

XCHANGING ADVISORY SERVICES LIMITED

Annual report and financial statements

for the year ended 31 December 2013



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Directors and advisors

Directors

S Dews
T Croom (appointed 4 February 2014)

Registered office

The Walbrook Building
25 Walbrook
London
EC4N 8AQ

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

**Directors' report
for the year ended 31 December 2013**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2013.

Principal activity

The principal activity of the company was the provision of business support advisory services to insurers and brokers; however the company is no longer trading.

Review of business and future developments

The results of the company show a pre-tax profit of £3,000 (2012: £73,000) for the year and sales of £nil (2012: £31,000).

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 are being secured and they are not being targeted either. It is intended that the company will become dormant.

Results and dividends

The company's loss after tax for the year was £14,000 (2012: profit of £40,000). No dividends were paid or are proposed (2012: £nil).

Directors

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

S Dews
T Croom (appointed 4 February 2014)

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 directors of the company, in office at the time of approval of this report, acknowledge that so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves 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 2013 (continued)****Directors' Responsibilities statement**

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;
- 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.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and therefore a strategic report has not been prepared by the directors.

Approved by the board and signed on behalf of the board by:



T Croom
Director

13 May 2014

Independent auditors' report to the members of XCHANGING ADVISORY SERVICES LIMITED**Report on the financial statements****Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss 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

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Xchanging Advisory Services Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditors' report to the members of XCHANGING ADVISORY SERVICES 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.

Other matters on which we are required to report by exception**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

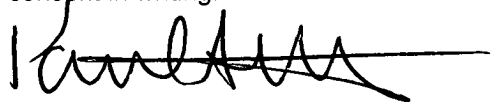
Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit**Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 ISAs (UK & 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.



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

23/5/14

Profit and loss account

	Notes	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Turnover	2	-	31
Operating income	3	<u>3</u>	<u>42</u>
Operating profit		3	73
Profit on ordinary activities before taxation		<u>3</u>	<u>73</u>
Tax on profit on ordinary activities	6	<u>(17)</u>	<u>(33)</u>
(Loss)/profit for the financial year		<u>(14)</u>	<u>40</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.

Balance sheet as at 31 December 2013

	Note	2013 £'000	2012 £'000
Current assets			
Debtors	7	2,682	2,696
Cash at bank and in hand		238	255
		<u>2,920</u>	<u>2,951</u>
Creditors: amounts falling due within one year	8	(609)	(626)
Net current assets		<u>2,311</u>	<u>2,325</u>
Total assets less current liabilities		<u>2,311</u>	<u>2,325</u>
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account	11	2,310	2,324
Total shareholders' funds	12	<u>2,311</u>	<u>2,325</u>

The financial statements on pages 8 to 15 were approved by the board of directors on 23 May 2014 and were signed on its behalf by:



T Croom
Director

23 May 2014

Company Number: 05070182

Notes to the financial statements**for the year ended 31 December 2013****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 and on the going concern basis.

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.

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.

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.

Notes to the financial statements for the year ended 31 December 2013 (continued)

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.

	2013 £'000	2012 £'000
Turnover by Destination:		
United Kingdom	-	31
	<hr/>	<hr/>
	-	31
	<hr/>	<hr/>

Notes to the financial statements for the year ended 31 December 2013 (continued)

3 Other operating income

Other operating costs/(income) comprise:

	2013 £'000	2012 £'000
Staff costs:		
Wages and salaries	-	32
Social security costs	-	(1)
	<u>-</u>	<u>31</u>
Other operating income	(3)	(73)
	<u>(3)</u>	<u>(42)</u>
Depreciation	-	3
Auditors' remuneration – audit services	-	4

4 Directors' emoluments

The emoluments of directors are paid by the parent company which makes no recharge to the company. All directors are directors of the parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of his emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of the Directors. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the parent company.

5 Employees

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

	2013 Number	2012 Number
By activity		
Service delivery	-	1
	<u>-</u>	<u>1</u>

Notes to the financial statements for the year ended 31 December 2013 (continued)

6 Tax on profit on ordinary activities

	2013 £'000	2012 £'000
Current tax:		
UK corporation tax charge on profit of the year	1	18
Adjustments in respect of prior years	6	25
Total current tax charge	<u>7</u>	<u>43</u>
Deferred tax:		
Adjustments in respect of prior years	10	-
Reversal of temporary differences	-	(11)
Change in tax rate	-	1
Total deferred tax charge/(credit)	<u>10</u>	<u>(10)</u>
Total tax charge for the current year	<u>17</u>	<u>33</u>

The current tax assessed for the year is higher than (2012: higher than) the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly the company's profits for the accounting year are taxed at a blended rate of 23.25%. The differences are explained below.

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	<u>3</u>	<u>73</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	1	18
Adjustments in respect of prior years	6	25
Total current tax charge for the year	<u>7</u>	<u>44</u>

Notes to the financial statements for the year ended 31 December 2013 (continued)

7 Debtors

	2013 £'000	2012 £'000
Amounts owed by group undertakings	2,681	2,681
Deferred tax (note 9)	1	11
Corporation tax	-	4
	<u>2,682</u>	<u>2,696</u>

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

8 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed to group undertakings	370	370
Taxation and social security	192	252
Group relief payable	47	-
Accruals and deferred income	-	4
	<u>609</u>	<u>626</u>

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

9 Deferred Tax

	2013 £'000	2012 £'000
At 1 January	11	1
Amount (charged)/credited to the profit and loss	6 (10)	10
Deferred tax asset at 31 December	<u>1</u>	<u>11</u>

Deferred tax asset relates to residual accelerated tax depreciation.

10 Called up share capital

	2013 £'000	2012 £'000
Allotted, and fully paid		
1,000 (2012: 1,000) ordinary shares of £1 each	<u>1</u>	<u>1</u>

Notes to the financial statements for the year ended 31 December 2013 (continued)

11 Profit and loss account

	£'000
At 1 January 2013	2,324
Loss for the financial year	(14)
At 31 December 2013	<u>2,310</u>

12 Reconciliation of movements in equity shareholders' funds

	2013 £'000	2012 £'000
Opening equity shareholder's funds	2,325	2,285
(Loss)/profit for the financial year	(14)	40
Closing shareholder's funds	<u>2,311</u>	<u>2,325</u>

13 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 and controlling party 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, The Walbrook Building 25 Walbrook London EC4N 8AQ, United Kingdom. Xchanging plc is the only undertaking to include the results of the company in its consolidated financial statements.