EQUINITI

ANNUAL REPORT 2012

Equiniti Group Limited
Registered Number: 07090427

equiniti.com

We strive for excellence in everything we do

Contents

FOREWORD

CHAIRMAN'S FOREWORD

The Equiniti Group Limited (Equiniti) produced an excellent performance in 2012, delivering profitable growth and extending its capabilities.

Kevin Beeston

Chairman

Equiniti, led by Chief Executive Wayne Story, grew its turnover by 10.1% to £266.5m and increased EBITDA before exceptionals by 7.7% to £81.1m. The Group is a leading Business Process Services (BPS) provider, focused on delivering complex administration, payment solutions and service excellence to its strong and diverse client base.

Three strategic investments were made during the year that extend Equiniti's core capabilities and leadership position in key markets. Selected as the private sector partner to pensions administrator MyCSP, Equiniti has taken a 40% stake in the first Mutual Joint Venture to be launched by the Government. It will work with MyCSP to develop innovative new ways of working with the public sector, deliver efficiencies and seek access to wider commercial opportunities. The Group also acquired Prism Cosec, extending its company secretarial offering, and peterevans, the leading technology provider for financial services businesses.

As part of its strategy to develop a compelling BPS offering, the Group agreed to sell the Xafinity pensions consulting business and move to a single integrated brand in 2013. Equiniti continues to drive synergies across its businesses, supporting service innovation and cost effectiveness. The average number of service lines taken up by its clients has increased strongly and the business has delivered £97.2m total contract value in new sales and renewals during the year. Its contracts are now typically for five or more years, resulting in a high level of recurring revenue.

During the year Equiniti restructured the sales teams to increase the focus given to key accounts ensuring they can benefit from the full suite of products and services the group can provide. Equiniti has also established a team focused on the increasing number of BPS opportunities coming to the market from both the private and public sectors. This is a significant change in emphasis with a resulting investment to support the strategy which is expected to yield results in the latter part of 2013.

This is a business which is fully committed to delivering exceptional services to its clients and their customers. I would like to thank all our people for the great job they continue to do and the exceptional service they deliver to and on behalf of our clients. As we look ahead the Group remains well positioned to continue to deliver profitable growth in 2013 and beyond.

Kevin Beeston
Chairman

WELCOME

WELCOME TO EQUINITI

23 locations

2,737 colleagues

£266.5m turnover

10.1% YoY revenue growth

£400m contracted revenue

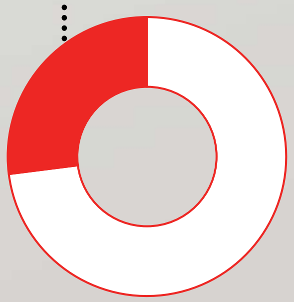
Each year we manage

2.6m enquiries

88m documents

£72bn payments

We support **27%** UK work-based pension schemes members



We pay around **20%** pensioners in the UK

We are the registrar for **46%** FTSE100 companies

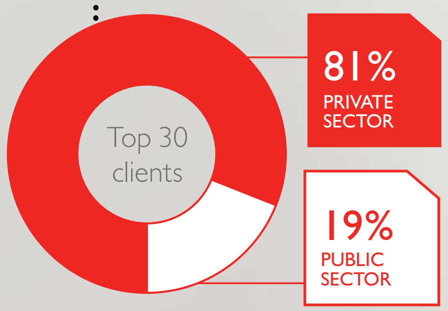
Every superhero needs a great sidekick

Equiniti is a business services partner to the best known brands and public services in the UK.

Our mission is simple – we're here to help our clients be extraordinary. As trusted sidekick to the UK's leading companies and public sector institutions, we know what it takes to be the best support team in the world.

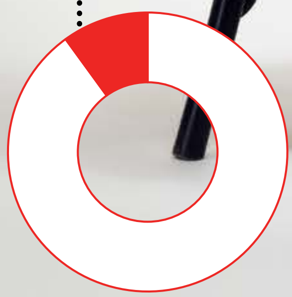
We excel at providing specialist support where administration complexity, payments processing or market regulation mean assured delivery is critical to our clients, to their employees and to their customers. That is why we put effectiveness, quality assurance and customer service excellence at the heart of everything we do.

We are chosen by around **1,600** organisations



We provide shareplans for **27%** FTSE100 companies

We're selected by **10%** NHS trusts for revalidations



HIGHLIGHTS

myCSP

We were selected as the private sector partner to pension administrator MyCSP - the first Mutual Joint Venture to be launched by the Government. As a result, we will be able develop innovative new ways of working with the public sector, delivering efficiencies through scale and access to wider commercial opportunities.

10.1% YoY revenue growth

We have delivered an excellent performance with 10.1% revenue growth to £266.5m.

We continue to deliver high (98%) client renewal rates and new business wins across our core markets.

By effectively using capabilities from across the Group, we have successfully grown our cross-sales. We have increased the average number of service lines delivered to our larger clients*, rising to 12.5 (from 9.7 in 2011), resulting in 10% CAGR for this segment. We have a healthy sales pipeline at Group and operational level and continue to strengthen our Big Ticket team.

With substantial levels (up to 75%) of contracted income, we start 2013 with £139m revenue already contracted.

* Clients spending £1m+ per year

+47.3% cashflow

We increased operating cashflow to £92.6m thanks to enhancements in the sales invoicing cycle and process improvements.

As a highly cash generative company, this has meant that we have been able to fund acquisitions during the year from our existing operations.

3† new acquisitions

We invested in three acquisitions during the year. We acquired the leading financial services technology provider peterevans. We expanded Equiniti's current company secretarial offering with the acquisition of Prism Cosec. We took a 40% share in MyCSP, the the first Mutual Joint Venture to be launched by the Government.

† Excludes acquisitions by the Xafinity Consulting business, which was disposed of during the year

BPS focus

As part of our strategy to build a focused BPS offering, we agreed to sell the Xafinity Consulting business. This enables us to concentrate on our core capabilities in complex administration and payment processing. It also allows us the move to a single integrated Equiniti brand from 2013, further enhancing our cross-selling opportunity and leading market position.

The Group made a loss for the year from continuing operations of £28.1m compared to £37.6m in 2011. The year on year reduction is mainly down to improved profit from operating activities as well as a significant decrease in finance costs.

KEY PERFORMANCE INDICATORS

Revenue +10.1%
£266.5m

EBITDA Pre exceptional items +7.7%
£81.1m

Operating Profit +10.8%
£31.4m

Operating Cashflow +47.3%
£92.6m

Cash Conversion +37%
114%

Capex Ratio +4%
4.7%

Client Satisfaction+
91%
+ Excellent or good service quality rating

Staff Retention +2%
87%

All figures exclude Xafinity Consulting, disposed of during the year

CHIEF EXECUTIVE'S STATEMENT

The Equiniti Group achieved strong growth in 2012 with total revenue up 10.1% to £266.5m and EBITDA before exceptionals up 7.7% to £81.1m.

We have had a very positive year, resulting in strong sustainable revenue growth and the business coming together behind a common ambition to deliver a differentiated Business Process Services (BPS) proposition. It is a credit to all our colleagues across Equiniti who have together driven synergies, championed product innovation and responded to customer needs.

As part of our strategy to develop a focused BPS offering, we agreed to sell the Xafinity Consulting business in November 2012 subject to FSA approval. The transaction completed on 21st February 2013. Having considered the strategic alternatives, we believe that separating the Xafinity Consulting business now was the right course of action for both Xafinity Consulting and the wider Equiniti Group. We fully expect both businesses to continue to work in close partnership in key areas of mutual interest in the pensions market.

> **"The outlook for Equiniti is very positive"**

The sale of Xafinity Consulting enables us to move to a single integrated Equiniti brand from 2013, further enhancing our cross-selling opportunity and leading market position. Therefore the figures quoted are for the continuing business.

We have delivered an excellent performance with 10.1% revenue growth to £266.5m (£242.1m in 2011) and 7.7% EBITDA improvement to £81.1m before exceptionals (£75.3m in 2011). The success of our strategy means that this robust growth has been achieved against a background of continued low interest rates and subdued conditions in some of our core markets, such as Corporate Actions.

New sales and renewals in the year came to £97.2m total contract value, with major highlights such as wins with Fresnillo, Imagination Technologies, Segro, Lloyds Banking Group, Citigroup, Prudential and the Armed Forces. Contract periods are now typically five or more years and contracted income accounts for around 75% of revenue in our main business lines. Our clients have also sought to benefit from broader Group propositions, with the average number of service lines delivered to our larger clients rising to 12.5 (from 9.7 in 2011), resulting in 10% CAGR for this segment. We have a healthy sales pipeline at Group and operational level. We continue to strengthen our Big Ticket, bid and sales teams as we seek further growth opportunities from our BPS activities.

At operational level, Pension Solutions delivered 31% EBITDA growth to £24.6m before exceptionals and 17% revenue increase to £130m. The Hazell Carr operation performed particularly strongly in response to increased market demand in specialist complaints handling. Our Shareholders Solutions operation maintained a strong overall performance with notable business wins in the FTSE100 and FTSE250 markets, despite subdued market conditions. This resulted in a 4% increase in revenue to £115.8m and 4% increase in EBITDA to £54.6m before exceptionals. The Commercial Solutions operation, which achieved a 6% revenue growth to £20.7m and an EBITDA decrease before exceptional items to £4.7m, integrated our IT services operation to create a scale IT and BPS platform with leading on-shore, near-shore and far-shore capabilities. We delivered a further £4m of cost improvements across the Group from operational integration and achieved increased cash conversion to 114% (2011: 83%) largely from enhancements in the sales invoicing cycle.

We made three strategic acquisitions and investments during the period that fit our core growth strategy and extend our capabilities. As the private sector partner to pension administrator MyCSP - the first Mutual Joint Venture to be launched by the Government - we will be able to develop innovative ways of working with the public sector, delivering efficiencies through scale and access to wider commercial opportunities.

We acquired peterevans, the leading technology provider for financial services firms. We had worked with peterevans for a number of years and had always been impressed by their cutting-edge technology offering. The acquisition will allow us to collaboratively enhance the existing offering and create an extended range of services in this important market. We also expanded Equiniti's current company secretarial offering with the acquisition of Prism Cosec, who work with UK and international companies to establish and maintain excellent standards of corporate governance.

Building on a strong heritage of supporting the UK's best known brands and public services, we have laid down the foundations to accelerate growth and develop our business as a leading Business Process Services provider. Equiniti is a highly cash generative business with a high proportion of recurring income and long term contracts. We have an expanding pipeline of opportunities and a broadening service offer targeting growth markets.

The outlook for 2013 is positive. We anticipate increased market opportunities for our specialist business processing services in both the public and private sectors. We continue to invest both in our business and our people to drive sales growth and service improvements.

Wayne Story
Chief Executive Officer

DIRECTION

A CLEAR DIRECTION

Equiniti specialises in providing complex administration and payments processing solutions, with expertise in delivering the service quality demanded by regulated markets.

With continued market pressure to find efficiencies, companies are increasingly looking for more effective solutions to non-core-processes. Legislative changes are further increasing the administrative burdens and complexity of most organisations, particularly in the pensions, banking and financial services sectors.

The Government continues to drive reform in many areas of public spending, with an increasing emphasis on more flexible delivery models. Outsourcing, joint ventures and shared service delivery provide opportunities to drive increased value for UK citizens and improve service levels.

Our established expertise in these critical areas and the scale of our capabilities put us in a strong position to respond to these market opportunities during 2013. We will move towards a single integrated brand and continue to invest in our Big Ticket sales team, targeting key outsourcing markets where we have a strong heritage including banking and financial services, the health sector and central government. We continue to extend the range of services we provide to our substantial client base and have successfully increased the the average number of service lines delivered to top tier clients* to 12.5 (from 9.7 in 2011), resulting in 10% CAGR for this segment.

We also have a tight focus on cash conversion and on maintaining the quality of our recurring contract revenues.

* Clients spending £1m+ per year

Every champion needs a great pit crew

Empowering our partners through business process outsourcing solutions

As every champion knows, having the right pit strategy can mean the difference between first and second place.

That's where we come in. With our world-class support team in tow, our clients are free to focus on the finishing line while we take care of the details. It's what we do for around 1,600 of the UK's leading businesses and public sector institutions. Whether it's refining an existing service infrastructure or designing bespoke technology solutions, our business process outsourcing services help keep our clients on track and front of the pack.

We continuously enhance our capabilities through acquisitions and product development.

We have a strong pipeline of potential acquisitions

ACQUISITIONS AND DEVELOPMENTS

MyCSP mutual joint venture

MyCSP, the first mutual joint venture business created from a central government service, was launched by Francis Maude, Minister for the Cabinet Office. Equiniti Group's Paymaster business was selected as the private sector partner taking a 40% stake. Former Cabinet Minister, Lord Hutton of Furness, was appointed as the first Chairman of MyCSP Ltd. The innovative Mutual Joint Venture model gives employees a 25% ownership stake, representation at board level and a share in profits. The new enterprise administers pensions for the 1.5million members of the Civil Service scheme. The Government retains a 35% stake so taxpayers benefit as the business grows in value. Working in partnership with MyCSP, we will be able develop innovative new ways of working with the public sector, delivering efficiencies through scale and access to wider commercial opportunities. Since its launch in April 2012, MyCSP has secured 12 new contract wins.

peterevans

The Equiniti Group acquired the leading technology provider for financial services firms, peterevans. As part of the Group, the business will be able to further develop its cutting-edge technology offering in order to create an extended range of services to both current and prospective clients looking to outsource their services. Clearly focused on the securities and investment market, peterevans extends Equiniti's platform and offering in the financial services market.

Prism Cosec

The acquisition of Prism Cosec – a respected corporate governance and company secretarial services provider - will expand Equiniti's current company secretarial offering complementing that provided by Equiniti David Venus. Prism Cosec works with UK and international companies to establish and maintain excellent standards of corporate governance and have significant expertise and experience working with international companies, particularly those looking to list in the UK.

Auto-enrolment

October 2012 saw the introduction of major pension reforms in the UK. To enable employers to overcome the processing and communication challenges of Auto Enrolment, fully comply with legislation and do so in an efficient and cost effective way, we introduced CompendiaAE. Based on the award-winning Compendia pensions administration platform and utilising its system independent web self service tools, CompendiaAE simplifies the administration and reduces the costs involved with auto-enrolment.

This robust and intelligent platform can interface with an employer's HR and payroll systems to interrogate the databases for the whole workforce and automatically enrol, at outset and ongoing, all eligible jobholders into the employer's Qualifying Scheme(s) or NEST.

Paymaster International Payments

Paymaster International Payments is an alliance between Equiniti, one of the largest global banks and TransGlobal Payment Solutions for the provision of the online payment platform PayFac.

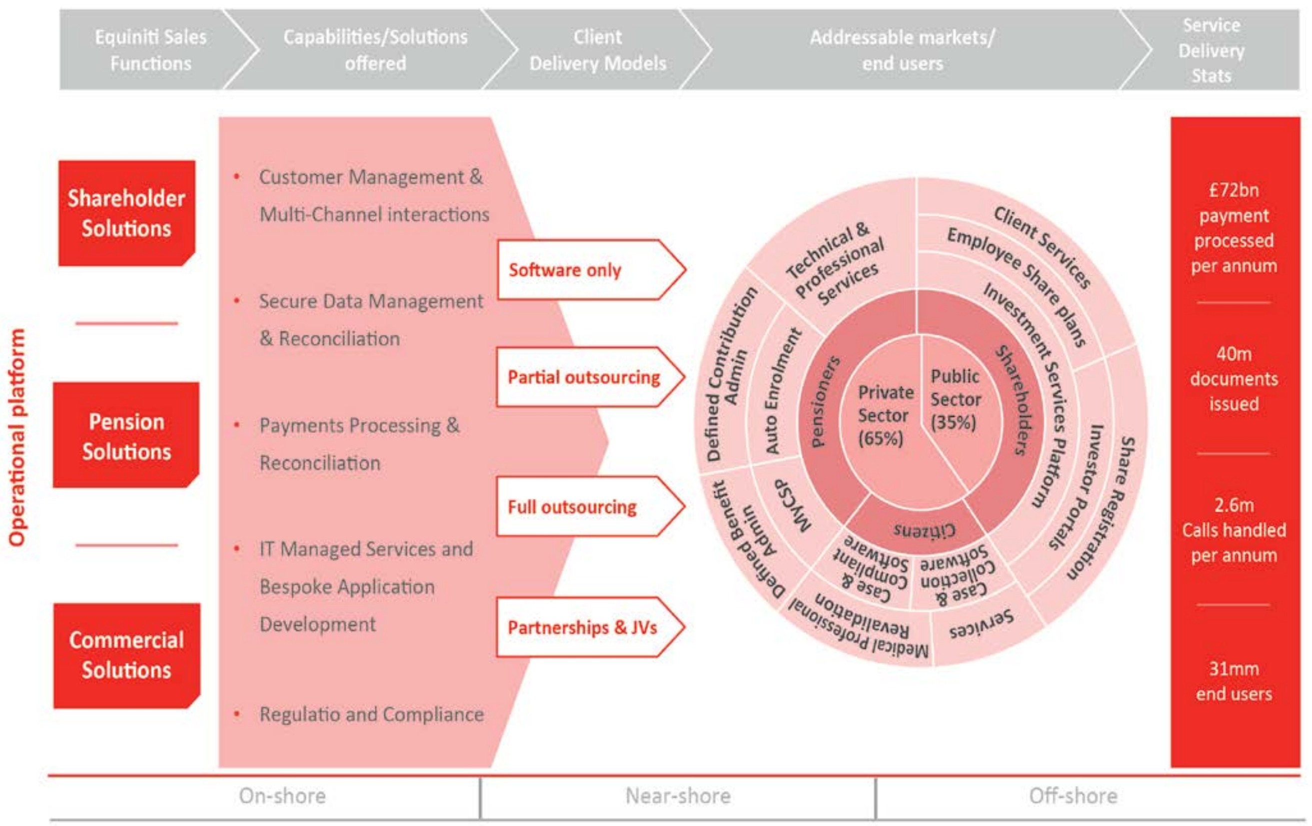
It is a best in class international payments service and a high quality foreign exchange service that has smarter work processes, delivers in the local currency and guarantees accurate payments.

Consolidated technology platform

In 2012, we consolidated the strength of our Belfast-based ICS business with Equiniti's IT services unit, a leading provider of large scale complex systems. The enlarged offering provides our clients with innovative first class on-shore, near-shore and off-shore technology solutions.

Acquisitions by the Xafinity Consulting business are not included as this business was disposed of during the year

A BUSINESS MODEL FOR GROWTH



We have a robust business model focused on unlocking growth potential for the Group.

Big Ticket

Our Big Ticket function leads major contract bids, Group wide sales initiatives and taking new services to market. By drawing on our broad capabilities, we have the flexibility and scope to spearhead growth from cross sales, new markets and new services.

Market facing teams

The business is structured into three market-focused sales teams each with in-depth expertise in their sectors, ensuring we maintain the leadership in our core markets: Shareholder Solutions, Pension Solutions and Commercial Solutions.

Client framework

Our 1,600 clients are held within the Group's Key Account framework. This provides a comprehensive platform to cultivate deeper commercial relationships across our clients' large and often complex organisations, facilitating opportunity identification and closer partnership working.

Shared centres of excellence

For maximum effectiveness and efficiency, all our critical platforms and support functions are delivered through Shared Service Centres. This ensures each function has the scale and depth of expertise to deliver market-leading service excellence to our clients across the sectors in which we operate.

OVERVIEW OF THE MARKET

Market drivers and opportunities

Effective management of costs remains a strong focus for most organisations across the public and private sectors.

In order to deliver both cost savings and continued service improvements, organisations are focusing ever more on the longer term commercial fit of outsourcing partners, where market knowledge and operational synergies can play to a more successful outcome.

Equiniti has an unrivalled heritage in the large corporate, banking, financial services and public services sectors, delivering complex financial administration and business services in regulated markets. We have seen increased activity in our broader outsourcing activities and are well placed to respond to the needs of organisations in these key markets. Developments in the financial services sector, such as the widely publicised PPI issues, have driven demand for our specialist complaints management solutions.

Legislative changes and reforms in the pensions market, including auto-enrolment, continue to place additional pressures on organisations. Being able to adapt quickly and cost effectively to these changes is critical to our clients. As a result of this increased complexity, demand for outsourced services in this field is anticipated to grow over the coming years.

We have worked closely with our clients to develop existing approaches and implement a range of innovative new services and technologies to meet the increased challenges they face. Our capabilities in the pensions market span software and administration services, establishing the Group in a unique position to continue to succeed and innovate in this sector.

As the private sector partner to the first Mutual Joint Venture to be launched by the Government - MyCSP - we are well placed to develop innovative new ways of working with the public sector, delivering efficiencies through scale and access to wider commercial opportunities.

The market's appetite for corporate actions has remained relatively subdued. While the low level of activity in this market is expected to continue, our recurring contracted revenues underpin our Shareholder Solutions operations and have allowed us to invest in further service improvements, acquisitions and new products. We maintain a leading share in the FTSE100 and look to grow our service range within the small cap sector.

Our recurring revenues allow us to invest in further service improvements, acquisitions and new products. We maintain a leading share in our core markets and look to further grow our BPS services.

OPERATIONAL

OPERATIONAL FOCUS

1,009* colleagues

£130m revenue **+17%**

£24.6m EBITDA **+31%**

27% work-based schemes members supported

£13bn payments

PENSION SOLUTIONS

Our Pension Solutions operation is one of the UK's leading specialist providers of pension administration and payments expertise.

Our Pension Solutions operation delivered an excellent 31% EBITDA pre exceptional items growth to £24.6m (2011: £18.8m), with the Hazell Carr operation performing exceptionally strongly as a result of their ability to respond to market requirements for specialist complaints handling, reaching a milestone of 1,000 contractor placements. Sales revenue rose 17% to £130.0m (2011: £111.2m).

Equiniti Paymaster won the first mutual joint venture out of UK Central Government - MyCSP, and we have already helped them make a difference to their business in terms of operations, infrastructure, brand and IT.

Together we provide pensions software, outsourced administration and payment services to 7.3 million scheme members. This represents 27% of occupational pension scheme members in the UK. We pay over £13 billion to 2.3m pensioners and annuitants in over 180 countries each year.

By effectively using capabilities from across the Group, we have successfully grown our Key Accounts including Lloyds Banking Group, Citigroup and Prudential. We have also ensured our relationship with the Armed Forces has been secured for at least a further seven years as well as maintaining our record of winning Pension Awards over the last decade, with two awards for our Compendia software in 2012.

As part of our strategy to develop a focused BPS offering, we agreed to sell the Xafinity Consulting business. We believe that separating the business now is the right course of action for both Xafinity Consulting and the wider Equiniti Group. We fully expect both businesses to continue to work in close partnership in key areas of mutual interest in the pensions market.

We have also integrated our pension software operation, Equiniti Claybrook, into the Pension Solutions business to enable greater operational synergies to be achieved.

We will now move to a single integrated Equiniti brand from 2013, further enhancing our cross-selling opportunity and leading market position.

We pay around **20%** pensioners in the UK

* number of colleagues as at December 2012.

SHAREHOLDER SOLUTIONS

Our Shareholder Solutions operation is a strategic partner to leading businesses, delivering complete commercial solutions in share registration, employee benefits and investment services.

The Shareholder Solutions operation maintained a strong overall sales performance with £115.8m revenue (2011: £111.4m) with a 4% EBITDA pre exceptional items increase to £54.6m in 2012 (2011:£52.3m) despite continued depressed conditions, low levels of Corporate Actions and prolonged low interest rates.

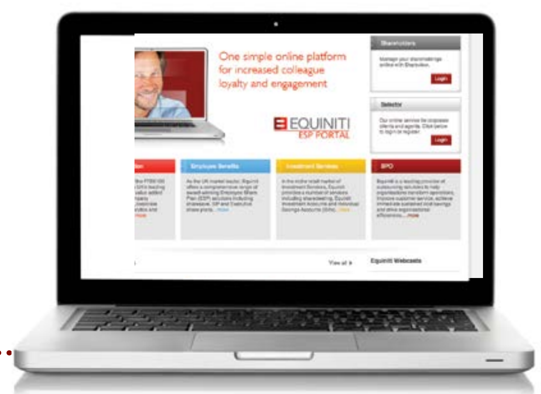
The Investment Services business performed exceptionally well during the period, achieving 46% EBITDA growth to £12.7m (2011: £8.7m) from increased share dealing activity. Our Employee Benefits and Shareplan business also delivered 5% EBITDA growth to £17.7m. It has seen a high take up of our Employee Benefits Portal by over 100 major corporate clients. This unique portal allows employees to manage their shareholdings and benefits through one online solution.

The business, which is the leading provider to FTSE100 and FTSE250 companies, is highly cash generative with substantial levels (73%) of contracted income. We continue to deliver high (95%) client renewal rates and new business wins including Fresnillo, Imagination Technologies and Segro. Our contract periods are typically for five or more years.

We have extended our capabilities with the acquisition of peterevans, the leading technology provider for financial services firms. This will enable us to collaboratively enhance the existing offering and create an extended range of services in this important market. We also expanded our company secretarial offering with the acquisition of Prism Cosec, who work with UK and international companies to establish and maintain excellent standards of corporate governance.

Committed to service excellence, we achieved CCA accreditation for the third year running and improved scores in all categories of the Capital Analytics Registrars benchmarking survey. We also won the Best Shareholder Services category at the Shares Awards and Most Innovative Technology for our ESP Portal at the Financial Services Awards.

8,000 daily trades



* number of colleagues as at December 2012.

1,318* colleagues

£115.8m revenue **+4%**

£54.6m EBITDA **+4%**

46% FTSE100

18m accounts

£23bn dividends

OPERATIONAL FOCUS (CONTINUED)

410* colleagues

£20.7m revenue **+6%**

£4.7m EBITDA **-4%**

on-shore
near-shore
off-shore

33m documents processed

COMMERCIAL SOLUTIONS

Our Commercial Solutions operation is focused on developing the wider BPS market and is underpinned by a range of IT services and software solutions.

In the Commercial Solutions operation, the core areas of IT services and payroll achieved 6% growth over last year. Overall the business delivered £20.7m revenue (2011: £19.5m) and 4% EBITDA pre exceptional items decrease to £4.7m (2011: £4.9m). Amongst the successes were Barnett Enfield and Haringey and North Middlesex Hospital NHS Trusts for payroll services and a major IT development contract for Central Bank of Ireland. Equiniti 360 Clinical recorded an impressive 35 new contract wins for its recently launched doctor revalidation software system.

The second half of 2012 also saw the merging of Group IT with the IT services business of Equiniti ICS to form a new £35m IT business. Providing services to the Group as well as the public and private sectors, the new entity is now well positioned to take advantage of the rapidly growing market for outsourced IT services.

We have been selected by **10%** NHS trusts to provide doctor revalidations

* number of colleagues as at December 2012.

OUR PEOPLE

Our people are at the heart of the quality of service and market innovations we deliver.

2,737
colleagues

23
locations

87%
staff retention

Our people are central to our success. We share a common ambition and values across the Group and we continue to invest in training and personal development at all levels, underpinning our focus on delivering excellent customer service and driving growth.

Through our acquisition programme, we were joined by new colleagues in centres across the UK. These teams have been welcomed into our existing operations, enhancing our expertise in key areas like software development and executive share programmes.

With market leading skill sets in HR software, employee benefits and pensions, we ensure that the reward proposition available to our people is best in class. We offer an engaging flexible benefits programme and have aligned our reward mechanism to our business goals.

OUR VALUES

Trust
We act with integrity and openness in our dealings with others

Excellence
We work hard to get it right first time and keep our promises and commitments to others

Client focus
We add value and build true partnerships

Belief
We have passion and belief in what we do and who we are

People
We are positive, enthusiastic and supportive of one another

CORPORATE RESPONSIBILITY

The Equiniti Group is committed to being a responsible company and supportive of the communities in which it operates.

Corporate Responsibility is about how we align our behaviour with the expectations and needs of our stakeholders - not just customers and investors, but also employees, suppliers, communities, regulators, special interest groups and society as a whole.

> We are committed to continual improvement

Environment

Equiniti Group recognises the importance of protecting the environment and the impact of commerce on environmental issues. It is an area which requires a sustainable and proactive strategy to ensure we protect the environment for future generations and we are committed to continual improvement in energy efficiency and avoidance of waste.

Equiniti Group continually assesses its premises needs and these have been optimised by a series of measures, including space planning, upgrading to more efficient plant where required, continual review of run-times as part of our drive to reduce energy consumption, installation of energy saving control systems and a comprehensive planned maintenance programme on all of our plant and machinery. Space planning has enabled us to maximise the use of buildings across the portfolio and has led to significantly reduced square footage and co-location of operations, where possible and appropriate. We are registered as a Group with the Carbon Reduction Commitment and have featured strongly in the published league tables for the first two years of that initiative.

In 2012 we attained the Carbon Trust Standard across our entire Group portfolio, a significant endorsement of our carbon management programme.

A considerable amount of capital has been allocated to projects in our Property and IT teams to enable carbon reduction measures to be implemented. Examples of this include the installation of voltage optimization equipment and smart metering in key buildings, helping to both reduce consumption and increase visibility of data, to enable us to make further in-roads to reducing our carbon footprint. Ongoing and continual reviews - and subsequent implementation programmes - of our IT hardware have led to a significant reduction in power consumption across the Group.

Equiniti Group uses state of the art printers which duplex print and use environmentally friendly paper and toner. This has halved the quantity of paper used and further reduced our environmental impact. We recycle all toner cartridges. We also run a recycling programme and have implemented a policy of removing waste bins at each desk and installing recycling bins in our premises, helping to ensure that our people sort and recycle right across the business. Through the use of modern video conferencing technology, we have reduced the number of business miles travelled and thereby also reduced our carbon footprint.

CORPORATE RESPONSIBILITY (CONTINUED)

Our people raised
£45,000
for local and national good causes

Training and Development

Training and development is an ongoing part of daily life in many of our offices and operations. There is significant commitment to people learning with access online to a range of training modules designed to support our values and behaviours across the Group. Allied to this are our own Training Academies across the business, which focus on enhancing technical skills, competencies and knowledge, which are specific to our business.

Over the last year we have also invested in a variety of development programmes that have enabled people to grow, learn new skills and improve business performance. For example, more than 600 people have participated in external courses, covering topics from Project Management to how to build their personal confidence, credibility and charisma. A new initiative introduced in 2012 was Whole-Brain Thinking profiling. This tool helps understand how individuals prefer to think and work, and has been significant in helping support Organisational Development and Change initatives across the organisation in 2012. To date over 200 people have participated in this assessment programme including our Leadership Team and 50 top managers. This has enabled our people to gain a better understanding of their own and other's thinking styles and to use this knowledge to enhance the impact and value of their interactions and communication with others across the Group.

Charity and Communities

We have a history of fundraising for good causes. Our people care passionately about helping others and throughout the year raise money both individually and through the efforts of our Charity Committees.

During 2012 we continued to work with our national charity partner, ABF The Soldiers' Charity. This was the second year of our partnership with The Soldiers' Charity and throughout the year we raised both funds and awareness for the charity through charity days, events such as quiz nights and car boot sales, and providing teams of people to support with events such as the London Marathon and The Ideal Home Exhibition. ABF The Soldiers' Charity supports service men and women who are in need with individual grants and support packages. They have more demand than ever for their services with continued military action overseas. They also provide support to other associated charities who provide different levels of support than that available through The Soldiers' Charity. With our history of working with the MoD this is a great choice of charity for the business and one which is well supported in many of our offices. Over the course of our partnership we have raised over £25,000 for the charity and have committed to continuing our support through 2013.

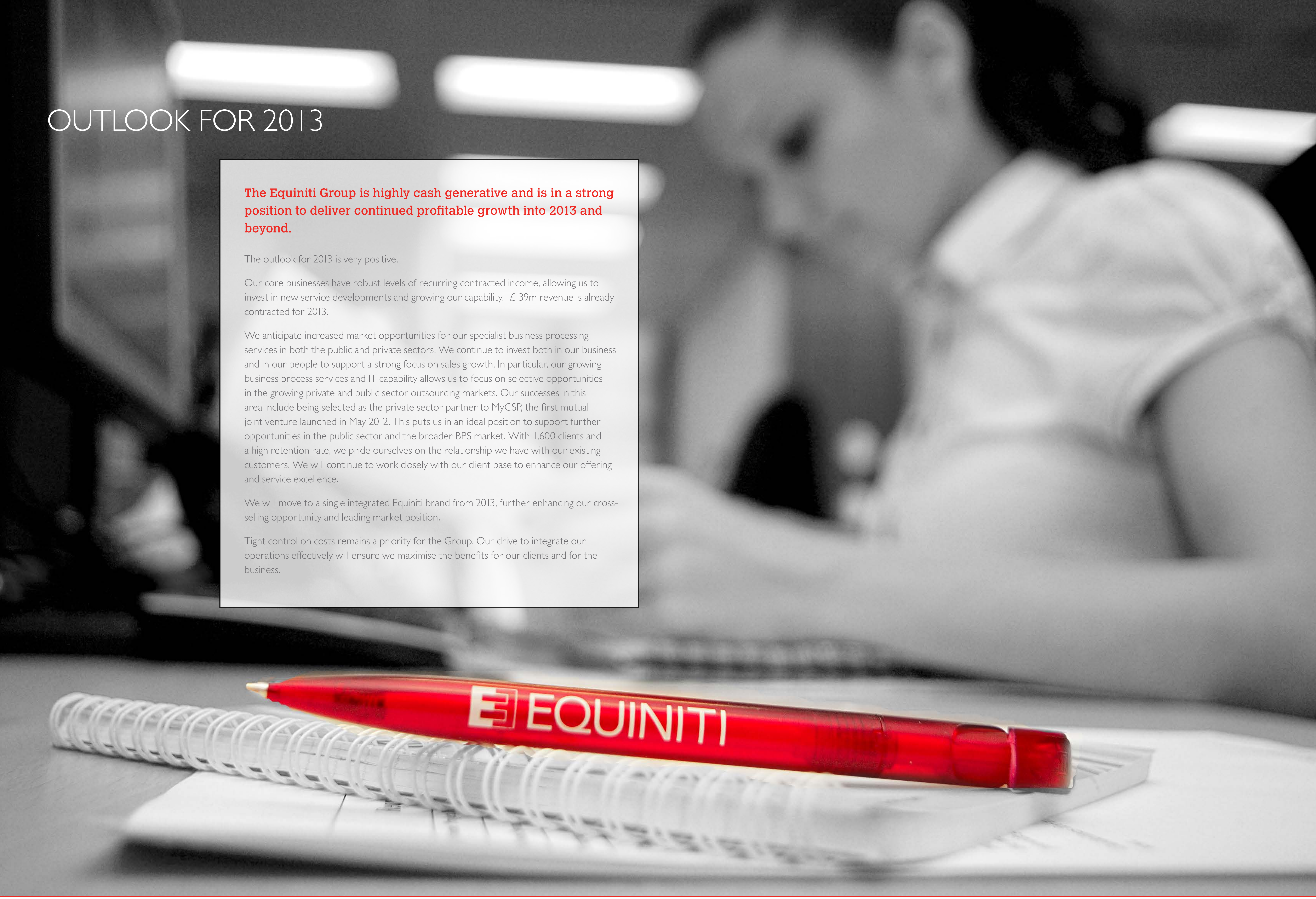
We also support Red Nose Day in March each year, and the Children in Need appeal day in November. Most of our offices and locations are involved for these two great causes and in 2012 we raised over £25,000 between the two days alone.

As well as supporting national charity partnerships, we have a local approach to charity support with most of our local offices nominating a local charity partner each year. These charities are often personal to our people and fund raising for these is a regular part of local office life.

Efforts from staff including internal events including cake sales, raffles, competitions, sponsored sporting events and dress down days saw our UK-based offices raise over £20,000 for their local charities in 2012, in addition to the support for our National Charity Partner and the two Charity days outlined above.

We are active in supporting local community projects and initiatives, including supporting a number of local schools. We are committed to working with young people to engage in business principles and functional expertise, with a focus of developing and investing in young talent, such as Young Enterprise. In 2012 we strengthened our links with a local High School by providing one day insight sessions for GCSE business students, as well as a week long work experience for one business student. Our people visit careers fairs and events at a local college to raise awareness of future career options as well as of the Equiniti Group. In 2012 we ran our first formal Apprenticeship programme with apprentices joining the Group mainly in IT roles. We will continue this programme in 2013.

OUTLOOK FOR 2013



The Equiniti Group is highly cash generative and is in a strong position to deliver continued profitable growth into 2013 and beyond.

The outlook for 2013 is very positive.

Our core businesses have robust levels of recurring contracted income, allowing us to invest in new service developments and growing our capability. £139m revenue is already contracted for 2013.

We anticipate increased market opportunities for our specialist business processing services in both the public and private sectors. We continue to invest both in our business and in our people to support a strong focus on sales growth. In particular, our growing business process services and IT capability allows us to focus on selective opportunities in the growing private and public sector outsourcing markets. Our successes in this area include being selected as the private sector partner to MyCSP, the first mutual joint venture launched in May 2012. This puts us in an ideal position to support further opportunities in the public sector and the broader BPS market. With 1,600 clients and a high retention rate, we pride ourselves on the relationship we have with our existing customers. We will continue to work closely with our client base to enhance our offering and service excellence.

We will move to a single integrated Equiniti brand from 2013, further enhancing our cross-selling opportunity and leading market position.

Tight control on costs remains a priority for the Group. Our drive to integrate our operations effectively will ensure we maximise the benefits for our clients and for the business.

BOARD OF DIRECTORS

The board comprises two executive and five non-executive directors

EXECUTIVE DIRECTORS

Wayne Story

Chief Executive Officer

Wayne joined the Equiniti Enterprises Group in 2008 as the UK Managing Director responsible for all operations and for overseeing the business entering the BPO market. Wayne was appointed the CEO of the Equiniti Group in January 2010.

Wayne has a track record of growing businesses and significant experience in the BPO market including a successful spell as Managing Director of the HR business at Capita, growing revenue and achieving triple digit growth. Wayne has also held senior roles at TSB Group, PPP Healthcare, PA Consulting Group and CSG. Wayne is also an Associate of the Chartered Institute of Banking.

Martyn Hindley

Chief Financial Officer

Martyn Hindley is the Chief Financial Officer of the Equiniti Group, a role he was appointed to in December 2012.

He joined the Equiniti Group from Emap where he held the position of CFO. Emap is a private equity owned international business to business media group. His sector experience also includes publishing, marketing, business support services, supply chain and logistics.

Prior to this Martyn held senior positions with PwC, Blenheim Group PLC, and Northcliffe Media

In his previous roles, Martyn was involved in driving transformational change and leading complex transactions including M&A activity.

NON-EXECUTIVE DIRECTORS

Kevin Beeston

Chairman

Kevin joined the Equiniti Board as Chairman in September 2011. He was the Chairman of Serco Group plc from 2002 to 2010, having previously served as Serco Group's Chief Executive and Finance Director. An accountant by training, Kevin joined Serco in 1985 and contributed to the company developing from a small UK technical services business to a leading FTSE100 international outsourcer.

Kevin holds a number of non-executive roles and is Chairman of UK developer and homebuilder Taylor Wimpey plc, Chairman of warranty services provider Domestic and General, Chairman of the independent provider of secure mental health services Partnerships in Care Limited.

From 2006-2009 Kevin chaired the CBI's Public Services Strategy Board, which promotes the role of business in transforming UK public services, and he was also a Commissioner for the TUC's Commission on Vulnerable Employment. Kevin is Chairman of the Nomination Committee, a member of the Remuneration and Audit Committees.

Sir Rodney Aldridge, OBE

Non-Executive Director

Sir Rod was the founder and Chairman of the Capita Group until his retirement in 2006. During his tenure he led the group from its formation in 1984 within the Chartered Institute of Public Finance and Accountancy (CIPFA) to being a FTSE 100 Company. Sir Rod was Chairman of the CBI's Public Services Strategy Board from its inception in 2003 until 2006. Prior to Capita, Sir Rod worked in local government for ten years, where he qualified as a chartered public accountant.

He joined CIPFA in 1974, ultimately becoming its Technical Director. In 2006, Sir Rod established the Aldridge Foundation to continue with his work on public service reform and to focus on his charitable activities involving educational underachievement and social exclusion.

Sir Rod is a Patron of the Prince's Trust and Chair of 'v', a charity launched in May 2006 which aims to inspire and engage over one million new youth volunteers. He is also Chairman of The Lowry, a theatre and arts venue in Salford and a member of the Lab Board at NESTA. Sir Rod is a member of the Audit Committee.

Oliver Niedermaier, PhD

Non-Executive Director

Oliver is currently President and Chief Executive Officer of King Worldwide. Most recently, Oliver was Chief Executive Officer of Georgeson, a subsidiary of Computershare, a world-leading provider of strategic solutions to corporations and shareholder groups.

Oliver joined the Computershare group executive committee following its 2004 acquisition of Pepper Technologies AG, an international CRM software and consultancy business which he founded in 1998.

He was responsible for corporate strategic development during an active period in Computershare's international expansion. In 2007, Oliver co-founded with The Riverside Company, Sage Holdings – now DF King Worldwide. Oliver is also a non-executive board member of the LMU Entrepreneurship Center at the University of Munich.

Oliver graduated from Ludwig Maxmilians University, Munich, with a Master's in Business Administration. While teaching Strategic Management at the University of Munich, Oliver completed his coursework for a PhD and graduated Magna Cum Laude. Oliver was recently honoured by the World Economic Forum as a 2010 Young Global Leader. Oliver is a member of the Nomination and Remuneration Committees.

Nick Rose

Non-Executive Director
(Investor Representative)

Nick joined Advent in 2005 from Bain and Company where he worked in their private equity practice on both pre and post acquisition work. Nick's sector focus at Advent is on business and financial services, with a particular emphasis on specialty finance, insurance, and outsourcing companies. During his time at Advent he has been involved in the sale of Financial Dynamics and, in addition to Equiniti, investments in Domestic and General, WorldPay and the Towergate Partnership plc. Nick is also an NED of the Towergate Partnership plc. He has an MA in philosophy, politics and economics from Oxford University. Nick is Chairman of the Audit Committee.

James Brocklebank

Non-Executive Director
(Investor Representative)

James joined Advent in 1997, moving from the London office of investment bank Baring Brothers where he advised clients on various international mergers and acquisitions. James led or has participated in a number of Advent's investments including Equiniti, WorldPay, Monext, Tertio Limited and MACH, and is head of Advent's European business and financial services sector team. James has an MA in geography, specialising in economic and political geography, from Cambridge University. James is Chairman of the Remuneration Committee and is a member of the Nomination Committee. James is also NED of WorldPay.

ADVENT INTERNATIONAL

Advent International is one of the world's largest and longest established private equity groups, with over US$26 billion in cumulative capital raised. Since their founding in 1984, Advent International has made over 600 investments in 41 countries, achieved over 140 IPOs on major stock exchanges worldwide and established a network of advisory offices and affiliates, operating in over 20 countries.

James Brocklebank and Nick Rose are the Advent executives with oversight of the Equiniti Group and both serve as board directors.

DIRECTORS' REPORT

The directors present their directors' report and financial statements for the year ended 31 December 2012.

Principal activities

The Equiniti Group is a business services partner to leading businesses, delivering complete commercial solutions in share registration, employee benefits, investment services, pension and employee benefit consulting, pension administration, pension software systems, business software systems and business process outsourcing.

The Equiniti Group manages the spectrum of business processes that are critical to organisations, from administrating share registers and corporate actions to managing employee payrolls, providing flexible benefit schemes, providing pension software systems and the related administration of the underlying process or running outsource functions. The scale of specialist capability across the Equiniti Group's brands and our focus on quality mean that, when it really matters, the UK's leading companies trust the Equiniti Group to deliver. The Equiniti Group is split into three operating solutions: Shareholder Solutions, Pension Solutions and Commercial Solutions. These business lines all provide a unique and bespoke service to clients and are aligned to the financial reporting and management structure of the Equiniti Group.

In November 2012 the Group agreed to sell the Xafinity Consulting business which delivers consultancy support across the complex spectrum of pension, actuarial, trustee and investment activities. The sale completed in February 2013. Following the sale of Xafinity Consulting a number of group subsidiaries changed their names as set out in note 15 of the consolidated financial statements.

At the core of the Equiniti Group's business is an absolute focus on outstanding service; we put our clients at the centre of everything we do and our values are the driving force behind our commitment to providing a service which is world class, professional and adds value to our clients' businesses through a range of commercial outsourcing solutions.

Equiniti Group Limited acts as a holding company.

DIRECTORS' REPORT (CONT'D)

Business review

The audited results for the year are set out from page 39 onward. The detailed overview of the market and operational focus is set out in pages 15 to 19. Disclosures of principal risks and uncertainties affecting the business are set out in note 1. Subsequent to the balance sheet date, the Group disposed of the Xafinity Consulting business after a strategic review.

Key Performance Indicators

Our key performance indicators (KPIs) are the core measures used by the group to assess its own performance and allow shareholders and other internal and external stakeholders to see how the group is performing. Our KPIs are regularly reviewed by the Executive Directors and Equiniti's Board of Directors.

		2012	2011
Financial			
Total revenue	£m	266.5	242.1
EBITDA (before exceptional items)	£m	81.1	75.3
Operating profit	£m	31.4	28.4
Operating cash flow	£m	92.6	62.9
Cash conversion	%	114.2%	83.5%
Capital expenditure ratio	%	4.7%	4.5%
Non-Financial			
Staff retention	%	87.2%	85.4%
Client satisfaction	%	91.0%	91.0%

Financial KPIs

The Directors regard the financial KPIs of the business to be total revenue, EBITDA pre exceptional items, operating profit, operating cash flow, cash conversion and the capital expenditure ratio.

Total revenue

Total revenue for the year was £266.5m. This has a high recurring component and less reliance on project based revenue.

Earnings before interest, tax, depreciation, and amortisation (EBITDA) pre exceptional items

EBITDA pre exceptional items is a key earnings indicator due to its impact on financial covenants. It reflects profit before finance costs, taxation, depreciation and amortisation and exceptional items. In 2012 EBITDA pre exceptional items was £81.1m, an increase of £5.8m (7.7%) compared with the prior year (£75.3m). This represents a margin of 30% which is consistent with the prior year's margin. The directors are satisfied with this result due to the reasons mentioned in the business review.

Operating profit

Operating profit remains a key earnings indicator, reflecting profit before finance costs and taxation. In 2012 operating profit was £31.4m, an increase of £3.0m (11%) compared with the prior year (£28.4m). This represents a margin of 12%, comparable with the prior year's margin. The directors consider this to be a positive result.

Operating cash flow

Operating cash flow is a key earnings indicator, reflecting the cash generated from trading activities. In 2012 operating cash flow was £92.6m, an increase of £29.7m (47%) compared with the prior year (£62.9m). The directors consider that this highlights the Group's ability to generate cash from each of its operating solutions.

Cash conversion

Cash conversion relates to the amount of operating cash flow generated as a percentage of EBITDA pre exceptional items. The result for this year continues to demonstrate the strength of the Group to generate cash.

Capital expenditure ratio

As part of the Group's ongoing efforts to improve cash flow, capital expenditure is managed effectively. Capital expenditure ratio consists of expenditure on tangible and intangible assets, as a percentage of revenue.

Non-financial KPIs

Performance against non-financial KPIs is reflected in the following:

Staff retention

Staff retention measures the number of staff who remained employed in the Group throughout the year as a percentage of total staff at the year end. The Directors believe this continues to reflect the high level of commitment from the Group's employees.

Client satisfaction

The KPIs reported for client satisfaction cover excellent or good service quality ratings from our clients. This KPI is consistent with 2011.

Exceptional items

Exceptional items of £11.8m (2011: £11.4m) include costs incurred in respect of the integration of the businesses to form the Equiniti Group, other restructuring and corporate development costs and a provision against exceptional irrecoverable costs incurred on a complex long term contract.

Capital expenditure

Capital additions for the year amounted to £12.5m (2011: £12.7m), of which £12.5m was paid in cash (2011: £10.9m). This comprised £3.1m (2011: £4.3m) of property, plant and equipment and £9.4m (2011: £8.4m) of software and other intangible assets.

Finance costs

Group net finance costs were £66.9m (2011: £74.8m); of this a net interest cost of £31.9m (2011: £37.8m) was payable in cash. The remaining £35.0m (2011: £37.0m) is all non-cash charges and includes £18.4m (2011: £17.5m) of accrued bank and shareholder loan interest, £12.9m (2011: £12.0m) dividends accrued on preference shares and £3.7m (2011: £7.5m) amortisation of finance costs.

Loss for the year

The Group made a loss for the year from continuing operations of £28.1m compared to £37.6m in 2011. The year on year reduction is mainly down to improved profit from operating activities as well as a significant decrease in finance costs.

Cashflow

The Equiniti Group remains highly cash-generative. During the year to 31 December 2012 net cash inflow from operating activities was £92.6m (2011: £62.9m). Of this cash inflow from operating activities, £12.5m (2011: £10.9m) was reinvested into capital expenditure, £31.9m (2011: £37.8m) was utilised to meet the net cash interest and other financing costs of the Equiniti Group's borrowings, business acquisitions of £10.6m (2011: £8.2m) and debt repayment of £15.0m (2011: £13.0m). Xafinity Consulting cash balances were reclassified as assets held for sale as at 31 December. This and the items mentioned above resulted in a net increase in cash and cash equivalents of £22.6m (2011: decrease of £7.6m) over the year.

Bank borrowings and financial covenants

At the end of December 2012, net bank debt was £643.1m (2011: £641.1m) and shares classified as debt was £174.9m (2011: £162.0m).

The Equiniti Group's bank borrowings are available under senior interest paying and payment in kind ("PIK") facilities and reside in Equiniti X2 Inv Limited and Equiniti Enterprises Limited (which mirror the two banking groups). The Equiniti Enterprises senior loans mature between 2015 and 2017 whilst the PIK facility matures at the end of 2017, and the Equiniti X2 Inv Group senior loans mature in 2017. Both of these lending facilities require the Equiniti Group to comply with certain financial covenants, which are applied to each banking group independently. The covenants include annual controls on capital expenditure and the maintenance of certain minimum ratios of earnings before interest, taxes, depreciation and amortisation on both net interest payable and net debt. In addition, there is a requirement that the net operating cash flows generated are not less than the Equiniti Group's cash cost of funding the bank debt. The facilities are secured by fixed and floating charges over Group assets. Further detail on the Equiniti Group's borrowing is set out in note 22 of the consolidated financial statements.

The Group complied with its covenants in respect of both banking group's facilities at the year ended 31 December 2012.

The Equiniti Group has a revolving credit facility of £12.6m, which was not used in the year, it is available to finance working capital and for general corporate purposes.

Liquidity risk and going concern

The principal uncertainties which the Equiniti Group faces relate to certain revenue activities that are more difficult to predict, such as corporate action income. These are dependent on the specific activities of corporate clients which may in turn be influenced by underlying market conditions.

Liquidity risk is the risk that the Equiniti Group will not be able to meet its financial obligations as they fall due. The Equiniti Group's approach to managing liquidity is to ensure, as far as possible, that the Equiniti Group will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

We have used the Equiniti Group's three year business plan as the basis for projecting cash flows, and measured resulting outcomes on cash availability and bank covenant test points. The Equiniti Group has a very high level of client retention giving a high degree of comfort on certainty of revenue income.

DIRECTORS' REPORT (CONT'D)

During this period the Equiniti Group is not forecast to require drawing down the revolving credit facility and we expect to remain compliant with all financial covenants. As such, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in the preparation of these accounts.

Risk management

Various aspects of the Equiniti Group's activities are regulated directly or indirectly. As such, the Equiniti Group's risk management systems are longstanding and robust. The Equiniti Group has a strong risk management framework where it utilises a "three lines of defence" model, namely: operational management's application of systems and controls, the development and deployment of business conduct rules and regulatory policies, and the independent assessment of these two defences by the Equiniti Group's independent internal audit function. The business assesses its risk and risk profile using the enterprise wide risk management model which covers strategy, change, customer treatment, financial soundness, market and credit exposure, legal and regulatory compliance, internal and external fraud exposure, change and operations. It is a combination of these risk assessments that derive the formulation of the Equiniti Group's risk appetite.

In addition, the Equiniti Group has a well established business continuity management (BCM) framework which determines how business critical each activity is to clients, customers, other external stakeholders and the Equiniti Group. Once assessed and independently challenged, each business unit is required to apply a range of business continuity tests which increase in line with the level of critical activity undertaken. The Equiniti Group actively tracks its compliance with its BCM testing programme.

Financial risk management

The Equiniti Group has established risk management policies and the Equiniti Group Audit Committee oversees how management monitors compliance. With these policies and procedures we review the adequacy of the risk management framework in relation to the risks faced by the Equiniti Group. The Equiniti Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

The Equiniti Group's operations expose it to a variety of financial risks, including credit risk, liquidity risk and the effects of changes in interest rates on debt. The Equiniti Group has established a risk management programme that seeks to limit the adverse effects on the financial performance of the business by monitoring levels of debt finance and the related finance costs.

The Equiniti Group's principal financial instruments comprise sterling cash and bank deposits, bank loan and overdrafts, other loans together with trade debtors and trade creditors that arise directly from its operations.

Cash flow interest rate risk

The Equiniti Group is exposed to interest rate risk in three main respects. Firstly, income relating to client balances is generally at floating rates. This risk is currently largely mitigated by an interest rate derivative which runs to October 2016. Secondly, expense relating to the UK Sharesave (SAYE) product and ultimately payable to savers at fixed rates is protected by fixed rate income agreements. Thirdly, interest expense arising on floating rate loans is mitigated via interest rate derivatives (swaps); these run to October 2016 and March 2013 for the Equiniti Enterprises Limited and Equiniti X2 Inv Limited Groups respectively.

Credit risk

The Equiniti Group's principal financial assets are bank balances, cash and trade debtors, which represent the maximum exposure to credit risk in relation to financial assets.

The Equiniti Group has strict controls around and regularly monitors the credit ratings of institutions with which it enters into transactions on its own behalf and for its clients. The Equiniti Group is not exposed to significant customer credit risk due to the risk being spread across a large and diverse client base.

Credit risk is the risk of financial loss to the Equiniti Group if a customer or counterparty, including brokers, to a financial instrument fails to meet its contractual obligations, and arises principally from the Equiniti Group's receivables from customers. Losses have occurred infrequently over previous years. Due to the nature of the business the majority of the trade receivables are with FTSE 350 companies. The amounts presented in the consolidated statement of financial position are net of allowances for doubtful debts, estimated by management based on prior experience and an assessment of the current economic environment.

Foreign currency risk

The Equiniti Group is exposed to foreign currency risk, primarily arising from its IT business partnering arrangement. It is our policy to hedge against material currency fluctuations where this is felt to be advantageous.

Price risk

Price risks are the changes in market prices such as interest rates, foreign exchange rates and equity prices which impact the Equiniti Group's income or the value of its financial instruments.

The Equiniti Group's financial instruments are mainly in sterling; hence foreign exchange movements do not have a material effect on the Equiniti Group's performance. The Equiniti Group does not hold its own position in traded securities, being involved in receiving and transmitting transactions on behalf of its clients.

The Equiniti Group earns fee income in relation to client and shareholder deposits as well as interest on its own deposits. The Equiniti Group's senior debt and PIK loan rates are linked to Libor.

The Equiniti Group is exposed to movements in the interest rate in both its intermediary fee revenue and net finance costs. Intermediary fee revenue is linked to bank base rate, whilst both the senior debt and the PIK loan rates of the Group are linked to Libor.

In 2011 the company hedged at existing market rates the monthly intermediary fee income by receiving a fixed rate against base rate that continues until 2016. This was against an underlying level of £400m of assets reducing by £80m over the term.

Also in 2011, a swap, fixing monthly interest payable rates against LIBOR on Enterprises Group's levels of external borrowings was taken out that also continues until 2016. This was against an initial liability level of £425m reducing by £125m over the term. This effectively hedges the Group's exposure to the difference between Bank Base Rate and LIBOR over the five years from October 2011.

In addition, the Equiniti X2 Inv Limited Group has taken out a derivative to fix the variable (LIBOR) element of its borrowings (for £74m reducing to £63m for three years through to March 2013, fixing 3 month LIBOR to 2.29%).

The Equiniti Group continually reviews these risks and will identify suitable instruments where applicable.

Capital risk management

The Equiniti Group's objectives when managing capital is to maximise shareholder value while safeguarding the Equiniti Group's ability to continue as a going concern. We will continue to proactively manage our capital structure whilst maintaining flexibility to take advantage of opportunities which arise to grow our business. One element of our strategy is to make targeted, value-enhancing acquisitions. The availability of suitable acquisitions, at acceptable prices is, however, unpredictable.

In common with other private equity portfolio companies, the Equiniti Group carries a high level of net debt compared to equity. Total capital is calculated as total equity as shown in the consolidated statement of financial position, plus net debt. Net debt is calculated as the total of "other interest bearing loans and borrowings" as shown in the consolidated statement of financial position, less cash and cash equivalents.

Principal risks and uncertainties

Legislative risks

The Equiniti Group trades within regulated sectors of the UK economy and is required to comply with all relevant regulations, which it manages through ongoing regulatory assessment, robust systems and controls, qualified staff and independent compliance personnel.

Operational risks

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or from external events arising from day-to-day operating activities. The Equiniti Group has put in place and tested mitigation plans to minimise the impact of these risks crystallising. It has invested in training and implemented processes and procedures to reduce the likelihood of occurrence. Coupled with this, the Equiniti Group maintains a comprehensive insurance programme tailored to the demands of the business.

Contractual arrangements

The Equiniti Group has contractual arrangements with all of its clients. These contracts range between one and five years, and are essential to the business. However, the details of these contracts are also commercially confidential, and consequently have not been reported in this review. The Equiniti Group continues to develop key supplier partnerships to support the long term aims of its customers and the

DIRECTORS' REPORT (CONT'D)

business. The Equiniti Group's policy is to establish trading arrangements which are made following an open non-discriminatory competitive bidding process.

Other risks and uncertainties

The nature of the company's services means that occasionally a claim for professional service shortcomings can arise which could result in compensation payable. To mitigate this risk the company maintains professional indemnity insurance, which is in place across the Equiniti Group.

Proposed dividend

The directors do not recommend the payment of a dividend on ordinary shares but there are amounts accruing on preference shares included in finance expenses.

Supplier payment policy

The Equiniti Group's policy is to settle terms of payment with suppliers by agreeing the terms of each transaction, ensuring the suppliers are made aware of the terms of payment and abiding by the terms of payment. Trade creditor days of the Equiniti Group for December 2012 were 35 days (2011: 35).

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Sir Rodney Aldridge	
Kevin Beeston	
James Brocklebank	
Martyn Hindley	Appointed 3 December 2012
Alasdair Marnoch	Resigned 31 May 2012
Oliver Niedermaier	
Nick Rose	
Wayne Story	

The Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Group also purchased and maintained throughout the financial year Directors and Officers' liability insurance in respect of itself and its Directors and Officers.

Employees

The Equiniti Group is committed to providing an environment which fosters involvement by all our employees. Regular briefings through meetings and publications keep all employees up to date with employment practices, health and safety as well as the business objectives of the Equiniti Group. The Equiniti Group gives full and fair consideration to employment applications from disabled persons, having regard to their particular aptitude and abilities. Where existing employees become disabled, it is the Equiniti Group's policy to provide continuing employment under normal terms and conditions wherever practicable, providing training, career development and promotion to disabled employees where appropriate.

Going concern

The directors are satisfied that the Equiniti Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the accounts.

Political and charitable donations

The Equiniti Group did not make any political donations or incur any political expenditure during the year. Charitable donations of £45,000 (2011: £50,000) were made during the year to a mixture of local and national charities.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Equiniti Group's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Equiniti Group's auditors are aware of that information.

Directors' Responsibilities

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 prepared the group and parent financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Group and the company and of the profit or loss of the Group 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 IFRSs as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB), 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 Group or company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are 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.

By order of the Board

M Hindley
Director
29 April 2013

Registered Number:
07090427

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP LIMITED

We have audited the group financial statements of Equiniti Group Limited for the year ended 31 December 2012 which comprise the Group Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 37, 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 group'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. 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 group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2012 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 group financial statements are prepared is consistent with the group 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Equiniti Group Limited for the year ended 31 December 2012.

Keith Evans (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors, Reading

8 May 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2012

	Note	2012 £'000	*2011 £'000*
Continuing operations			
Revenue	5	266,544	*242,139*
Operating costs before exceptional costs, depreciation and amortisation	7	(185,434)	*(166,803)*
Earnings before interest, tax, depreciation and amortisation (EBITDA) prior to exceptional items	7	81,110	*75,336*
Operating costs - exceptional items	6	(11,776)	*(11,363)*
Earnings before interest, tax, depreciation and amortisation (EBITDA)		69,334	*63,973*
Depreciation of property, plant and equipment	13	(3,518)	*(4,003)*
Amortisation of intangible assets	14	(34,376)	*(31,596)*
Total operating costs	7	(235,104)	*(213,765)*
Profit from operating activities		31,440	*28,374*
Finance income	10	973	*1,180*
Finance costs	10	(67,882)	*(75,982)*
Net finance costs		(66,909)	*(74,802)*
Share of profit of associates	11	288	*-*
Loss before income tax		(35,181)	*(46,428)*
Income tax credit	12	7,048	*8,813*
Loss for the year from continuing operations		(28,133)	*(37,615)*
Discontinued operations			
Profit for the year from discontinued operation (attributable to owners of the parent)	21	9,712	*8,807*
Loss for the year attributable to owners of the parent		(18,421)	*(28,808)*
Other comprehensive income			
Fair value movement through hedging reserve		(2,742)	*419*
Defined benefit plan actuarial loss	24	(2,541)	*(3,856)*
Deferred tax credit on other comprehensive income		584	*964*
Total comprehensive loss for the year attributable to owners of the parent		(23,120)	*(31,281)*

The notes on pages 43 to 78 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2012

	Note	2012 £'000	*2011 £'000*
Assets			
Non-current assets			
Property, plant and equipment	13	10,753	*11,577*
Intangible assets	14	611,741	*698,076*
Investments in associates	11	9,370	-
Other financial assets	16	6,122	*6,122*
		637,986	*715,775*
Current assets			
Tax receivable		1,835	-
Trade and other receivables	19	55,844	*70,919*
Cash and cash equivalents	20	57,818	*46,845*
		115,497	*117,764*
Assets of disposal group classified as held for sale	21	85,605	-
Total assets		839,088	*833,539*
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	26	5,000	*5,000*
Share premium	26	3,495	*3,495*
Hedging reserve		(3,402)	*(660)*
Accumulated deficit		(134,025)	*(113,647)*
Total equity		(128,932)	*(105,812)*
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	22	853,510	*842,335*
Employee benefits	24	6,268	*3,978*
Provisions for other liabilities and charges	25	8,787	*11,390*
Other financial liabilities	17	886	*1,353*
Deferred income tax liabilities	18	8,587	*18,469*
		878,038	*877,525*
Current liabilities			
Interest-bearing loans and borrowings	22	29,446	*20,842*
Trade and other payables	23	38,966	*38,795*
Employee benefits	24	428	*451*
Income tax payable		-	*9*
Provisions for other liabilities and charges	25	3,381	-
Other financial liabilities	17	4,053	*1,729*
		76,274	*61,826*
Liabilities of disposal group classified as held for sale	21	13,708	-
Total liabilities		968,020	*939,351*
Total equity and liabilities		839,088	*833,539*

The notes on pages 43 to 78 form part of these financial statements.
These financial statements were approved by the Board of directors on 29 April 2013 and were signed on its behalf by

M Hindley
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

	Share capital £'000	Share premium £'000	Hedging reserve £'000	Accumulated deficit £'000	Total equity £'000
Balance at 1 January 2011	5,000	3,495	*(1,079)*	*(81,947)*	*(74,531)*
Comprehensive income					
Loss for the year per the statement of comprehensive income	-	-	-	*(28,808)*	*(28,808)*
Other comprehensive income					
Changes in fair value of cash flow hedges	-	-	*419*	-	*419*
Actuarial losses on defined benefit pension plans	-	-	-	*(3,856)*	*(3,856)*
Deferred tax on defined benefit pension plans	-	-	-	*964*	*964*
Total comprehensive income	-	-	*419*	*(31,700)*	*(31,281)*
Balance at 31 December 2011	*5,000*	*3,495*	*(660)*	*(113,647)*	*(105,812)*
Balance at 1 January 2012	5,000	3,495	(660)	(113,647)	(105,812)
Comprehensive income					
Loss for the year per the statement of comprehensive income	-	-	-	(18,421)	(18,421)
Other comprehensive income					
Changes in fair value of cash flow hedges	-	-	(2,742)	-	(2,742)
Actuarial losses on defined benefit pension plans	-	-	-	(2,541)	(2,541)
Deferred tax on defined benefit pension plans	-	-	-	584	584
Total comprehensive income	-	-	(2,742)	(20,378)	(23,120)
Balance at 31 December 2012	5,000	3,495	(3,402)	(134,025)	(128,932)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2012

	Note	2012 £'000	*2011 £'000*
Cash flows from operating activities			
Cash generated from operations	32	92,603	*62,876*
Net cash inflow from operating activities		92,603	*62,876*
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		21	*18*
Interest received		468	*357*
Business acquisitions net of cash acquired	4	(899)	*(8,191)*
Business acquisitions net of cash acquired and held for sale	21	(575)	-
Acquisition of an associate	11	(9,082)	-
Payment relating to prior year acquisition		(100)	*(500)*
Acquisition of property, plant and equipment		(3,047)	*(2,566)*
Acquisition of software		(9,437)	*(8,353)*
Net cash outflow from investing activities		(22,651)	*(19,235)*
Cash flows from financing activities			
Repayment of loans		(15,013)	*(13,016)*
Interest paid		(31,733)	*(37,913)*
Loan fees paid		(597)	*(287)*
Net cash outflow from financing activities		(47,343)	*(51,216)*
Net increase / (decrease) in cash and cash equivalents		22,609	*(7,575)*
Cash and cash equivalents at 1 January		46,845	*54,420*
Cash and cash equivalents at 31 December		69,454	*46,845*
Represented by:			
Included in cash and cash equivalents per the statement of financial position	20	57,818	*46,845*
Included in the assets of the disposal group	21	11,636	-
Cash and cash equivalents at 31 December		69,454	*46,845*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2012

1 Accounting policies

Equiniti Group Limited (the "Company") is a limited company incorporated and domiciled in the UK. The principal activity of the Company is that of a holding company. The registered office is Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH. The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group").

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS - IC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the going concern basis.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this section.

Accounting policies have been consistently applied, except where new policies have been adopted and disclosed in the financial statements.

Measurement convention
The financial statements are prepared on the historical cost basis except that liabilities for cash-settled share based payment arrangements and hedging agreements are stated at their fair value.

Basis of consolidation
Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Going Concern
Whilst a total comprehensive loss of £23.1m arose increasing net liabilities to £128.9m during the course of the year, the Group traded strongly, generating £104.4m of cash inflow from operating activities before net exceptional items of £11.8m leading to a net increase of £92.6m in the year. This current level of cash generation, combined with the three year business plan assessment provides the Directors with the comfort and expectation that the Group will be able to meet all of its commitments as they fall due and attain the covenant thresholds required under the term of the banking arrangements both during the year and in the three year business plan and, as such, allow the financial statements to be presented on a going concern basis.

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements.

Classification of financial instruments issued by the Group
Under IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are treated as distributions and are recorded directly in equity.

1 Accounting policies (continued)

Derivative financial instruments and hedging

Derivative financial instruments
Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the instruments at the statement of financial position date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Third party valuations are used to fair value the Group derivatives. The valuation techniques use inputs such as interest rate yield curves and currency prices/yields, volatilities of underlying instruments and correlations between inputs.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income within finance costs.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the statement of comprehensive income within finance costs. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity until the hedged item occurs.

Investments in subsidiaries
Investments in subsidiaries are carried at cost less any provisions for impairment.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. For items acquired as part of a business combination, cost comprises the deemed fair value of those items at the date of acquisition. Depreciation on those items is charged over their estimated remaining useful lives from that date.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

■ Leasehold improvements	2 – 50 years
■ Office equipment	3 – 10 years
■ Fixtures and fittings	3 – 20 years

Intangible assets and goodwill
IFRS 3 (revised), 'Business combinations' is effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

Goodwill represents amounts arising on acquisition, being the difference between the cost of the acquisition and the net fair value of the identifiable assets and liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units for the purposes of impairment testing and is not amortised. It is tested annually for impairment.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012

1 Accounting policies (continued)

Software is valued based on replacement costs valuations where identifiable or where this has not been ascertainable, using relief from royalty valuation over the estimated useful life.

Customer relationships are valued based on the net present value of the excess earnings generated by the revenue streams over their estimated useful lives.

Order books are valued based on expected revenue generation and Brand valuation is based on net present value of estimated royalty returns.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

■ Shareholder registration system	15 years
■ Other software	3 – 10 years
■ Customer relationships	4 – 20 years
■ Order book	1 year
■ Brands	5 - 10 years

Impairment of non-financial assets
Assets that have an indefinite useful life, for example goodwill or intangible assets not ready for use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Other financial assets
Other financial assets include loans and receivables, derivatives and investment in shares. Derivatives are explained above. Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment and are included in non-current assets as their maturity is greater than 12 months after the end of the reporting period. Investment in shares are non-derivative available for sale financial assets recognised initially at fair value with any subsequent changes in fair value being recognised through other comprehensive income. They are included in non-current assets as management do not intend to dispose of them within 12 months of the end of the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012

1 Accounting policies (continued)

Trade receivables
Trade receivables are stated initially at fair value then measured at amortised cost less provisions for impairment. Provisions for impairment are recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The impairment recorded is the difference between the carrying value of the receivables and the estimated future cash flows discounted where appropriate. Any impairment required is recorded in the statement of comprehensive income within operating costs.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of financial position and the statement of cash flows.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis. On borrowings extinguished, any difference between the cash paid and the carrying value is recognised in the statement of comprehensive income.

Trade payables
Trade payables represent liabilities for goods and services received by the Group prior to the end of financial year which are unpaid. The amounts within trade payables are unsecured.

Employee benefits
Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The liability discount rate is the yield at the statement of financial position date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions
The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in the statement of comprehensive income.

Provisions
A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax risk-free rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012

1 Accounting policies (continued)

Dilapidations provisions relate to estimated cost to put leased premises back to required condition expected under the terms of the lease. These include provisions for wear and tear along with provisions where leasehold improvements have been made that would require reinstatement back to original status on exit. These are uncertain in timing as leases may be terminated early or extended. To the extent that exits of premises are expected within 12 months of the end of the year they are shown as current.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Revenue
Revenue, which excludes value added tax, represents the invoiced value of services and software supplied and is almost entirely attributable to the United Kingdom. The Group is one of the largest providers of outsourced financial services in the UK, covering pension administration, pensions payroll, annuity services, complaints handling and resourcing services. Professional services revenue is recognised when earned.

Hardware sales and software licences are recognised when goods and licences are delivered. Technical support revenues are recognised rateably over the term of the maintenance agreement.

Amounts recognised as revenue but not yet billed are reflected in the statement of financial position as accrued income. Amounts billed in advance of work performed are deferred in the statement of financial position as deferred income.

In the case of long term contracts, revenue is recognised proportionately as the contract is performed. Total costs incurred under contracts in progress net of amounts transferred to the statement of comprehensive income, are stated less foreseeable losses and payments on account. The statement of comprehensive income reflects the proportion of the work carried out at the accounting date.

Revenues also comprise fixed periodic administration fees, transaction processing fees, fees for managing corporate actions, fees for professional and IT services and fees earned on the administration of client funds and are stated net of value added tax.

Periodic administration fees are recognised evenly over the contract period. Transaction based fees are recognised at the time of processing the related transactions. Revenues from corporate actions are recognised in line with the stage of completion and fees in relation to administration of client funds are recognised as they accrue.

Revenues includes variable margin fee income earned on funds under administration of the Group.

Out of pocket expenses recharged to clients are recognised in revenue when they are recoverable from the client, net of the related expense.

Government grants
Grants that compensate the Group for expenses incurred are recognised in profit or loss in the statement of comprehensive income in the same periods in which the expenses are recognised. Grants relating to employment are recognised in profit and loss in the statement of comprehensive income as they are earned. Grants relating to intangible assets are netted against the related expenditure prior to capitalisation and amortisation over the useful life of the asset.

Expenses
Operating lease payments
Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense.

Exceptional items
Exceptional items are items which due to their size, incidence and non-recurring nature have been classified separately in order to draw them to the attention of the reader of the financial statements and, in management's judgement, to show more accurately the underlying profits of the group. Such items are included within the statement of comprehensive income caption to which they relate, and are separately disclosed either in the notes to the consolidated financial statements or on the face of the consolidated statement of comprehensive income. This includes costs in relation to business integration / reorganisation as well as potential and aborted acquisitions and includes all costs incurred against investigated and completed acquisitions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012

1 Accounting policies (continued)

Net finance costs
Net finance costs comprise interest payable, interest receivable on own funds, dividend income and foreign exchange gains and losses that are recognised in the statement of comprehensive income and the interest cost of defined pension scheme liabilities net of the expected return on plan assets.

Interest income and interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payment is established.

Taxation
Tax on the loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

New standards and interpretations not yet adopted
a) New and amended standards adopted by the Group

There are no IFRSs or IFRS - IC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group.

b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. Other than IAS19 (revised), as described below, none of these is expected to have a significant effect on the financial statements of the Group.

IAS 19, 'Employee benefits', was amended in June 2011. The impact on the Group will be as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group has assessed the full impact of the amendments and concluded that the effect will be limited to a £54,000 increase in finance income and a corresponding increase in actuarial losses of £54,000.

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group does not expect IFRS 10 to have a material impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.

There are no other IFRSs or IFRS - IC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Accounting estimates and judgements
Cash-settled share based payments
Measured as the higher of amount subscribed plus the attributable share or the fair value of the business on an exit event, over the expected vesting period. The valuation at the date of grant and the probability of an exit event are therefore key judgements.

The value is based on an estimate of a multiple of adjusted EBITDA, based on an equivalent market value for a "debt free" private company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012

1 Accounting policies (continued)

Fair values of intangible assets
Fair values of intangibles have been calculated by estimating the net present value of future revenues generated by the assets over their estimated useful lives.

Third party valuations are used to fair value the Group's derivatives. The valuation techniques use inputs such as interest rate yield curves and currency prices / yields, volatilities of underlying instruments and correlations between inputs.

Deferred tax
Under IAS 12 "Income taxes" deferred tax assets are recognised to the extent that taxable profits will be available against which the deductible temporary differences can be utilised. As at the year end the directors consider that the IAS 12 recognition criteria are satisfied.

Pension assumptions
Assumptions used in calculating the net defined benefit pension obligation are set out in note 24, Employee benefits. The calculation of the defined benefit obligation is sensitive to the mortality assumptions set out in that note. As the actuarial estimates of mortality continue to be refined, an increase of one year in the lives shown in note 24 is considered possible in the next financial year. The effect of this change would be to increase the employee benefit liability by £1,018,000 (2011: £885,000). A 0.5% decrease in the discount rate used would increase the employee benefit liability by £4,060,000 (2011: £3,892,000).

Provisions
Dilapidations provisions have been made for properties which the Group currently lease based upon the cost to make good the property in accordance with lease terms where applicable, if we were to vacate at 31 December 2012 as assessed by a chartered surveyor with reference to current market rates. Provision has also been made in respect of commercial claims in the Xafinity Consulting business for which the Group maintains professional indemnity insurance which includes an annual insurance excess. Each claim is assessed on a case by case basis giving consideration to the probable outcome and to the amounts involved including consultation with legal counsel where appropriate.

The constructive compliance provision is managements best estimate of the cost of meeting the change in requirement of payment systems of which the Group is contractually required. The exact requirements are being finalised and so could require additional or less cost.

Provisions for deferred consideration has been made in relation to acquisitions the Group has made. There are various criteria that need to be satisfied in order for a payment to be made, the Group have made provisions as appropriate based on the relevant accounting standards and management's best estimate of the criteria for settlement being fulfilled.

Exceptional items
Exceptional items are recognised to the extent that they meet the definition outlined in the accounting policy above. This requires a certain amount of judgement that is applied consistently by management.

2 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management policies are established for the Equiniti Group Limited group of companies (the "Group") and the Group Audit Committee oversees how management monitors compliance with these policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit and Compliance Monitoring. Internal Audit and Compliance Monitoring undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty, including brokers, to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

2 Financial risk management (continued)

Due to the nature of the business the majority of the trade receivables are with large institutions, including many FTSE 350 companies and losses have occurred infrequently over previous years.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that the Group will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Market risk
Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and equity prices will effect the Group's income or the value of its financial instruments.

The Group's financial instruments are currently in sterling, hence foreign exchange movements do not have a material effect on the Group's performance.

The Group does not hold its own position in trading securities, being involved only in arranging transactions on behalf of its clients.

The Group is exposed to movements in interest rate in both its intermediary fee revenue and its net finance costs. Intermediary fee revenue is linked to Bank Base Rate, whilst both the senior debt and the PIK loan rates are linked to Libor. The Group also earns fee income in relation to client and shareholder deposits as well as interest income on its own deposits.

Exposure to interest rate fluctuations are partly managed through the use of interest rate swaps. Objectives are established by the board so as to seek to reduce the impact of variations in interest rates on the group's profit and cash flow.

A movement in interest rates which negatively affects the net finance costs, would have a positive effect on revenue, and vice versa.

During the year a significant proportion of the group's bank debt was covered by fixed interest rates for varying periods up to three years, achieved by way of a financial instrument (interest rate swap). The balance of bank debt interest is at current market rates.

The group does not engage in holding speculative financial instruments or derivatives. Further quantitative disclosures are included throughout these consolidated financial statements.

3 Capital risk management

The Group is focused on delivering value for its shareholders whilst ensuring the Group is able to continue effectively as a going concern. Value adding opportunities to grow the business are continually assessed, although strict and careful criteria are applied.

As is common with many other private equity portfolio companies, the Group carries a high level of net debt to total equity; total capital comprises total equity plus net debt, as shown in the consolidated statement of financial positions. Net debt equates to the total of other interest bearing loans, less cash and cash equivalents, as shown in the consolidated statement of financial position.

The policies for managing capital are to increase shareholder value by maximising profits and cash. The policy is to set budgets and forecasts in to the short and medium term that the Group ensures are achievable. The process for managing capital are regular reviews of financial data to ensure that the Group is tracking the targets set and to reforecast as necessary based on the most up to date information whilst checking that future covenant test points are met.

The borrowing facilities require the Group to comply with certain covenants, which place limits on annual capital expenditure, the maintenance of certain minimum ratios of earnings before interest, taxes, depreciation and amortisation on both net interest payable and net debt and a requirement for net operating cash flows to be no less than the Group's cash cost of funding the bank debt. These continue to be met and have been achieved over the last 12 months.

4 Acquisitions of businesses

On 31 July 2012, the Group acquired the share capital of Peter Evans Limited and its subsidiary Peter Evans & Associates Limited.

Recognised amounts of identifiable assets acquired and liabilities assumed	£'000
Property, plant and equipment	174
Intangible assets	875
Cash	756
Trade and other receivables	799
Trade and other payables	(817)
Tax Payable	(78)
Deferred tax liability relating to intangible assets	(216)
Net identifiable assets and liabilities	1,493
Goodwill on acquisition	1,092
Total consideration	2,585
Cash acquired	(756)
Contingent consideration	(1,072)
Net cash outflow in the year	757

Provisionally, on acquisition further intangible assets have been recognised relating to customer contracts and related relationships as well as software with a combined attributable value of £875,000. Due to the timing of the transaction the value relating to the other intangible assets is provisional and subject to further review.

The value of goodwill reflects amounts in relation to the benefit of the expectation of the ability to generate new streams of revenue, expected synergies, future market development and the assembled workforce of Peter Evans Limited. The revenue included in the consolidated statement of comprehensive income since the acquisition date was £1,158,000. The associated profit was £281,000. The external transaction costs for the year was approximately £130,000.

On 30 November 2012, the Group acquired the share capital of Prism Communications & Management Limited (known as Prism Cosec).

Recognised amounts of identifiable assets acquired and liabilities assumed	£'000
Property, plant and equipment	5
Intangible assets	350
Cash	358
Trade and other receivables	153
Trade and other payables	(134)
Deferred tax liability relating to intangible assets	(86)
Net identifiable assets and liabilities	646
Goodwill on acquisition	433
Total consideration	1,079
Cash acquired	(358)
Contingent consideration	(579)
Net cash outflow in the year	142

Provisionally, on acquisition further intangible assets have been recognised relating to customer contracts and related relationships with a combined attributable value of £350,000. Due to the timing of the transaction the value relating to the other intangible assets is provisional and subject to further review.

The value of goodwill reflects amounts in relation to the benefit of the expectation of the ability to generate new streams of revenue, expected synergies, future market development and the assembled workforce of Prism Cosec. The revenue included in the consolidated statement of comprehensive income since the acquisition date was £70,000. The associated profit was £11,000. The external transaction costs for the year was approximately £70,000.

5 Revenue

Included in the loss for the year are the following:

	2012 £'000	2011 £'000
Revenue from continuing operations	266,544	242,139
Discontinued operations	43,007	39,990
Total revenue	309,551	282,129

6 Exceptional items

Included in the loss for year are the following:

	2012 £'000	2011 £'000
Integration project	4,792	9,742
Contract costs	4,225	-
Costs relating to transferring services off-shore	-	901
Other exceptional costs	2,759	720
Total exceptional costs	11,776	11,363

Exceptional costs include costs incurred by the Group relating to resources applied in a major programme of Group integration activities between Equiniti and Xafinity businesses. These principally comprise consulting, property and IT rationalisation and severance costs, together with rationalisation of off-shore activities.

Provision has been made against exceptional irrecoverable costs incurred on a complex long term contract.

Other exceptional costs represent fees paid to third party advisors and transaction fees in respect of acquisitions completed in the year, as well as costs incurred of further potential acquisitions and disposals not completed.

Other exceptional costs also contain a provision relating to deferred consideration which was transferred to a subsidiary, Equiniti Services Limited, prior to the year end. This is classified as an exceptional expense in the year for the Group.

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7 Summary results and operating costs

Included in the loss for year are the following:

Summary results of continuing operations by operating solutions

31 December 2012

	£'000 Pensions Solutions	£'000 Shareholder Solutions	£'000 Commercial Solutions	£'000 Central	£'000 Total
Revenue	130,024	115,807	20,713	-	266,544
Pre-exceptional costs	(105,427)	(61,216)	(15,986)	(2,805)	(185,434)
Pre-exceptional EBITDA	24,597	54,591	4,727	(2,805)	81,110
Exceptional items	(4,225)	(682)	-	(6,869)	(11,776)
EBITDA	20,372	53,909	4,727	(9,674)	69,334

31 December 2011

	£'000 Pensions Solutions	£'000 Shareholder Solutions	£'000 Commercial Solutions	£'000 Central	£'000 Total
Revenue	111,225	111,383	19,531	-	242,139
Pre-exceptional costs	(92,427)	(59,104)	(14,578)	(694)	(166,803)
Pre-exceptional EBITDA	18,798	52,279	4,953	(694)	75,336
Exceptional items	-	(720)	-	(10,643)	(11,363)
EBITDA	18,798	51,559	4,953	(11,337)	63,973

Expenses by nature	2012 £'000	2011 £'000
Employee benefit expense (note 8)	96,623	88,714
Depreciation and amortisation	37,894	35,599
Direct costs	37,752	35,326
Bought in services	16,598	13,554
Premises costs	11,762	10,317
Exceptional items (see note 6)	11,776	11,363
Other general business costs	22,699	18,892
Total operating costs for continuing operations	235,104	213,765

Auditors' remuneration

	2012 £'000	2011 £'000
Audit of these financial statements	10	9
Audit of Company's subsidiaries	204	166
Tax services	110	167
Audit related assurance services	28	44
All other services	237	124
	589	510

Included in audit fees is £30,000 (2011: £25,000) relating to Xafinity Consulting, the business that the Group sold in February 2013.

Other services include work undertaken in relation to acquisitions and disposals of £237,000 (2011: £26,000), work undertaken as part of the Group's integration programme of £nil (2011: £69,000) which has been included in exceptional costs and £nil (2011: £29,000) relates to services in respect of debt finance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8 Staff numbers and costs

The average monthly number of persons employed by the Group (including directors) during the year was 2,665 (2011: 2,620).

	Group Number of employees	
By function *:	2012	*2011*
Operations	2,351	*2,296*
Administration	258	*268*
Sales and marketing	56	*56*
	2,665	*2,620*

	Group Number of employees	
By business type *:		
Shareholder Solutions	1,322	*1,293*
Pensions Solutions	957	*951*
Commercial Solutions	386	*376*
	2,665	*2,620*

* The number of colleagues quoted in the Operational Focus section of the annual report are the number of employees as at 31 December 2012, as stated, the figures above are the monthly average.

The aggregate payroll costs of these persons were as follows:

	2012 £'000	*2011 £'000*
Wages and salaries	83,269	*76,137*
Social security costs	8,290	*7,783*
Other pension costs	5,064	*4,794*
	96,623	*88,714*

Payroll costs includes severance costs of £883,000 (2011: £2,181,000) in relation to the integration project further explained in note 6.

In addition to the above there are 372 employees (2011: 360) employed by Xafinity Consulting, the business that the Group sold in February 2013. The associated costs for the year, not included above, were £21,181,000 (2011: £20,168,000).

9 Directors' remuneration

The following costs are either paid by the subsidiary Equiniti Limited or Equiniti Services Limited;

	2012 £'000	*2011 £'000*
Directors' emoluments (including compensation for loss of office)	1,358	*1,661*
Company contributions to money purchase pension plans	35	*40*

Retirement benefits are accrued under money purchase schemes to 2 of the directors (2011: 2 of the directors).

The emoluments of the highest paid director was £739,000 (2011: £440,000). Company contributions to defined contribution pension schemes for the highest paid director amounted to £28,000 (2011: £28,000).

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for the year ended 31 December 2012

10 Finance income and costs

	2012 £'000	*2011 £'000*
Interest income	468	*297*
Foreign exchange gain	33	*-*
Income from interest rate swap against financial liabilities	472	*662*
Finance income relating to pension scheme	-	*221*
Finance income	973	*1,180*
Amortised fees	3,754	*7,518*
Other fees and interest	1,045	*308*
Interest cost on loans from related parties	4,837	*4,437*
Interest cost on bank loans*	38,787	*38,190*
Interest on preference shares classified as liabilities	12,956	*11,996*
Foreign exchange loss	-	*152*
Finance cost relating to pension scheme	163	*-*
Cost of interest rate swap against financial liabilities	6,340	*13,381*
Finance costs	67,882	*75,982*

* Includes £14,609,000 (2011: £13,315,000) interest accrued on the PIK facility.

11 Investments in associates

	2012 £'000	*2011 £'000*
At 1 January	-	*-*
Additions	9,082	*-*
Share of profit	288	*-*
At 31 December	9,370	*-*

Associate investments are initially recorded at cost which is the fair value of the consideration paid.

The Group's share of the results of its principal associates and its aggregated assets and liabilities, are as follows:

Name	% interest held	Assets £'000	Liabilities £'000	Revenues £'000	Profit £'000
31 December 2012					
MyCSP Limited	40%	7,806	1,334	9,209	288
		7,806	1,334	9,209	288

MyCSP Limited is incorporated in England & Wales. The Group acquired its interest in MyCSP Limited in May 2012.

The Group holds more than 20% of the equity shares of MyCSP Limited and exercises significant influence by virtue of its contractual right to appoint directors to the board of Directors and has the power to participate in the financial and operating policy decisions of MyCSP Limited.

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12 Income tax credit

Recognised in the statement of comprehensive income

	2012 £'000	*2011 £'000*
Current tax charge / (credit) for the Group		
Current year	95	*-*
Adjustment for prior years	10	*(398)*
Deferred tax credit		
Origination and reversal of temporary differences	(3,558)	*(5,225)*
Adjustment for prior years	(273)	*(784)*
Total income tax credit	(3,726)	*(6,407)*

Represented by;	Note		
Continuing operations per the statement of comprehensive income		(7,048)	*(8,813)*
Non current assets held for sale and discontinued operations	21	3,322	*2,406*
		(3,726)	*(6,407)*

Reconciliation of effective tax rate

	2012 £'000	*2011 £'000*
Loss for the year	(18,421)	*(28,808)*
Total tax credit	(3,726)	*(6,407)*
Loss excluding taxation	(22,147)	*(35,215)*
Tax using the UK corporation tax rate of 24.5% (2011: 26.5%)	(5,426)	*(9,332)*
Non-deductible expenses	4,161	*4,237*
Unrecognised tax assets	(905)	*1,532*
Adjustment for prior years	(263)	*(1,182)*
Difference in overseas tax rates	(51)	*(25)*
Effect of tax rate change	(1,242)	*(1,637)*
Total income tax credit	(3,726)	*(6,407)*

The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly the Group's profits for this accounting year are taxed at an effective rate of 24.5%.

Factors affecting future tax charges

During the year, as a result of the changes in the UK corporation tax rate to 24%, which was substantively enacted on 26 March 2012 and was effective from 1 April 2012; and to 23%, which was substantively enacted on 3 July 2012 and will be effective from 1 April 2013, the relevant deferred tax balances have been remeasured.

A further reduction to the UK corporation tax rate has been announced. The change proposes to reduce the rate to 22% from 1 April 2014. The change had not been substantively enacted at the balance sheet date and, therefore, is not recognised in these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13 Property, plant and equipment

Group	Leasehold improvements £'000	Office equipment £'000	Fixtures & fittings £'000	Total £'000
Cost				
Balance at 1 January 2011	5,445	13,056	4,538	23,039
Additions	287	3,529	516	4,332
Disposals	(912)	(324)	(232)	(1,468)
Balance at 31 December 2011	4,820	16,261	4,822	25,903
Balance at 1 January 2012	4,820	16,261	4,822	25,903
Acquisition of business	-	174	5	179
Additions	329	2,132	586	3,047
Disposals	(38)	(139)	(653)	(830)
Assets of disposal group classified as held for sale	-	(453)	(540)	(993)
Balance at 31 December 2012	5,111	17,975	4,220	27,306
Accumulated depreciation				
Balance at 1 January 2011	1,842	8,268	1,511	11,621
Depreciation charge for the year	914	2,359	882	4,155
Disposals	(911)	(324)	(215)	(1,450)
Balance at 31 December 2011	1,845	10,303	2,178	14,326
Balance at 1 January 2012	1,845	10,303	2,178	14,326
Depreciation charge for the year	489	2,595	610	3,694
Disposals	(38)	(139)	(632)	(809)
Assets of disposal group classified as held for sale	-	(332)	(326)	(658)
Balance at 31 December 2012	2,296	12,427	1,830	16,553
Net book value				
Balance at 31 December 2011	2,975	5,958	2,644	11,577
Balance at 31 December 2012	2,815	5,548	2,390	10,753

Included within office equipment are assets held under finance lease with a cost of £1,798,000 (2011: £1,798,000). As at the year end these assets had a net book value of £982,000 (2011: £1,404,000).

14 Intangible assets

Group	Goodwill	Software development	Other intangible assets	Total
	£'000	£'000	£'000	£'000
Cost				
Balance at 1 January 2011	390,308	110,188	278,097	778,593
Acquisition of business	7,345	64	5,954	13,363
Additions	743	8,353	-	9,096
Disposals	(2,175)	-	-	(2,175)
Balance at 31 December 2011	396,221	118,605	284,051	798,877
Balance at 1 January 2012	396,221	118,605	284,051	798,877
Acquisition of business	1,525	-	1,225	2,750
Additions	-	9,437	-	9,437
Disposals	-	(20)	-	(20)
Assets of disposal group classified as held for sale	(42,907)	(459)	(32,071)	(75,437)
Balance at 31 December 2012	354,839	127,563	253,205	735,607
Accumulated amortisation				
Balance at 1 January 2011	-	25,632	42,450	68,082
Amortisation for the year	-	11,124	21,595	32,719
Balance at 31 December 2011	-	36,756	64,045	100,801
Balance at 1 January 2012	-	36,756	64,045	100,801
Amortisation for the year	-	13,387	22,170	35,557
Disposals	-	(19)	-	(19)
Assets of disposal group classified as held for sale	-	(395)	(12,078)	(12,473)
Balance at 31 December 2012	-	49,729	74,137	123,866
Net book value				
Balance at 31 December 2011	396,221	81,849	220,006	698,076
Balance at 31 December 2012	354,839	77,834	179,068	611,741

Other intangible assets relates to the fair value of assets acquired including customer relationships and order books as well as brands. The amortisation charge is shown as a separate line item in the statement of comprehensive income.

Impairment testing

Goodwill arose on the acquisitions of the Lloyds TSB Registrars business from Lloyds TSB Group plc, Prosearch Asset Solutions Limited, David Venus & Company Limited, ICS Computing Limited, 360 Clinical Limited, NatWest Stockbrokers and the Xafinity Group (Equiniti X2 Group) in prior years. For goodwill on acquisitions in Peter Evans Limited, Peter Evans & Associates Limited and Prism Communication & Management Limited, see note 4. Goodwill is tested annually for impairment, the recoverable amount of cash-generating units for the above periods has been determined in accordance with IAS 36 "Intangible assets". This is determined by assessing the present value of net cash flows generated by the business over the period over which the management expects to benefit from the acquired business.

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14 Intangible assets (continued)

The recoverable amounts of the cash generating units ("CGUs") are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates and growth rates. The Group derives cash flows from its most recent business plans over a three year period. The projected cash flows are discounted using a weighted average cost of capital, reflecting current market assessments on debt/equity ratios of similar businesses and risks specific in the CGUs.

In the past, there have been two main business combinations (Equiniti and Xafinity) that have been used as CGUs. Operations of these two business combinations have been increasingly consolidated and in the future the Directors will run the business as one CGU.

The outcome of the impairment assessment has been that the directors do not consider that the goodwill has been impaired, given that the fair value less costs to sell is greater than the carrying value of goodwill.

	2012	2011
Period on which management approved forecasts are based	3 years	3 years
Growth rate applied beyond approved forecast period	3%	3%
Discount rate pre tax	9.0%	9-11%

In the opinion of the Directors there are no reasonably possible changes to key assumptions which would cause the carrying value to exceed the recoverable amounts.

15 Investments in subsidiaries

The directors consider the value of the investments to be supported by their underlying assets. The Group has the following investments in subsidiaries:

Name of controlled entity	Country of Incorporation	Class of shares held	Principal activities	Ownership 2012 %	2011 %
Direct Investments					
Equiniti Enterprises Limited	UK	Ordinary	Holding company	100	100
* Equiniti X2 Enterprises Limited	UK	Ordinary	Holding company	100	100
Indirect Investments					
* Equiniti X2 Mezz Cleanco Limited	UK	Ordinary	Holding company	100	100
* Equiniti X2 Mezzco Limited	UK	Ordinary	Holding company	100	100
* Equiniti X2 Cleanco Limited	UK	Ordinary	Holding company	100	100
* Equiniti X2 Inv Limited	UK	Ordinary	Holding company	100	100
* Equiniti X2 Holdings Limited	UK	Ordinary	Holding company	100	100
Equiniti PIK Cleanco Limited	UK	Ordinary	Holding company	100	100
Equiniti PIKco Limited	UK	Ordinary	Holding company	100	100
Equiniti Cleanco Limited	UK	Ordinary	Holding company	100	100
Equiniti Debtco Limited	UK	Ordinary	Holding company	100	100
Equiniti Holdings Limited	UK	Ordinary	Holding company	100	100
Equiniti Limited	UK	Ordinary	Registrars	100	100
Equiniti Financial Services Limited	UK	Ordinary	Financial services	100	100
Equiniti Jersey Limited	Channel Islands	Ordinary	Registrars	100	100
Prosearch Asset Solutions Limited	UK	Ordinary	Asset recovery	100	100
Equiniti Share Plan Trustees Limited	UK	Ordinary	Trustee company	100	100
Equiniti David Venus Limited	UK	Ordinary	Company secretarial	100	100
Equiniti ICS Limited	UK	Ordinary	Business process outsourcing	100	100
Equiniti ICS India (Private) Limited	India	Ordinary	Information technology enabled services	100	100
Equiniti 360 Clinical Limited	UK	Ordinary	Business process outsourcing	100	100
CES 2011 Limited	UK	Ordinary	Non trading	100	100
Equiniti Registrars Nominees Limited	UK	Ordinary	Non trading	100	100
Trust Research Services Limited	UK	Ordinary	Non trading	100	100
Equiniti ISA Nominees Limited	UK	Ordinary	Non trading	100	100
Equiniti Nominees Limited	UK	Ordinary	Non trading	100	100
Equiniti Savings Nominees Limited	UK	Ordinary	Non trading	100	100
Equiniti Corporate Nominees Limited	UK	Ordinary	Non trading	100	100
Wealth Nominees Limited	UK	Ordinary	Non trading	100	100
LR Nominees Limited	UK	Ordinary	Non trading	100	100
Equiniti Shareview Limited	UK	Ordinary	Non trading	100	100
SLC Registrars Limited	UK	Ordinary	Non trading	100	100
SLC Corporate Services Limited	UK	Ordinary	Non trading	100	100
Connaught Secretaries Limited	UK	Ordinary	Non trading	100	100
Peter Evans Limited	UK	Ordinary	Holding company	100	-
Peter Evans & Associates Limited	UK	Ordinary	Business process outsourcing	100	-
Prism Communications & Management Limited	UK	Ordinary	Company secretarial	100	-
Prism Cosec Limited	UK	Ordinary	Non trading	100	-
David Venus (Health & Safety) Limited	UK	Ordinary	Non trading	100	100
* Equiniti X2 Limited	UK	Ordinary	Holding company	100	100
* Equiniti X2 Solutions Limited	UK	Ordinary	Holding company	100	100
* Equiniti X2 Cap Limited	UK	Ordinary	Holding company	100	100

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15 Investments in subsidiaries (continued)

Name of controlled entity	Country of Incorporation	Class of shares held	Principal activities	Ownership 2012 %	2011 %
Indirect Investments					
* Equiniti X2 Services Limited	UK	Ordinary	Holding company	100	100
* Equiniti Services Limited	UK	Ordinary	Holding company	100	100
Paymaster (1836) Limited	UK	Ordinary	Pensions administration	100	100
> Xafinity Consulting Limited	UK	Ordinary	Employee benefit consultancy	100	100
> HR Trustees Limited	UK	Ordinary	Corporate trustee	100	100
> XPT Limited	UK	Ordinary	Corporate trustee	100	100
> Entegria Limited	UK	Ordinary	Dormant	100	100
Claybrook Computing (Holdings) Limited	UK	Ordinary	Holding company	100	100
Claybrook Computing Limited	UK	Ordinary	Computer software consultancy	100	100
* Equiniti Software Limited	UK	Ordinary	Dormant	100	100
* Equiniti Solutions Limited	UK	Ordinary	Pensions administration	100	100
> Xafinity Pensions Consulting Limited	UK	Ordinary	Pensions consulting	100	100
> Xafinity Trustees Limited	UK	Ordinary	Dormant	100	100
Hazell Carr Software Services Limited	UK	Ordinary	Dormant	100	100
InformationLog.com Limited	UK	Ordinary	Dormant	100	100
> Xafinity SIPP Services Limited	Scotland	Ordinary	Pensions administration	100	100
> Hazell Carr (PN) Services Limited	UK	Ordinary	Dormant	100	100
> Xafinity Pension Trustees Limited	UK	Ordinary	Dormant	100	100
> Hazell Carr (ES) Services Limited	UK	Ordinary	Dormant	100	100
> Hazell Carr (SA) Services Limited	Scotland	Ordinary	Dormant	100	100
> Hazell Carr (SG) Services Limited	UK	Ordinary	Dormant	100	100
> Hazell Carr (AT) Services Limited	Scotland	Ordinary	Pensions administration	100	-

> In February 2013 these companies were disposed of as part of the sale of the Xafinity Consulting group.

* These companies changed their name in February 2013 when the Xafinity Consulting group was sold.

16 Other financial assets

Non-current	2012 £'000	*2011 £'000*
Shares held in Euroclear plc	6,122	*6,122*
	6,122	*6,122*

The investment in Euroclear plc is recorded at cost as Euroclear plc is unquoted and a fair value cannot be reliably determined.

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17 Other financial liabilities

	2012 £'000	2011 £'000
Non-current		
Derivatives	-	64
Finance lease liabilities	886	1,289
	886	1,353
Current		
Derivatives	3,672	1,337
Finance lease liabilities	381	392
	4,053	1,729

18 Deferred income tax assets and liabilities

Recognised liabilities
Deferred income tax liabilities are attributable to the following:

	Liabilities 2012 £'000	Liabilities 2011 £'000
Intangible assets	25,811	30,623
Rollover relief in respect of a gain	-	3,125
Tax liabilities	25,811	33,748
Net of tax assets	(17,224)	(15,279)
Net tax liabilities	8,587	18,469

Recognised assets
Deferred income tax assets are attributable to the following:

	Assets 2012 £'000	Assets 2011 £'000
Property, plant and equipment	6,271	7,283
Employee benefits	1,455	1,258
Provisions	-	77
Tax value of loss carry-forwards	9,498	6,661
Tax assets	17,224	15,279
Net of tax liabilities	(17,224)	(15,279)
Net tax assets	-	-

Deferred income tax assets amounting to £11,714,000 (2011: £13,761,000) arising on temporary timing differences of £50,929,000 (2011: £55,044,000) in respect of unrecognised deferred tax assets have not been recognised as their future economic benefit is uncertain.

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18 Deferred income tax assets and liabilities (continued)

31 December 2011	1 January 2011 £'000	On acquisitions £'000	Recognised in income £'000	Recognised in equity £'000	31 December 2011 £'000
Property, plant and equipment	5,069	-	2,214	-	7,283
Intangible assets	(30,340)	597	(880)	-	(30,623)
Rollover relief in respect of a gain	(3,375)	-	250	-	(3,125)
Employee benefits	878	-	(584)	964	1,258
Provisions	157	-	(80)	-	77
Tax value of loss carry-forwards	1,572	-	5,089	-	6,661
	(26,039)	597	6,009	964	(18,469)

31 December 2012	1 January 2012 £'000	Acquisitions / disposals £'000	Recognised in income £'000	Recognised in equity £'000	31 December 2012 £'000
Property, plant and equipment	7,283	(131)	(881)	-	6,271
Intangible assets	(30,623)	2,723	2,089	-	(25,811)
Rollover relief in respect of a gain	(3,125)	2,875	250	-	-
Employee benefits	1,258	-	(387)	584	1,455
Provisions	77	-	(77)	-	-
Tax value of loss carry-forwards	6,661	-	2,837	-	9,498
	(18,469)	5,467	3,831	584	(8,587)

19 Trade and other receivables

	2012 £'000	2011 £'000
Trade receivables	24,341	28,847
Receivables due from related parties	390	446
Other receivables and prepayments	31,113	41,626
	55,844	70,919

At 31 December 2012 trade receivables are shown net of an allowance for doubtful debts of £647,000 (2011: £621,000). The impairment loss recognised in the year was £469,000 (2011: £169,000)

Trade and other receivables of £9,954,000 have been transferred as held for sale (see note 21).

20 Cash and cash equivalents

	2012 £'000	2011 £'000
Cash and cash equivalents per statement of financial position	57,818	46,845
Cash and cash equivalents per statement of cash flows	57,818	46,845

The Group holds certain balances with banks in a number of segregated accounts. These balances are appropriately not included in the Group's consolidated balance sheet. The number of accounts and balances held vary significantly throughout the year.

Cash and cash equivalents of £11,636,000 have been transferred as held for sale (see note 21)

21 Non current assets held for sale and discontinued operations

The assets and liabilities related to Xafinity Consulting group of businesses have been presented as held for sale following approval of the Group's management and shareholders in November 2012 to sell Xafinity Consulting in the UK. The sale completed in February 2013 following regulatory approval.

Group	2012 £'000	*2011 £'000*
Operating cash flows	8,955	*8,799*
Investing cash flows	(631)	*(358)*
Financing cash flows	(13)	*(410)*
Total cash flows	8,311	*8,031*

a) Assets of disposal group classified as held for sale

	2012 £'000	*2011 £'000*
Property, plant and equipment	335	-
Goodwill	43,048	-
Intangible assets	20,632	-
Other current assets	9,954	-
Cash and cash equivalents	11,636	-
Total	85,605	-

Included in the figures above is £141,000 in goodwill and £575,000 in intangible assets relating Xafinity SIPP Services Limited's acquisition of Hazell Carr (AT) Services Limited during 2012.

b) Liabilities of disposal group classified as held for sale

	2012 £'000	*2011 £'000*
Provisions	484	-
Deferred income tax liabilities	5,908	-
Current income tax liabilities	1,889	-
Trade and other payables	5,427	-
Total	13,708	-

Analysis of the result of discontinued operations, and the result recognised on the re-measurement of assets or disposal group is as follows:

	2012 £'000	*2011 £'000*
Revenue	43,007	*39,990*
Expenses	(29,965)	*(28,393)*
Profit before tax of discontinued operations	13,034	*11,213*
Tax	(3,322)	*(2,406)*
Profit after tax of discontinued operations	9,712	*8,807*
Profit for the year from discontinued operations	9,712	*8,807*

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22 Interest-bearing loans and borrowings

	2012 £'000	*2011 £'000*
Non-current liabilities		
Secured bank loans	619,586	*646,791*
Unamortised cost of raising finance	(5,976)	*(12,806)*
Shares classified as debt	174,909	*161,952*
Non secured loan from related party	63,238	*44,777*
Non secured loan	1,753	*1,621*
	853,510	*842,335*

Costs of raising finance are being amortised over a period between 2 and 8 years. In the year £3,757,000 (2011: £7,518,000) has been recognised in finance expenses - amortised fees, in note 10.

	2012 £'000	*2011 £'000*
Current liabilities		
Secured bank loans	32,861	*7,431*
Unamortised cost of raising finance	(3,415)	*(342)*
Non secured loan from related party	-	*13,753*
	29,446	*20,842*

Terms and debt repayment schedule	Amount £'000	Currency	Nominal interest rate	Year of maturity
Equiniti Enterprises bank loan	416,480	Sterling	Libor + 3.2%	2015-2017
Xafinity Investments bank loan	113,688	Sterling	5.25% - 8.5%	2013-2017
Equiniti Enterprises payment in kind ("PIK") facility	122,279	Sterling	Libor + 9.5%	2017
Shares classified as debt	174,909	Sterling	8.0%	-
Non secured loan from related party	63,238	Sterling	8.0%	2018 - 2020
Non secured loan	1,753	Sterling	8.0%	2020
	892,347			

23 Trade and other payables

	2012 £'000	*2011 £'000*
Trade payables	3,620	*5,500*
Accruals and deferred income	30,365	*22,372*
Other payables	4,981	*10,923*
	38,966	*38,795*

Other current liabilities of £5,427,000 have been transferred as held for sale (see note 21).

24 Employee benefits

Employee co-investment plan
Prior to October 2007 all employees in Equiniti Enterprises Limited had the opportunity to purchase units under the co-investment plan. A unit being a notional unit share equal in proportion to the ordinary share and preference shares held by Advent International Corporation.

The units will only vest on the occurrence of a return of capital to the entire business and the value of each unit will be determined in relation to the value of the ordinary shares and preference shares at that time. The proportion of ordinary shares and preference shares is 5% and 95% respectively. Unpaid dividends on preference shares accrue at 8% per annum and compounded annually.

A unit shall lapse on the earlier of the tenth anniversary of the scheme, an exit, the cessation of a persons employment, a participants bankruptcy or on notice of a voluntary winding up of the Company. Unless there has been an occurrence of a return of capital and the value of a unit has been determined to have increased, the repayment will be the grant price.

	No of units 2012 In thousands	Carrying amount 2012 £'000	*No of units 2011 In thousands*	*Carrying amount 2011 £'000*
As at 1 January	451	451	*453*	*453*
Repayments to participants at the grant price	(23)	(23)	*(2)*	*(2)*
As at 31 December	428	428	*451*	*451*

At the balance sheet date the units have been valued at £1 which, in the opinion of the Directors, is the higher of the subscription amount and the fair value of the units.

Management share scheme
A number of the Group's senior management are entitled to subscribe for a combination of B, C, D and E ordinary shares. Since the inception of the scheme a total of 250,910 B ordinary shares have been issued at a price of £1.43, 15,738 C ordinary shares at price of £3.33, 144,943 D ordinary shares at a price of £3.33 and £1.00 and 155,005 E ordinary shares at a price of £3.33. In total at 31 December 2012 566,596 shares had been issued for a consideration of £1,271,000.

The terms of the investment define "Good" and "Bad" leavers. A Bad leaver is an employee leaving the Group by dismissal. A Good leaver receives the value of the market value or subscription price.

During the year 58,070 E ordinary shares (2011: nil), 8,598 D ordinary shares (2011: 6,879), 926 C ordinary shares (2011: 689) and nil B ordinary shares (2011: 15,555) were disposed of by leavers at the subscription amount of £225,000 (2011: £47,000), and acquired by Appleby Trust Jersey Limited. This company holds shares temporarily pending their purchase by authorised senior management. At 31 December 2012 the Appleby Trust held approximately 56,000 D ordinary shares and 58,000 E Ordinary shares at a consideration of £380,000.

During the year no shares were acquired (2011: 59,500) by senior management, for a consideration of £nil (2011: £59,500), from shares held by the Appleby Trust.

At the balance sheet date all shares were carried at an amount which, in the opinion of the Directors, is the higher of the subscription amount and the fair value of the shares.

The charge relating to the arrangement in the year and the prior year is not material and as such no charge has been recognised in the period, nor the prior year.

24 Employee benefits (continued)

Defined contribution plans
The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the year was £5,128,000 (2011: £4,860,000).

Defined benefit plan - Summary of schemes

	2012 £'000	*2011 £'000*
Equiniti ICS Limited	1,099	*1,648*
Paymaster (1836) Limited	5,169	*2,330*
Total of defined benefit plans as at 31 December	6,268	*3,978*

Defined benefit plan - Equiniti ICS Limited
The Group operates a defined benefit pension plan in the UK in its subsidiary Equiniti ICS Limited. A full actuarial valuation was carried out at 30 November 2009 and updated to 31 December 2012 by a qualified independent actuary.

	2012 £'000	*2011 £'000*
Present value of obligations (funded)	(8,684)	*(8,371)*
Fair value of plan assets	7,585	*6,723*
Recognised liability for defined benefit obligations	(1,099)	*(1,648)*

Plan assets
The weighted average asset allocations at year end were as follows:

	2012	*2011*
Equities	85%	*85%*
Corporate bonds	8%	*9%*
Cash	7%	*6%*
	100%	*100%*

	2012 £'000	*2011 £'000*
Actual return on plan assets	746	*(133)*

To develop the expected long term rate of return on assets assumption, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with other asset classes in which the portfolio is invested and the expectations of future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long term rate of return on assets assumption for the portfolio. This resulted in the selection of a 5.87% assumption for the overall expected rate of return on assets.

24 Employee benefits (continued)

Movement in present value of defined benefit obligation

	2012 £'000	*2011 £'000*
Defined benefit obligation at 1 January	8,371	*7,425*
Current service cost	93	*81*
Interest cost	398	*402*
Plan participants' contributions	56	*59*
Actuarial (gain) / loss	(98)	*503*
Benefits paid	(136)	*(99)*
Defined benefit obligation at 31 December	8,684	*8,371*

Movement in fair value of plan assets

	2012 £'000	*2011 £'000*
Fair value of plan assets at 1 January	6,723	6,700
Expected return on plan assets	398	473
Actuarial gain / (loss)	348	(606)
Employer contribution	196	196
Member contributions	56	59
Benefits paid	(136)	(99)
Fair value of plan assets at 31 December	7,585	6,723

Expense recognised in statement of comprehensive income

	2012 £'000	*2011 £'000*
Current service cost	93	*81*
Interest cost	398	*402*
Expected return on plan assets	(398)	*(473)*
	93	*10*

The current service cost is recognised in administrative expenses in the statement of comprehensive income. Interest costs and the expected return on plan assets are recognised in other finance charges in the statement of comprehensive income.

Actuarial gains and losses recognised in other comprehensive income

	2012 £'000	*2011 £'000*
Cumulative loss at beginning of the year	(3,046)	*(1,937)*
Actuarial gains / (losses) recognised in other comprehensive income	446	*(1,109)*
Cumulative loss at end of the year	(2,600)	*(3,046)*

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24 Employee benefits (continued)

Weighted average assumptions used to determine benefit obligations at:

	2012	*2011*
Discount rate	4.60%	*4.75%*
Rate of compensation increase	3.90%	*4.00%*
Rate of increase in payment of currently accruing pensions (Post 6.4.06)	2.10%	*2.50%*
Rate of increase in payment of currently accruing pensions (Pre 6.4.06)	2.90%	*3.00%*
Rate of increase in pensions in deferment	2.20%	*3.00%*
Inflation	2.90%	*3.00%*

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 December 2012:

	Male	Female
Member age 65 (current life expectancy)	86.5	89.1
Member age 45 (life expectancy at 65)	88.4	90.9

Five year history

Period ended	December 2012 £'000	December 2011 £'000	December 2010 £'000	December 2009 £'000	March 2009 £'000
Benefit obligation at end of year	8,684	8,371	7,425	7,026	5,545
Fair value of plan assets at end of year	7,585	6,723	6,700	5,763	4,174
Deficit	(1,099)	(1,648)	(725)	(1,263)	(1,371)
Experience gains / (losses) on scheme assets:					
- amount (£'000)	348	(606)	353	1,334	(1,753)
- % of scheme assets	5%	(9)%	5%	23%	(42)%
Experience (losses) / gains on scheme liabilities:					
- amount (£'000)	-	(5)	465	-	-
- % of scheme liabilities	0%	0%	6%	0%	0%

Contributions

Equiniti ICS Limited expects to contribute £201,000 to its pension plan in 2013.

Defined benefit plan - Paymaster (1836) Limited
The Group operates a defined benefit pension plan in the UK in its subsidiary Paymaster (1836) Limited. A full actuarial valuation was carried out at 6 April 2010 and updated to 31 December 2012 by a qualified independent actuary.

	2012 £'000	*2011 £'000*
Present value of obligations	(35,148)	*(30,541)*
Fair value of plan assets	29,979	*28,211*
Recognised liability for defined benefit obligations	(5,169)	*(2,330)*

24 Employee benefits (continued)

Plan assets

The weighted average asset allocations at year end were as follows:

	2012	2011
Equities	63%	60%
Corporate bonds	26%	29%
Cash	11%	11%
	100%	100%

	2012 £'000	2011 £'000
Actual return on plan assets	1,693	176

To develop the expected long term rate of return on assets assumption, the Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with other asset classes in which the portfolio is invested and the expectations of future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long term rate of return on assets assumption for the portfolio. At 31 December 2012 the equity out performance allowance has remained the same as the previous year at 3.25%. This reflects the fact that gilt yields are at record lows, partly due to the effects of quantitative easing inflating gilt prices. As the long term outlook for equities will not be so effected it is believed that an increased allowance for extra return is justified and 3.25% is such a reasonable allowance. This has resulted in the selection of a 4.69% (2011: 4.81%) assumption for the overall expected rate of return on assets.

Movement in present value of defined benefit obligation

	2012 £'000	2011 £'000
Defined benefit obligation at 1 January	30,541	27,826
Current service cost	783	855
Interest cost	1,521	1,509
Plan participants' contributions	55	60
Actuarial loss	1,447	909
Benefits paid	(1,073)	(972)
Change in assumptions, actuarial loss	1,874	354
Defined benefit obligation at 31 December	35,148	30,541

Movement in fair value of plan assets

	2012 £'000	2011 £'000
Fair value of plan assets at 1 January	28,211	27,784
Expected return on plan assets	1,359	1,661
Actuarial gain / (loss)	334	(1,484)
Employer contribution	1,093	1,162
Members' contributions	55	60
Benefits paid	(1,073)	(972)
Fair value of plan assets at 31 December	29,979	28,211

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24 Employee benefits (continued)

Expense recognised in statement of comprehensive income

	2012 £'000	2011 £'000
Current service cost	783	855
Interest cost	1,521	1,509
Expected return on plan assets	(1,359)	(1,661)
	945	703

The current service cost is recognised within operating costs in the statement of comprehensive income. Interest costs and the expected return on plan assets are recognised in other finance charges in the statement of comprehensive income.

Actuarial gains and losses recognised in other comprehensive income

	2012 £'000	2011 £'000
Cumulative loss at the beginning of the year	(3,241)	(494)
Actuarial loss recognised in other comprehensive income	(2,987)	(2,747)
Cumulative loss at the end of the year	(6,228)	(3,241)

Weighted average assumptions used to determine benefit obligations at:

	2012	2011
Discount rate	4.60%	5.00%
Rate of compensation increase	1.75%	1.75%
Rate of increase in payment of currently accruing pensions	2.90%	3.00%
Rate of increase in pensions in deferment (Pre 6.4.09 service)	2.50%	2.30%
Rate of increase in pensions in deferment (Post 6.4.09 service)	2.90%	3.00%
Inflation assumption	2.90%	3.00%

Weighted average life expectancy for mortality tables (PMA92, PFA92, Medium Cohort) used to determine benefit obligations at 31 December 2012:

	Male	Female
Member age 60 (current life expectancy)	88.7	89.8
Member age 45 (life expectancy at 65)	90.8	91.9

Year ended

	2012 £'000	2011 £'000	2010 £'000
Benefit obligation at end of year	(35,148)	(30,541)	(27,826)
Fair value of plan assets at end of year	29,979	28,211	27,784
Deficit	(5,169)	(2,330)	(42)
Experience gains / (losses) on scheme assets:			
- amount (£'000)	334	(1,484)	890
- % of scheme assets	1%	(5)%	3%
Experience (losses) / gains on scheme liabilities:			
- amount (£'000)	(1,447)	(909)	63
- % of scheme liabilities	(4)%	(3)%	0%

Contributions

Paymaster (1836) Limited expects to contribute £1,100,000 to its pension plan in 2013.

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25 Provisions for other liabilities and charges

	Contingent consideration £'000	Other Provisions £'000	Total provisions £'000
Balance at 1 January 2012	2,983	8,407	11,390
Provisions made during the year	-	1,581	1,581
Provisions used during the year	(100)	(14)	(114)
Provisions reversed during the year	-	(2,391)	(2,391)
Amounts arising from acquisitions	1,788	-	1,788
Unwinding of discounted amount	398	-	398
Liabilities of disposal group classified as held for sale (see note 21)	-	(484)	(484)
Balance at 31 December 2012	5,069	7,099	12,168
Non-current	2,559	6,228	8,787
Current	2,510	871	3,381
	5,069	7,099	12,168

A provision for contingent consideration of £5,069,000 (2011: £2,983,000) relates to various requirements to be met following the Group's acquisitions. The minimum value of these provisions could be £nil up to a maximum of £5,069,000. These were discounted at an appropriate discount rate at the time of the acquisitions, 9%, and are provided within provisions due to their uncertainty. Management regularly reconsider the appropriateness of the discount rate used and update when appropriate. These are expected to be utilised over periods up to 2015.

A provision of £871,000 has been made against exceptional irrecoverable costs incurred on a complex long term contract. This is expected to be utilised in 2013.

Other provisions relate to constructive compliance obligations in existence on the acquisition of the LTSB registrars business in 2007 for £2,500,000 (2011: £2,746,000), provisions for dilapidations on this and subsequent acquisitions of £3,059,000 (2011: £5,300,000).

A provision of £669,000 relates to the remaining potential balances payable on an acquisition in 2010. This is expect to be finalised by 2014.

26 Share capital

	Ordinary shares	*Ordinary shares*
In thousands of shares	2012	*2011*
On issue at 1 January – fully paid	5,000	*5,000*
On issue at 31 December – fully paid	5,000	*5,000*

	Ordinary shares	Share premium	Total
	2012 £'000	2012 £'000	2012 £'000
Allotted, called up and fully paid			
Shares of £1 each	5,000	3,495	8,495
	5,000	3,495	8,495

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for the year ended 31 December 2012

26 Share capital (continued)

Share capital comprises A, B, C, D and E ordinary share of £1 each. The A ordinary shares are primarily held by the holding company. The B, C, D and E shares are primarily held by senior management.

The B, C, D and E shares are entitled to share in the proceeds of a sale or a listing of the Group.

All shares are entitled to receive dividends from profits available for distribution pro rata to the nominal value of each share.

Each share has equal voting rights.

27 Financial instruments

Credit risk

The maximum exposure to credit risk at the reporting date was:

	Note	2012 £'000	*2011 £'000*
Trade and other receivables	19	55,844	*70,919*
Cash and cash equivalents	20	57,818	*46,845*
		113,662	*117,764*

Credit risk mitigation

Trade and other receivables are due from primarily FTSE listed companies and major UK public bodies both of which historically have few occurrences of defaults in the past.

For cash, cash equivalents and derivative financial instruments, only banks and financial institutions with a minimum rating of A are accepted.

The ageing of trade receivables at the reporting date was:	2012 £'000	*2011 £'000*
Not past due	15,569	*20,997*
Past due 0-30 days	5,576	*5,259*
Past due 31-90 days	1,741	*1,834*
Past due more than 90 days	1,455	*1,378*
	24,341	*29,468*

Trade receivables not past due of £17,616,000 (2011: £20,997,000) are all existing customers with no defaults in the past.

Based on historic performance of these contracts, the Group has made an impairment allowance of £647,000 (2011: £621,000) in respect of trade receivables. Where impairment allowances are made these are for the full value of the impaired debt.

Group Impairment losses	2012 £'000	*2011 £'000*
Balance at 1 January	621	*741*
New provisions made in year	469	*169*
Release against receivables written off	(159)	*(146)*
Provisions no longer required	-	*(143)*
Transfer to disposal group classified as held for sale	(284)	*-*
Balance at 31 December	647	*621*

27 Financial instruments (continued)

Liquidity risk

The maximum exposure to liquidity risk at the reporting date was:

	Note	Carrying Amount 2012 £'000	2011 £'000
Trade and other payables	23	38,966	*38,795*
Employee benefits	24	428	*451*
Other financial liabilities	17	1,267	*1,681*
Derivatives	17	3,672	*1,401*
Secured bank loans	22	652,447	*654,222*
Unamortised cost of raising finance	22	(9,391)	*(13,148)*
Shares classified as debt	22	174,909	*161,952*
Non secured loan from related party	22	63,238	*58,530*
Non secured loan	22	1,753	*1,621*
		927,289	*905,505*

All trade and other payables are expected to be paid in 6 months or less.

Employee benefits become repayable when the units lapse, as described in note 24.

The contractual cash flows including interest payments for the interest-bearing loans and borrowings and derivatives are shown in the table in this note 27, under interest rate risk below.

Liquidity risk mitigation

The Group regularly updates forecasts for cash flow and covenants to ensure it has sufficient funding available. The Group also has revolving credit facilities of £12.6m available.

Capital risk

The Group's objectives when managing capital is to maximise shareholder value whilst safeguarding the Group's ability to continue as a going concern. Total capital is calculated as total equity as shown in the balance sheet, plus net debt. Net debt is calculated as the total of interest bearing loans and borrowings as shown in the balance sheet, less cash and cash equivalents.

Management of capital	2012 £'000	2011 £'000
Equity	(128,932)	*(105,812)*
Interest-bearing loans and borrowings	882,956	*863,177*
Cash and cash equivalents	696,206	*710,520*

Interest rate risk

Interest bearing assets comprise cash and bank deposits, all of which earn interest at a variable rate.

The interest rates on the bank loans are at market rates and the Group's policy is to keep these loans within defined limits to help mitigate the risk that could arise from a significant change in interest rates.

The Group maintains a policy of fixing bank interest rates for the medium term. During the year a minimum of two thirds of the Group's bank debt was covered by fixed interest rates for varying periods up to three years. The balance of bank debt interest is at current market rates.

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27 Financial instruments (continued)

The Group's policy is to maintain other borrowings at fixed rates to fix the amount of future interest cash flows.

Interest rate risk is managed across the Group's companies by monitoring its interest linked revenues.

The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on financial performance of the group.

Effective interest rates and repricing analysis
The following are the contractual maturities of interest bearing financial liabilities including interest payments;

31 December 2011
Group

Amount in £'000's	Xafinity Investments secured bank loan	Equiniti Enterprises secured bank loan	Equiniti Enterprises PIK loan	Shares classified as Debt	Total
Effective interest rate %	5.25% - 8.5%	*4.0%*	*10.0%*	*8.0%*	
Carrying amount	120,014	*423,724*	*110,484*	*161,952*	*816,174*
0-1 years	(17,232)	*(24,687)*	-	-	*(41,919)*
1-2 years	(35,018)	*(37,604)*	-	-	*(72,622)*
2-5 years	(31,288)	*(338,526)*	-	-	*(369,814)*
5 years and over	(94,032)	*(80,835)*	*(199,269)*	*(249,873)*	*(624,009)*
Total contracted cash flows	(177,570)	*(481,652)*	*(199,269)*	*(249,873)*	*(1,108,364)*

31 December 2012
Group

Amount in £'000's	Xafinity Investments secured bank loan	Equiniti Enterprises secured bank loan	Equiniti Enterprises PIK loan	Shares classified as Debt	Total
Effective interest rate %	5.25% - 8.5%	4.0%	10.0%	8.0%	
Carrying amount	113,688	416,480	122,279	174,909	827,356
0-1 years	(15,474)	(39,396)	-	-	(54,870)
1-2 years	(14,631)	(24,530)	-	-	(39,161)
2-5 years	(130,198)	(392,038)	(196,091)	-	(718,327)
5 years and over *	-	-	-	(249,873)	(249,873)
Total contracted cash flows	(160,303)	(455,964)	(196,091)	(249,873)	(1,062,231)

* The shares classified as debt are redeemable on a change of control of the business but do not confer any rights of redemption no any right to vote. They have the right to a fixed dividend of 8%. Unpaid dividends accrue and are compounded annually.

The Equiniti Enterprises PIK loan is repayable in 2017 and has an interest rate of Libor plus 9.5%. Interest accrues and is compounded annually.

In addition non current non secured loans with a carrying value of £50,134,000 (2011: £46,398,000) including a loan to related parties of £48,381,000 (2011: £44,777,000) with an interest rate of 8% are repayable on exit with a contracted cash flow of £77,922,000 (2011: £73,631,000). Current non secured loans due to related parties of £14,857,000 (2011: £13,753,000) with an interest rate of 8% are repayable on demand and have a contracted cash flow of £23,576,000 (2011: £13,753,000).

The following tables indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur and are expected to impact the profit and loss;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2012

27 Financial instruments (continued)

31 December 2011	Interest rate swaps		
Amount in £'000's	Assets	Liabilities	Total
Carrying Amount	1,107	(2,508)	(1,401)
Expected cash flows	1,107	(2,577)	(1,470)
6 months or less	353	(1,013)	(660)
6-12 months	468	(664)	(196)
1-2 years	286	(230)	56
2-5 years	-	(670)	(670)
Total contracted cash flows	1,107	(2,577)	(1,470)

31 December 2012	Interest rate swaps		
Amount in £'000's	Assets	Liabilities	Total
Carrying Amount	78	(3,750)	(3,672)
Expected cash flows	78	(3,783)	(3,705)
6 months or less	78	(947)	(869)
6-12 months	-	(552)	(552)
1-2 years	-	(996)	(996)
2-5 years	-	(1,288)	(1,288)
Total contracted cash flows	78	(3,783)	(3,705)

Interest rate liabilities relate to two separate swaps. The first hedges monthly interest payable on secured bank loans based on Libor against a fixed rate, the second hedges monthly fee income earned on funds under the administration of the group on bank base rate against a fixed rate which runs through to October 2016.

Interest rate assets and liabilities also relate to a swap in place that hedges monthly interest payable on secured bank loans based on Libor against a fixed rate, which runs through to March 2013.

Sensitivity analysis

At the balance sheet date it is estimated that an increase of one percentage point in interest rates would increase the finance costs for the Group by an estimated £1.4m, £1.1m of which is payable in kind on the PIK facility per annum and give rise to an estimated increase in revenue across the Group of £0.5m, yielding a net reduction to equity of £0.7m after tax.

The sensitivity analysis above is calculated after taking account of the effect of the interest rate swaps the Group holds.

Fair values

There are no material differences between the carrying value of assets and liabilities and their fair value. The only financial instrument measured at fair value is the interest rate swap.

28 Operating leases

Future aggregate minimum lease payments relate primarily to the Group's premises and are payable as follows:

	2012	*2011*
	£'000	*£'000*
Less than one year	5,411	*5,421*
Between one and five years	13,923	*15,831*
More than five years	10,001	*11,596*
	29,335	*32,848*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2012

28 Operating leases (continued)

During the year £6,012,000 (2011: £5,314,000) was recognised as an expense in the statement of comprehensive income in respect of operating leases.

Included in operating leases are £719,000 (2011: £234,000) due within one year and £546,000 (2011: £1,738,000) due between two and five years which relates to Xafinity Consulting, the business that the Group sold in February 2013.

29 Related party transactions

During the year interest of £4,744,000 (2011: £4,243,000) accrued on a loan bearing interest at 8% from Equiniti (Luxembourg) Sarl, leaving a balance outstanding at the year end of £63,762,000 (2011: £59,018,000).

During the year interest of £93,000 (2011: £84,000) accrued on a loan bearing interest at 8% from key management personnel, leaving a balance outstanding at the year end of £1,228,000 (2011: £1,135,000).

Transactions with key management personnel

The compensation of key management personnel (including the directors) is as follows:

	2012	*2011*
	£'000	*£'000*
Key management emoluments including social security costs	2,599	*2,480*
Company contributions to money purchase pension plans	99	*103*
Compensation for loss of office	293	-
Share based payments	-	-
	2,991	*2,583*

Key management are the directors of the Group (includes non-executives), as well as the senior non-statutory director of each of the major subsidiaries, who have authority and responsibility to control, direct or plan the major activities within the Group.

As detailed in note 24, key management are entitled to subscribe for a combination of B, C, D and E ordinary shares. The value of shares held is as follows;

	2012	*2011*
	£'000	*£'000*
Opening balance	583	*562*
Purchases by key management	-	*43*
Sales by key management	(193)	*(22)*
Closing balance	390	*583*

Advent International plc

See page 30 for information about the ultimate controlling party, Advent International plc. £90,000 (2011: £82,000) has been paid to various companies of the ultimate parent company for services received.

30 Ultimate parent company and controlling party

The Company is a wholly owned subsidiary of Equiniti (Luxemburg) Sarl, a Company incorporated in Luxemburg. The ultimate controlling party relationship lies with the funds managed by Advent International Corporation, a group incorporated in the United States of America.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2012

31 Post balance sheet events

Subsequent to the balance sheet date, the Group disposed of the Xafinity Consulting division in February 2013 following regulatory approval.

32 Reconciliation of profit / (loss) to cash generated from operations

	2012 £'000	2011 £'000
Continuing operations		
Adjustments for:		
Loss for the year	(28,133)	(37,615)
Depreciation and amortisation	36,537	35,599
Share of profit of associates	(288)	-
Finance income	(973)	(1,180)
Finance costs	67,882	75,982
Income tax credit	(7,048)	(8,813)
Changes in working capital		
Decrease / (increase) in trade and other receivables	6,073	(13,034)
Increase in trade and other payables	4,647	5,805
Decrease in provisions	(687)	(3,759)
Decrease in employee benefits	(274)	(647)
Group relief received	5,912	1,739
	83,648	54,077

	2012 £'000	2011 £'000
Discontinued operations		
Adjustments for:		
Profit for the year	9,712	8,807
Depreciation and amortisation	1,357	1,275
Finance income	(5)	(1)
Finance costs	13	385
Income tax charge	3,322	2,406
Changes in working capital		
Increase in trade and other receivables	(191)	(192)
Increase in trade and other payables	785	164
Decrease in provisions	(222)	(1,494)
Tax paid	(5,816)	(2,551)
	8,955	8,799
Cash generated from operations	92,603	62,876

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP LIMITED

We have audited the financial statements of Equiniti Group Limited for the period ended 31 December 2012 which comprise the Company statement of financial position, the Company statement of changes in equity, the Company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' responsibilities set out on page 37, 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 Group's and Parent 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. 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 result and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 period 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Keith Evans (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
8 May 2013

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2012

	Note	2012 £'000	*2011 £'000*
Assets			
Non-current assets			
Investments in subsidiaries	8	8,495	*8,495*
Other financial assets	**9**	**7,375**	*5,560*
		15,870	*14,055*
Current assets			
Tax receivable		75	*-*
Trade and other receivables	11	256	*-*
Cash and cash equivalents	**12**	**4,198**	*5,920*
		4,529	*5,920*
Total assets		**20,399**	*19,975*
Equity and liabilities			
Equity			
Share capital	13	5,000	*5,000*
Share premium	13	3,495	*3,495*
Retained earnings		**-**	*351*
Total equity		**8,495**	*8,846*
Liabilities			
Current liabilities			
Group relief payable		-	*95*
Other financial liabilities	**10**	**11,904**	*11,034*
		11,904	*11,129*
Total liabilities		**11,904**	*11,129*
Total equity and liabilities		**20,399**	*19,975*

The notes on pages 83 to 88 form part of these financial statements.
These financial statements were approved by the board of directors on 29 April 2013 and were signed on its behalf by:

M Hindley
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2011	*5,000*	*3,495*	*121*	*8,616*
Profit after tax and total comprehensive income for the year	*-*	*-*	*230*	*230*
Balance at 31 December 2011	*5,000*	*3,495*	*351*	*8,846*
Balance at 1 January 2012	5,000	3,495	351	8,846
Loss after tax and total comprehensive income for the year	-	-	(351)	(351)
Balance at 31 December 2012	5,000	3,495	-	8,495

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Cash flows from operating activities			
(Loss) / profit for the year		(351)	*230*
Adjustments for:			
Finance income		(465)	*(359)*
Financial expense		770	-
Income tax expense		(75)	*129*
		(121)	-
Increase in trade and other receivables		(256)	-
		(377)	-
Group relief paid		(95)	-
Net cash outflow from operating activities		(472)	-
Cash flows from investing activities			
Interest received		71	*75*
Net cash inflow from investing activities		71	*75*
Cash flows from financing activities			
Loans from related parties		99	-
Loans to related parties		(1,420)	*(2,451)*
Net cash outflow from financing activities		(1,321)	*(2,451)*
Net decrease in cash and cash equivalents		(1,722)	*(2,376)*
Cash and cash equivalents at 1 January		5,920	*8,296*
Cash and cash equivalents at 31 December	12	4,198	*5,920*

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2012

1 Accounting policies

Equiniti Group Limited (the "Company") is a limited company incorporated and domiciled in the UK. The principal activity of the Company is that of a holding company. The registered office is Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the going concern basis.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 18.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual statement of comprehensive income and related notes. The loss for the year was £351,000 (2011: profit of £230,000).

Measurement convention
The financial statements are prepared on the historical cost basis.

Investments in subsidiaries
Investments in subsidiaries are carried at cost less any provisions for impairment.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of financial position and the statement of cash flows.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Net finance costs
Net finance costs comprise interest payable, interest receivable on own funds, dividend income and foreign exchange gains and losses that are recognised in the statement of comprehensive income.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established.

Taxation
Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

New standards and interpretations not yet adopted

a) New and amended standards adopted by the company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the company.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the year ended 31 December 2012

1 Accounting policies (continued)

b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the company.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

2 Financial risk management

Financial risk management
The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management policies are established for the Equiniti Group Limited group of companies (the "Group") including Equiniti Group Limited and the Group Audit Committee oversees how management monitors compliance with these policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Group Audit Committee is assisted in its oversight role by Internal Audit and Compliance Monitoring. Internal Audit and Compliance Monitoring undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty, including brokers, to a financial instrument fails to meet its contractual obligations.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that the Company will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Market risk
Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and equity prices will effect the Company's income or the value of its financial instruments.

The Company does not engage in holding speculative financial instruments or their derivatives. Further details in relation to financial risk management are contained in note 14 to these financial statements.

3 Capital risk management

Equiniti Group Limited is focused on delivering value for its shareholders whilst ensuring the Company is able to continue effectively as a going concern. Value adding opportunities to grow the business are continually assessed, although strict and careful criteria are applied.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the year ended 31 December 2012

4 Auditors' remuneration

Auditors' remuneration of £1,250 (2011: £1,250) was borne by a subsidiary company.

5 Staff numbers and costs

The Company has no employees other than the directors. Services to the Company are provided by staff employed by other companies within the Group.

6 Directors' remuneration

The costs of the directors are borne by subsidiaries of the Company. There are no costs to the Company for their services.

7 Income tax (credit) / expense

Recognised in the statement of comprehensive income

	2012 £'000	*2011 £'000*
Current tax (credit) / expense for the Company		
Group relief (receivable) / payable	(75)	*95*
Adjustments for prior years	-	*34*
Total tax in the statement of comprehensive income	(75)	*129*

Reconciliation of effective tax rate

	2012 £'000	*2011 £'000*
(Loss) / profit for the year	(351)	*230*
Total tax (credit) / expense	(75)	*129*
(Loss) / profit excluding taxation	(426)	*359*
Tax using the UK corporation tax rate of 24.5% (2011: 26.5%)	(104)	*95*
Non-deductible expenses	29	*-*
Prior year adjustments	-	*34*
Total tax (credit) / expense	(75)	*129*

The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly the Company's profits for this accounting year are taxed at an effective rate of 24.5%.

Factors affecting future tax charges

During the year, as a result of the changes in the UK corporation tax rate to 24%, which was substantively enacted on 26 March 2012 and was effective from 1 April 2012; and to 23%, which was substantively enacted on 3 July 2012 and will be effective from 1 April 2013, the relevant deferred tax balances have been remeasured.

A further reduction to the UK corporation tax rate has been announced. The change proposes to reduce the rate to 22% from 1 April 2014. The change had not been substantively enacted at the balance sheet date and, therefore, is not recognised in these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the year ended 31 December 2012

8 Investments in subsidiaries

The Company has the following investments:	2012	*2011*
Cost and net book value	£'000	*£'000*
At beginning of year	8,495	*8,495*
At end of year	8,495	*8,495*

The directors consider the value of the investments to be supported by their underlying assets. The Company has the following direct investments in subsidiaries:

Name of controlled entity	Country of Incorporation	Class of shares held	Principal activities	Ownership 2012	*Ownership 2011*
				%	*%*
Equiniti Enterprises Limited	UK	Ordinary	Holding company	100	*100*
*Equiniti X2 Enterprises Limited	UK	Ordinary	Holding company	100	*100*

A more comprehensive listing of indirectly owned subsidiaries is provided in the consolidated financial statements of Equiniti Group Limited.

* The company changed its name from Xafinity Enterprises Limited to Equiniti X2 Enterprises Limited following the sale of the Xafinity Consulting business in February 2013.

9 Other financial assets

	2012 £'000	*2011 £'000*
Non-current		
Intercompany loan due from related parties	7,375	*5,560*
	7,375	*5,560*

10 Other financial liabilities

	2012 £'000	2011 £'000
Current		
Loans classified as other financial liabilities due to related parties	11,904	*11,034*
	11,904	11,034

11 Trade and other receivables

	2012 £'000	2011 £'000
Other receivables and prepayments	256	-
	256	-

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the year ended 31 December 2012

12 Cash and cash equivalents

	2012 £'000	2011 £'000
Cash and cash equivalents per statement of financial position	4,198	5,920
Cash and cash equivalents per statement of cash flows	4,198	5,920

13 Share capital and reserves

In thousands of shares	Ordinary shares 2012	Ordinary shares 2011
On issue at beginning of year	5,000	5,000
On issue at 31 December – fully paid	5,000	5,000

	Ordinary shares 2012 £'000	Share premium 2012 £'000	Total 2012 £'000	Total 2011 £'000
Allotted, called up and fully paid Shares of £1 each	5,000	3,495	8,495	8,495
	5,000	3,495	8,495	8,495

14 Financial instruments

Credit risk
The maximum exposure to credit risk at the reporting date was:

	Note	Carrying amount 2012 £'000	Carrying amount 2011 £'000
Loans and receivables due from related parties	9	7,375	5,560
Trade and other receivables	11	256	-
Cash and cash equivalents	12	4,198	5,920
		11,829	11,480

Credit risk mitigation

No amounts were past due, the company holds no collateral as security.

For cash and cash equivalents, only banks and financial institutions with a minimum rating of A are accepted.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2012

14 Financial instruments (continued)

Liquidity risk

The maximum exposure to liquidity risk at the reporting date was:

	Carrying amount 2012 £'000	Carrying amount 2011 £'000
Loans from related parties	11,904	11,034
	11,904	11,034

Loans from related parties are repayable on demand.

Capital risk

The Company's objectives when managing capital is to maximise shareholder value whilst safeguarding the Company's ability to continue as a going concern. Total capital is calculated as total equity as shown in the balance sheet.

Management of capital	2012 £'000	2011 £'000
Equity	8,495	8,846
	8,495	8,846

15 Related party transactions

Company

An interest bearing loan of £11,000,000 (2011: £11,000,000) accrued interest of £770,000 (2011: £nil) in the year. In the previous year the Company borrowed the funds from Equiniti PIKco Limited and £11,770,000 was outstanding at the year end.

During the year group relief of £95,000 (2011: £34,000) was transferred from its subsidiary, Equiniti Limited, which was paid during the year. Further charges of £133,000 were incurred and are outstanding at the year end.

During the year interest of £212,000 (2011: £198,000) accrued on a loan made to its subsidiary company, Equiniti Inv Limited (formerly Xafinity Investments Limited). £3,234,000 (2011: £3,022,000) was outstanding at the year end.

During the year the Company loaned £1,420,000 (2011: £2,451,000) to its subsidiary company, Equiniti Services Limited (formerly Xafinity Limited). Interest of £182,000 (2011: £86,000) accrued on these loans. £4,139,000 (2011: £2,537,000) was outstanding at the year end.

16 Ultimate parent company and controlling party

The Company is a wholly owned subsidiary of Equiniti (Luxemburg) Sarl, a company incorporated in Luxemburg. The ultimate controlling party relationship lies with the funds managed by Advent International Corporation, a group incorporated in the United States of America.

17 Post balance sheet event

There have been no events subsequent to the balance sheet date which require disclosure in, or adjustment to, the financial statements. As referred to in the consolidated financial statements, the Equiniti Group disposed of Xafinity Consulting in February 2013.

18 Accounting estimates and judgements

There are no accounting policies where the use of assumptions and estimates are determined to be significant to the financial statements.

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