnel have left and no new contracts will be secured and they are not being targeted either It is envisaged that the company will be dormant going forward

Results and dividends

The company's profit after tax for the year was £40,000 (2011 loss after tax £101,000) No dividends were paid or are proposed (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
A Bligh	20/02/2012	08/10/2012
S Dews	08/10/2012	

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

Statement of disclosure of information to auditors

The 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

**Director's report
for the year ended 31 December 2012 (continued)****Statement of director's responsibilities**

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law, the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

The director is responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

On behalf of the board

S Dews
Director



19/9/13

**Independent auditors' report to the members of
XCHANGING ADVISORY SERVICES LIMITED**

We have audited the financial statements of Xchanging Advisory Services 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 the director and auditors

As explained more fully in the Statement of Director's Responsibilities set out on page 4 the director is 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 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 director, 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. 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
XCHANGING ADVISORY SERVICES LIMITED**

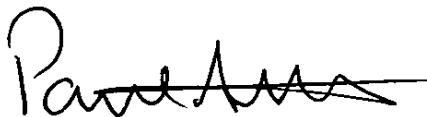
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's 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 the director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Paul Aitken (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

25/09/13

XCHANGING ADVISORY SERVICES LIMITED

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Profit and Loss Account for the year ended 31 December 2012

	Notes	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Turnover	2	31	1,516
Operating costs	3	<u>42</u>	<u>(1,601)</u>
Operating profit/(loss)		73	(85)
Profit/(loss) on ordinary activities before taxation		73	(85)
Tax on profit / (loss) on ordinary activities		(33)	(16)
Profit/(loss) for the financial year		<u>40</u>	<u>(101)</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 material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the year stated above and their historical cost equivalents

All results are in respect of continuing operations

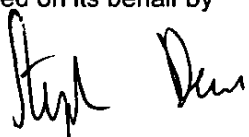
XCHANGING ADVISORY SERVICES LIMITED

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Balance sheet as at 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible Assets	7	-	3
		-	3
Current assets			
Debtors	8	2,696	1,975
Cash at bank and in hand		255	1,002
		2,951	2,977
Creditors amounts falling due within one year	9	(626)	(692)
Net current assets		2,325	2,285
Total assets less current liabilities		2,325	2,288
Creditors amounts falling due after more than one year	10	-	(3)
Net assets		2,325	2,285
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	2,324	2,284
Total shareholders' funds	14	2,325	2,285

The financial statements on pages 7 to 15 were approved by the board of directors on 19/09/13 and were signed on its behalf by



S Dews
Director

Company Number: 05070182

Notes to the financial statements**for the year ended 31 December 2012 (continued)****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 significant 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 budgets and cash flow projections. This assumption is based on the ongoing financial support of the ultimate parent company, Xchanging plc.

Turnover

Turnover represents amounts receivable for services provided in the normal course of business, net of trade rebates, value added tax and other sales related taxes. Turnover from the provision of technical services is recognised on a time and material basis.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation.

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 at bank and in hand

Cash includes cash in hand and demand deposits which are readily convertible to cash and are subject to minimal risk of changes in value.

Deferred taxation

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 2012 (continued)****Deferred 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 FRS 8 not to disclose transactions with related parties that are 100% owned by the Xchanging plc group

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

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

	2012 £'000	2011 £'000
Turnover by Destination:		
United Kingdom	31	1,430
Europe	-	-
Rest of World	-	86
	<u>31</u>	<u>1,516</u>

Notes to the financial statements

for the year ended 31 December 2012 (continued)

3 Operating costs

Operating costs comprise:	2012 £'000	2011 £'000
Staff costs:		
Wages and salaries	32	274
Social security costs	(1)	33
Share based payments	-	71
	<u>31</u>	<u>378</u>
Other operating costs	(73)	1,223
	<u>(42)</u>	<u>1,601</u>
 Depreciation	 3	 2
Auditors' remuneration – audit services	<u>4</u>	<u>15</u>

4 Directors' emoluments

	2011 £'000	2011 £'000
Directors' emoluments		
Aggregate emoluments	-	649
	<u>-</u>	<u>649</u>

The directors do not receive any emoluments specifically in respect of their role as directors of the company

5 Employees

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

	2012 Number	2011 Number
By activity		
Service delivery	1	2
	<u>1</u>	<u>2</u>

Notes to the financial statements

for the year ended 31 December 2012 (continued)

6 Tax on profit/(loss) on ordinary activities

	2012 £'000	2011 £'000
Current tax:		
UK corporation tax charge/(credit) on profit/(loss) of the year	18	(4)
Adjustments in respect of prior years	25	(17)
Total current tax charge/(credit)	43	(21)
Deferred tax:		
Reversal of temporary differences	(11)	26
Change in tax rate of closing deferred tax rate balance to 23%	1	-
Total deferred tax (credit)/charge	(10)	26
Total tax charge for the current year	33	5

The current tax assessed for the year is lower than (2011 higher than) the standard rate of corporation tax in the UK (24.5%) (2011 26.5%). The differences are explained below

	2012 £'000	2011 £'000
Profit/ (loss) on ordinary activities before tax	73	(85)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	18	(23)
Adjustments in respect of prior years	14	9
Expenses not deductible for tax purposes	-	19
Change in tax rate of closing deferred tax rate balance to 23%	1	-
Total tax charge/(credit) for the year	33	5

The Finance Act 2012, which was substantially enacted on 26 March 2012, included legislation reducing the main rate of corporation tax to 24 per cent from 1 April 2012. Further reductions to the main rate are proposed to reduce the rate to 20 per cent by 1 April 2015. These further changes had not been substantially enacted at the balance sheet date and are therefore not included in these Financial Statements.

Deferred tax liabilities have not been discounted

Notes to the financial statements

for the year ended 31 December 2012 (continued)

7 Tangible fixed assets

	Computer equipment £'000	Total £'000
Cost		
At 1 January 2012	7	7
At 31 December 2012	<u>7</u>	<u>7</u>
Accumulated depreciation		
At 1 January 2012	4	4
Charge for the year	3	3
At 31 December 2012	<u>7</u>	<u>7</u>
Net book value		
At 31 December 2011	3	3
At 31 December 2012	<u>-</u>	<u>-</u>

8 Debtors

	2012 £'000	2011 £'000
Amounts owed by group undertakings	2,681	1,969
Deferred tax (note 11)	11	1
Corporation tax	4	4
Prepayments and accrued income	-	1
	<u>2,696</u>	<u>1,975</u>

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

Notes to the financial statements**for the year ended 31 December 2012 (continued)****9 Creditors: amounts falling due within one year**

	2012	2011
	£'000	£'000
Amounts owed to group undertakings	370	412
Taxation and social security	252	214
Accruals and deferred income	4	66
	<u>626</u>	<u>692</u>

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

10 Creditors: amounts falling due after more than one year

	2012	2011
	£'000	£'000
Tax and social security	<u>-</u>	<u>3</u>

11 Deferred Tax

	2012	2011
	£'000	£'000
At 1 January	1	5
Prior year adjustment	-	22
Amount (charged)/credited to the profit and loss (note 6)	10	(26)
Deferred tax asset at 31 December	<u>11</u>	<u>1</u>

There is no unprovided deferred tax (2011 £nil)

XCHANGING ADVISORY SERVICES LIMITED

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Notes to the financial statements

for the year ended 31 December 2012 (continued)

12 Called up share capital

	2012 £'000	2011 £'000
Authorised		
1,000 (2011 1,000) ordinary shares of £1 each	<u>1</u>	<u>1</u>
Allotted, and fully paid		
1,000 (2011 1,000) ordinary shares of £1 each	<u>1</u>	<u>1</u>

13 Reserves

	Profit and loss account £'000
At 1 January 2012	2,284
Retained profit for the financial year	40
At 31 December 2012	<u>2,324</u>

14 Reconciliation of movements in equity shareholders' funds

	2012 £'000	2011 £'000
Opening equity shareholder's funds	2,285	2,304
Prior Year Adjustment	-	11
Profit/(loss) for the financial year	40	(101)
Share options	-	71
Closing equity shareholder's funds	<u>2,325</u>	<u>2,285</u>

Notes to the financial statements

for the year ended 31 December 2012 (continued)

15 Share based payments

An award has been granted under the Performance Share Plan to one employee of the company (2011 – one). 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 financial statements of Xchanging plc, the ultimate parent company.

16 Parent undertaking and ultimate controlling party

Xchanging Advisory Services 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 the United Kingdom. The results of Xchanging Advisory Services 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.