

Registered no 05071152

XCHANGING HOLDCO NO. 3 LIMITED

Annual report

for the year ended 31 December 2010

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XCHANGING HOLDCO NO. 3 LIMITED

Annual report for the year ended 31 December 2010

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Directors and advisers

Directors

D Fisher
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 2010**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2010

Principal activity

Xchanging Holdco No 3 Limited is a wholly owned non-trading holding company

Review of business and future developments

The company received dividends from its subsidiary undertaking during the year and is expected to do so in future

The company results are set out in the profit and loss account on page 6

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 Holdco No 3 Limited's ultimate parent undertaking

Results and dividends

The company's profit for the year was £1,827,000 (2009 profit £1,789,000)

During the year a total dividend of 5.43 pence per share (2009 4.15 pence per share) was paid, amounting to £2,150,000 (2009 £1,000,000)

Directors

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

Name	Appointed	Resigned
D Fisher	-	-
G N Whitaker	-	-

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

**Directors' report
for the year ended 31 December 2010 (continued)****Statement of directors' responsibilities**

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.

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 N Whitaker
Director
21st April 2011

Independent auditors' report to the members of XCHANGING HOLDCO NO 3 LIMITED

We have audited the financial statements of Xchanging Holdco No 3 Limited for the year ended 31 December 2010 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 directors and auditors

As explained more fully in the statement of directors' responsibilities (set out on page 3) 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 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 2010 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.

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 HOLDCO NO 3 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



Kevin McGhee
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21st April 2011

**Profit and loss account
for the year ended 31 December 2010**

	Notes	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Operating costs	5	(335)	(371)
Income from shares in subsidiary undertakings		<u>2,025</u>	<u>2,056</u>
Profit on ordinary activities before taxation		1,690	1,685
Tax credit on profit on ordinary activities	6	137	104
Profit for the year		<u>1,827</u>	<u>1,789</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 year stated above and their historical cost equivalents

The notes on pages 8 to 12 form part of these financial statements

Balance sheet as at 31 December 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Investments	8	34,569	19,076
Current assets			
Debtors amounts falling due within one year	9	11,625	9,697
Creditors amounts falling due within one year	10	(6,590)	(4,339)
Net current assets		<u>5,035</u>	<u>5,358</u>
Total assets less current liabilities		<u>39,604</u>	<u>24,434</u>
Net assets		<u>39,604</u>	<u>24,434</u>
Capital and reserves			
Called up share capital	11	39,583	24,090
Profit and loss reserve	12	21	344
Equity shareholders' funds	13	<u>39,604</u>	<u>24,434</u>

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The financial statements on pages 6 to 12 were approved by the board of directors on 21st April 2011 and were signed on its behalf by



G N Whitaker
Director
21st April 2011

Notes to the financial statements for the year ended 31 December 2010

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, 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 projections for the foreseeable future.

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.

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 s400 of the Companies Act 2006.

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.

Dividend income

Dividends receivable from the Company's investments in subsidiary undertakings are recognised when the company's right to receive payment is established.

2 Directors' emoluments

The directors did not receive any emoluments from the company in the year (2009 £nil) in respect of their services to the company.

Notes to the financial statements
for the year ended 31 December 2010 (continued)

3 Employees

The company had no employees during the current or the prior year

4 Auditors' remuneration

The auditors' remuneration has been borne by Xchanging UK Limited

5 Operating costs

	2010 £'000	2009 £'000
Foreign exchange loss	<u>335</u>	<u>371</u>

6 Tax credit on profit/(loss) on ordinary activities

	2010 £'000	2009 £'000
Current tax		
UK corporation tax	<u>(137)</u>	<u>(104)</u>
Total tax credit for year	<u>(137)</u>	<u>(104)</u>

The tax assessed for the period is lower (2009 lower) than the standard rate of corporation tax in the UK 28% (2009 28%) The differences are explained below

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	<u>1,690</u>	<u>1,685</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	473	472
Prior year adjustment	(43)	-
Non-taxable dividend income	<u>(567)</u>	<u>(576)</u>
Tax credit for the year	<u>(137)</u>	<u>(104)</u>

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement The Finance (No 2) Act 2010, which was substantively enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28% to 27% from 1 April 2011 However, the March 2011 Budget Statement included announcements that the corporation tax rate will actually reduce to 26% from 1 April 2011, and proposed that further reductions of the main rate of corporation tax by 1% per year to 23% by 1 April 2014 are expected to be enacted separately each year These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

Notes to the financial statements for the year ended 31 December 2010 (continued)

7 Equity dividend paid

	2010 £'000	2009 £'000
Ordinary shares Paid 5 43p (2009 4 15p) per share	<u>2,150</u>	<u>1,000</u>

8 Investments

The company has the following principal subsidiary undertakings

Name	Country of incorporation	Principal activity	Effective interest and proportion of equity held
Xchanging etb GmbH*	Germany	Holding company	51%
Xchanging Transaction Bank GmbH	Germany	Trading company	51%
Fondsdepot Bank GmbH	Germany	Trading company	51%
Xchanging GmbH*	Germany	Trading company	100%

* Held directly

	£'000
Investment at 1 January 2010	19,076
Increase in investment in Xchanging etb GmbH	15,493
Investment at 31 December 2010	<u>34,569</u>

Investments comprise equity shares with a cost of £34,569,000 (2009 £19,076,000)

9 Debtors: amounts falling due within one year

	2010 £'000	2009 £'000
Amounts owed by group undertakings	11,028	9,337
Corporation tax receivable	597	360
	<u>11,625</u>	<u>9,697</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment

**Notes to the financial statements
for the year ended 31 December 2010 (continued)****10 Creditors: amounts falling due within one year**

	2010	2009
	£'000	£'000
Group relief payable	1,303	1,202
Amounts owed to group undertakings	5,287	3,137
	<u>6,590</u>	<u>4,339</u>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment

11 Called up share capital

	2010	2009
	£'000	£'000
Allotted, called up and fully paid		
39,582,728 (2009 24,090,229) ordinary shares of £1 each	<u>39,583</u>	<u>24,090</u>

Notes to the financial statements
for the year ended 31 December 2010 (continued)

12 Reserves

	Profit and loss reserve £'000
At 1 January 2010	344
Profit for the financial year	1,827
Dividend paid	(2,150)
At 31 December 2010	<u>21</u>

13 Reconciliation of movements in equity shareholder's funds

	2010 £'000	2009 £'000
Opening equity shareholder's funds	24,434	23,645
Profit for the financial year	1,827	1,789
Net proceeds on issue of ordinary share capital	15,493	-
Dividend paid	(2,150)	(1,000)
Closing equity shareholder's funds	<u>39,604</u>	<u>24,434</u>

14 Contingent Liabilities

The Xchanging plc group, of which the company is a member, has a £75 million multicurrency revolving credit facility and a \$58 million term loan provided by a syndicate of banks in respect of which Xchanging Holdco No 3 Limited is a guarantor. At the year end date \$45 million (2009 nil) had been drawn as cash under the revolving credit facility and a further €20 million (2009 €20 million) had been utilised as a letter of credit by the Group. The balance outstanding on the term loan was \$34 million (2009 \$50 million). Both facilities mature in October 2012.

15 Parent undertaking and ultimate controlling party

The immediate parent company is Xchanging B V

The ultimate parent company is Xchanging plc, a company incorporated in England and Wales. The results of Xchanging Holdco No 3 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.