

Registered no 05983022

XCHANGING HOLDINGS LIMITED

Annual report

for the year ended 31 December 2009

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XCHANGING HOLDINGS LIMITED

Annual report for the year ended 31 December 2009

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Directors and advisers

Directors

R A H Houghton
G N Whitaker

Secretary

G N Whitaker

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
United Kingdom

Directors' report for the year ended 31 December 2009

The directors present their report and the audited financial statements of the company for the year ended 31 December 2009

Principal activity

Xchanging Holdings Limited is a wholly owned non-trading holding company

Review of business and future developments

The company does not trade and acts as a holding company

Financial risk management

The company has limited exposure to financial risk as all material financial instruments are with companies within the group headed by Xchanging plc, Xchanging Holdings Limited's parent undertaking

Results and dividends

The company did not trade during the current year. A dividend of £nil (2008: £10,000,000) is payable.

Directors

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

R A H Houghton
G N Whitaker

**Directors' report
for the year ended 31 December 2009 (continued)****Statement of directors' responsibilities in respect of the annual report and the financial statements**

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 elected to prepare 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,
- 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 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.

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 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.

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



G Whitaker
Director
30th March 2010

Independent auditors' report to the members of XCHANGING HOLDINGS LIMITED

We have audited the financial statements of Xchanging Holdings Limited for the year ended 31 December 2009 which comprise 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 directors and auditors

As explained more fully in the Statement of directors' responsibilities in respect of the annual report and the financial statements 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 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 directors, and the overall presentation of the financial statements.

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 2009 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

Opinion on other matter prescribed by the Companies Act 2006

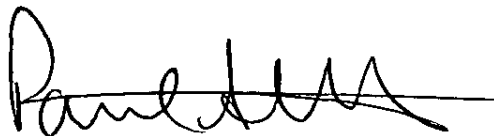
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of XCHANGING HOLDINGS LIMITED (continued)

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 directors' 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

30th March 2010

Balance sheet as at 31 December 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Investments	5	<u>492,621</u>	<u>400,000</u>
Creditors: amounts falling due within one year	6	<u>(20,000)</u>	<u>(20,000)</u>
Net current liabilities		<u>(20,000)</u>	<u>(20,000)</u>
Net assets		<u>472,621</u>	<u>380,000</u>
Capital and reserves			
Called up share capital	7	50,000	50,000
Profit and loss reserve	8	(20,000)	(20,000)
Other reserves	8	442,621	350,000
Equity shareholder's funds	9	<u>472,621</u>	<u>380,000</u>

The financial statements on pages 6 to 12 were approved by the board of directors on 30th March 2010 and were signed on its behalf by



G Whitaker
Director

**Notes to the financial statements
for the year ended 31 December 2009****1 Principal accounting policies****Basis of preparation**

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 important accounting policies is set out below.

The company has not traded in the period since incorporation. Therefore no profit and loss account or statement of recognised gains and losses have been presented.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment. Impairment reviews are conducted at the end of the first full year following acquisition and thereafter where indicators of impairment are present.

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate based on projections for the foreseeable future as the parent company Xchanging B V has confirmed that it will continue to provide financial support to the company to enable Xchanging Holdings Limited to meet its debts as and when they fall due for a period of at least twelve months from the date of signing of these financial statements.

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 wholly owned by the group.

Cash flow statement and non-consolidation of subsidiary undertakings

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 Financial Reporting Standard 1 (revised 1996) and has also taken advantage of the exemption from preparing consolidated financial statements under the terms of Part 15, Chapter 4 of the Companies Act 2006.

2 Directors' emoluments

The directors do not receive any emoluments from the company.

3 Operating profit

The company had no employees during the current period.

The auditors' remuneration has been borne by the company's parent undertaking.

Notes to the financial statements for the year ended 31 December 2009 (continued)

4 Equity dividend paid

	2009 £'000	2008 £'000
Ordinary shares £0 per share (2008 £0 025)	-	10,000
	-	10,000

5 Investments

The company has the following principal subsidiary undertakings

Name	Country of incorporation	Principal activity	Effective interest and proportion of equity held
Xchanging BV*	Netherlands	Holding company	100%
Xchanging UK Limited	England and Wales	Management services to group companies	100%
Xchanging Claims Services Limited	England and Wales	Intermediate company holding	50%
Ins-sure Holdings Limited	England and Wales	Intermediate company holding	50%
Xchanging Procurement Services (Holdco) Limited	England and Wales	Intermediate company holding	100%
Xchanging Procurement Services Pty Limited*	Australia	Business Services	100%
Xchanging Procurement Services (France) SA* (formerly Mercuris SA)	France	Business Services	100%
HR Enterprise Limited	England and Wales	Intermediate company holding	100%
Ins-sure Services Limited	England and Wales	Business Services	50%
London Processing Centre Limited	England and Wales	Business Services	50%
LPSO Limited	England and Wales	Business Services	50%
LCO Non-Marne and Aviation Limited	England and Wales	Business Services	50%
LCO Marne Limited	England and Wales	Business Services	100%
Xchanging Procurement Services Limited	England and Wales	Business Services	100%
Xchanging HR Services Limited	England and Wales	Business Services	100%
Xchanging Transaction Bank GmbH	Germany	Business Services	51%
Fondsdepot Bank GmbH	Germany	Business Services	51%
Xchanging Broking Services Limited	England and Wales	Business Services	50%
Xchanging Global Insurance Solutions Limited	England and Wales	Software development	100%

Notes to the financial statements for the year ended 31 December 2009 (continued)

5 Investments (continued)

Name	Country of incorporation	Principal activity	Effective interest and proportion of equity held
Xchanging Systems & Services Inc	USA	Software development	100%
Xchanging Technology Services India Private Limited	India	Software development	100%
Xchanging Insurance Professional Services Limited	England and Wales	Consultancy services	100%
Landmark Business Consulting Limited	England and Wales	Consultancy services	100%
Xchanging Resourcing Services Limited	England and Wales	Recruitment	100%
Ferguson Snell and Associates Limited	England and Wales	Business Process Services	100%
Xchanging GmbH	Germany	Management services	100%
Xchanging SAS	France	Management services	100%
Xchanging Pty Limited	Australia	Management services	100%
Xchanging (Mauritius) Limited	Mauritius	Holding company	100%
Cambridge Solutions Limited	India	Business processing services	76 055%
Cambridge Integrated Services Group Inc	USA	Business processing services	76 055%
Scandent Group Inc	USA	Business processing services	76 055%
Nexplicit Infotech India Pvt Limited	India	Business processing services	76 055%
Cambridge Solutions Europe Limited	England and Wales	Business processing services	76 055%
Cambridge Solutions SARL	France	Business processing services	76 055%
Cambridge Solutions Pte Limited	Singapore	Business processing services	76 055%
Cambridge Solutions Sdn Bhd	Malaysia	Business processing services	76 055%
Cambridge Solutions Pty Limited	Australia	Business processing services	76 055%
Cambridge Integrated Services Victoria Pty Limited	Australia	Business processing services	76 055%
Cambridge Integrated Services Australia Pty Limited	Australia	Business processing services	76 055%

* Held directly

**Notes to the financial statements
for the year ended 31 December 2009 (continued)****5 Investments (continued)**

	£'000
Investment at 1 January 2009	400,000
Additions	92,621
Investment at 31 December 2009	<u>492,621</u>

Investments comprise equity shares and capital contributions of £492,621,000 (2008 £400,000,000). The additional investment in the year relates to a capital contribution into Xchanging BV. This was in relation to the acquisition of Cambridge Solutions Limited by another group company. Full details of this acquisition are included in note 30 of the Xchanging plc group accounts.

6 Creditors: amounts falling due within one year

	2009	2008
	£'000	£'000
Amounts owed to group undertakings	20,000	20,000
	<u>20,000</u>	<u>20,000</u>

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

Notes to the financial statements for the year ended 31 December 2009 (continued)

7 Called up share capital

	2009 £'000	2008 £'000
Authorised		
500,000,000 ordinary shares of £0.125 each	62,500	62,500
	<u>62,500</u>	<u>62,500</u>
Allotted, called up and fully paid		
400,000,002 ordinary shares of £0.125 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

The ordinary shares are equity shares with no specific rights

8 Reserves

	Profit and loss reserve £'000	Other reserves £'000
At 1 January 2009	(20,000)	350,000
Dividend paid	-	-
Additions	-	92,621
At 31 December 2009	<u>(20,000)</u>	<u>442,621</u>

9 Reconciliation of movements in equity shareholder's funds

	2009 £'000	2008 £'000
Opening equity shareholder's funds	380,000	390,000
Issue of share capital	92,621	-
Dividend paid	-	(10,000)
Closing equity shareholder's funds	<u>472,621</u>	<u>380,000</u>

**Notes to the financial statements
for the year ended 31 December 2009 (continued)****10 Contingent Liabilities**

The Xchanging plc group, of which the company is a member, has a credit agreement of £111,400,000 (2008 £90,000,000) with Lloyds TSB Bank plc, dated 8 October 2008 in respect of which Xchanging Holdings is a guarantor. Syndicated and extended during the year, this agreement now consists of a \$58,000,000 multi-currency term loan facility, expiring half-yearly in tranches of \$8,000,000 commencing on 31 December 2009, with the final tranche expiring on 8 October 2012 and a £75,000,000 multi-currency revolving credit facility, expiring at the earlier of 8 October 2012 or cancellation of all facilities by the Xchanging plc group. Utilisations bear interest at a rate per annum equal to LIBOR, or in the case of drawings in Euro, EURIBOR plus a margin and any mandatory costs. As at the year end, \$50,000,000 of the multi-currency term loan facility had been drawn down and a further £18,000,000 (2008 £19,470,000) of the multi-currency revolving credit facility had been utilised as a letter of credit by the Group.

11 Parent undertaking and ultimate controlling party

The immediate parent company and ultimate controlling party of the company is Xchanging plc, a company incorporated in England and Wales.

The results of Xchanging Holdings 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.