

# Equiniti Services Limited

Annual Report and Unaudited Financial Statements

for the year ended 31 December 2018

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## **Equiniti Services Limited**

Registration number: 00756582

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## **Equiniti Services Limited**

Registration number: 00756582

### **Company information**

**Directors**

R Bloor

J Stier

G Wakeley

**Company secretary**

K Cong

**Registered office**

Elder House, St Georges Business Park  
Brooklands Road  
Weybridge  
Surrey  
KT13 0TS

## Equiniti Services Limited

Registration number: 00756582

### Strategic report for the year ended 31 December 2018

The directors present their strategic report for Equiniti Services Limited for the year ended 31 December 2018.

#### General information

Equiniti Services Limited (the "Company") is a private company limited by shares, incorporated and domiciled in England and Wales.

The Company is a wholly owned subsidiary of Equiniti Limited which is part of the Equiniti Group plc group of companies (the "Group"). The Group comprises Equiniti Group plc, which is listed on the London Stock Exchange, and its subsidiary companies as listed in note 4.4 of the Equiniti Group plc consolidated financial statements for the year ended 31 December 2018. Copies of the consolidated financial statements are available from the locations listed in note 23 of the notes to these financial statements.

The registered office address of the Company is:

Elder House, St Georges Business Park  
Brooklands Road  
Weybridge  
Surrey  
KT13 0TS

#### Principal activity

The principal activity of the Company is the holding of investments in subsidiary undertakings, the provision of management services to the Group's undertakings and maintaining the accounts payable ledger for the majority of the Group. The Company incurs a number of central costs for the Group which are recharged to the trading companies.

#### Review of the business

The directors are satisfied with the results of the Company for the year and of its financial position at 31 December 2018. As the central services company of the Group, the Company's operating income is derived from recharges of staff costs and other operating expenses to the Group's trading companies. The Company continues to maintain the accounts payable ledger for the Group.

A number of payrolls were transferred to the Company from fellow Group companies during 2017 and the full impact is reflected in the increased staff costs in 2018. This, in turn, has increased operating income in the year compared to 2017. Employee numbers increased from 808 at the end of 2017, to 1,165 at the end of 2018. Administrative costs have also been impacted by additional costs incurred on the Group's acquisition and integration of Wells Fargo Shareowner Services which completed in February 2018.

The Company continued to invest in its infrastructure and software platforms to add functionality and to keep pace with new laws and regulations. This is reflected by the increase in property, plant and equipment and software assets at the year end.

The Company issued a further 5,500,000 ordinary shares for consideration of £5,500,000 to its immediate parent, Equiniti Limited, in October 2018. The consideration received was invested in share capital in a subsidiary company Paymaster (1836) Limited, to enable the company to fund the acquisition of Equiniti PMS Limited (formerly Aquila Group Holdings Limited).

The Company's key financial and other performance indicators during the year were as follows:

	2018 £ 000	2017 £ 000
Operating income	94,382	70,879
Average employee numbers	1,051	528
Profit/(loss) before income tax	112	(136)

#### Future developments

The future developments of the Company are to continue to support and provide management services to its fellow Group companies and the future results of the Company are expected to remain similar overall.

## **Equiniti Services Limited**


Registration number: 00756582

### **Strategic report for the year ended 31 December 2018 (continued)**

#### **Principal risks and uncertainties**

The principal risks and uncertainties, together with the development, performance and position, and an analysis using key performance indicators of the Group, which include those of the Company and the Group, are discussed in the business review of Equiniti Group plc's annual report.

Approved by the Board on 23 August 2019 and signed on its behalf by:



.....  
J Stier  
Director

Company registration number: 00756582

## **Equiniti Services Limited**

Registration number: 00756582

### **Directors' report for the year ended 31 December 2018**

The directors present their report and the unaudited financial statements for the Company for the year ended 31 December 2018.

#### **Directors of the Company**

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

R Bloor

J Stier

G Wakeley

#### **Review of the business and future developments**

The Company's results, future developments and principal risks and uncertainties are discussed in the strategic report on pages 2 to 3.

#### **Dividends**

The directors do not recommend a final dividend for the year ended 31 December 2018 (2017 - £nil).

#### **Financial instruments**

##### ***Objectives and policies***

The Company has exposure to credit risk and liquidity risk from its use of financial instruments. Risk management policies are established for the Company, by the Group, and the Group's 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's Audit Committee is assisted in its oversight role by the Group's internal audit function which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group's Audit Committee.

##### ***Credit risk and liquidity risk***

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from Group undertakings. Therefore if a fellow Group undertaking was to incur a loss from its use of financial instruments, then there is the potential for these losses to impact the Company. Due to the nature of the business of the Group, the majority of trade receivables and contract fulfilment assets of Group undertakings are with large institutions, including many 350 FTSE companies, and losses have occurred infrequently in previous years and have never been material. All contract fulfilment assets of fellow Group undertakings are supported by client contract. All companies within the Group establish an allowance for impairment that represents their exposure to expected credit losses.

The Company only deposits cash and cash equivalents with banks and financial institutions with credit ratings above a defined level assigned by international credit-rating agencies. Ratings are monitored regularly by the Group's treasury function.

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 funds to meet its liabilities when due.

#### **Employee involvement**

The Company is committed to providing an environment that encourages involvement of all employees. Regular briefings through meetings and publications keep all employees up to date with employment practices and health and safety, as well as the business aims of the Company. Employee engagement forums have been established by the Group to provide additional opportunity for employees to take an active part in the business, and annual employee engagement surveys are conducted. Employees have been invited to participate in an Her Majesty's Revenue & Customs approved share savings scheme. Further details are given in note 18 to the financial statements.

#### **Employment of disabled persons**

The Company gives full and fair consideration to employment applications from people with health conditions, having regard to their particular aptitude and abilities. Where existing employees become disabled, it is the Company's policy to arrange retraining and adjust employees' environments where possible to allow them to maximise their potential and continue to work with the Company.

The Group has a Disability and Mental Health Taskforce responsible for training and setting policies in this area. Further information regarding the Company's policies in respect of employees can be found in the consolidated financial statements of Equiniti Group plc.

## Equiniti Services Limited

Registration number: 00756582

### Directors' report for the year ended 31 December 2018 (continued)

#### Going concern

The directors are satisfied that the Company 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.

#### Directors' liabilities

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. Directors' and officers' liability insurance has been purchased by the Company's ultimate parent company, Equiniti Group plc. The insurance does not provide cover in the event that the director is proved to have acted fraudulently. Indemnity insurance is maintained for the Company's directors and officers against liability in respect of proceedings brought by third parties, subject to the terms and conditions of the Companies Act 2006.

#### Statement of 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 financial statements in accordance with United Kingdom Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on 23 August 2019 and signed on its behalf by:



.....  
J Stier  
Director

Company registration number: 00756582

**Equiniti Services Limited**

Registration number: 00756582

**Statement of comprehensive income for the year ended 31 December 2018**

	<b>Note</b>	<b>2018 £ 000</b>	<b>2017 £ 000</b>
Other operating income		94,382	70,879
Administrative costs	3	(89,279)	(67,422)
Depreciation of property, plant and equipment	9	(2,500)	(2,044)
Amortisation of intangible assets	10	(2,375)	(1,416)
Finance costs	7	<u>(116)</u>	<u>(133)</u>
Profit/(loss) before income tax		112	(136)
Income tax credit/(expense)	8	<u>310</u>	<u>(435)</u>
Profit/(loss) and total comprehensive income/(loss) for the financial year		<u>422</u>	<u>(571)</u>

The notes on pages 9 to 23 form an integral part of these financial statements.



**Equiniti Services Limited**

Registration number: 00756582

**Statement of financial position as at 31 December 2018**

	Note	2018 £ 000	2017 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	10,376	8,490
Intangible assets	10	12,605	8,649
Investments in subsidiaries	11	46,416	40,310
Deferred tax assets	8	347	270
		<u>69,744</u>	<u>57,719</u>
<b>Current assets</b>			
Trade and other receivables	12	32,625	88,430
Income tax asset		1,426	-
		<u>34,051</u>	<u>88,430</u>
Total assets		<u>103,795</u>	<u>146,149</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	54,418	103,604
Income tax liability		-	294
Other current financial liabilities	13	-	213
		<u>54,418</u>	<u>104,111</u>
<b>Net assets</b>		<u><b>49,377</b></u>	<u><b>42,038</b></u>
<b>Equity</b>			
Share capital	15	7,500	2,000
Capital contribution reserve	16	2,705	1,288
Retained earnings		<u>39,172</u>	<u>38,750</u>
<b>Total equity</b>		<u><b>49,377</b></u>	<u><b>42,038</b></u>

For the financial year ending 31 December 2018 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 6 to 23 were approved by the Board on 23 August 2019 and signed on its behalf by:

.....  
J Stier  
Director

Company registration number: 00756582

The notes on pages 9 to 23 form an integral part of these financial statements.

**Equiniti Services Limited**

Registration number: 00756582

**Statement of changes in equity for the year ended 31 December 2018**

	<b>Share capital £ 000</b>	<b>Capital contribution reserve £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total equity £ 000</b>
At 1 January 2018	2,000	1,288	38,750	42,038
Profit and total comprehensive income for the financial year	-	-	422	422
Issue of share capital	5,500	-	-	5,500
Share-based payment transactions	-	1,417	-	1,417
At 31 December 2018	<u>7,500</u>	<u>2,705</u>	<u>39,172</u>	<u>49,377</u>

	<b>Share capital £ 000</b>	<b>Capital contribution reserve £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total equity £ 000</b>
At 1 January 2017	2,000	467	39,321	41,788
Loss and total comprehensive loss for the financial year	-	-	(571)	(571)
Share-based payment transactions	-	821	-	821
At 31 December 2017	<u>2,000</u>	<u>1,288</u>	<u>38,750</u>	<u>42,038</u>

The notes on pages 9 to 23 form an integral part of these financial statements.

## **Equiniti Services Limited**

Registration number: 00756582

### **Notes to the unaudited financial statements for the year ended 31 December 2018**

#### **1 Accounting policies**

##### **Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss and in accordance with the Companies Act 2006, as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 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 estimation and which are significant to the financial statements, are disclosed in note 2.

These financial statements are presented in British Pounds ("£") which is the Company's functional currency.

##### **Summary of disclosure exemptions**

The following disclosure exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IAS 1 Presentation of Financial Statements, paragraphs:
  - 10(d) - Statement of cash flows
  - 16 - Statement of compliance with all IFRS
  - 38B-D - Additional comparative information in respect of IAS 16 Property, Plant and Equipment paragraph 73(e) and IAS 38 Intangible Assets paragraph 118(e)
  - 134 to 136 - Capital management disclosures
- IAS 7 Statement of Cash Flows
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, paragraphs 30 and 31 - New standards issued but not yet effective
- IAS 24 Related Party Disclosures, paragraphs 17 and 18A - Certain key management personnel information and related party disclosures with transactions entered into between wholly owned group companies
- IAS 36 Impairment of Assets, paragraphs 134(d) to 134(f) and 135(c) to 135(e) - Key assumptions and estimates used to measure value in use of cash-generating units
- IFRS 2 Share-based Payments, paragraphs 45(b) and 46 to 52 - Exemption from disclosing the number of share options and how the fair values were determined
- IFRS 7 Financial Instruments: Disclosures
- IFRS 13 Fair Value Measurement, paragraphs 91 to 99 - Valuation techniques and inputs used for fair value measurement of assets and liabilities
- IFRS 15 Revenue from Contracts with Customers, paragraphs 110, 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 - Detailed revenue disclosures

##### **Exemption from preparing group financial statements**

These financial statements contain information about Equiniti Services Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of the Company's ultimate parent, Equiniti Group plc, a company incorporated in England and Wales.

##### **Going concern**

The directors are satisfied that the Company 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.

## **Equiniti Services Limited**

Registration number: 00756582

### **Notes to the unaudited financial statements for the year ended 31 December 2018 (continued)**

#### **1 Accounting policies (continued)**

##### **New standards, interpretations and amendments**

There are no standards, interpretations and amendments effective for the first time from 1 January 2018 that had a material effect on the financial statements.

The Company adopted IFRS 9 Financial Instruments ("IFRS 9") and IFRS 15 Revenue from Contracts with Customers ("IFRS 15") on 1 January 2018, however neither of these standards had a material impact on the financial position or results of the Company.

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Property, plant and equipment**

Property, plant and equipment are stated at cost less any accumulated depreciation and impairment losses.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases, the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

##### **Depreciation**

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. The estimated useful lives are as follows:

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

##### **Intangible assets**

###### **Software**

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design, development and testing of identifiable and unique software products controlled by the Company 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, an appropriate portion of relevant overheads and external consultancy costs. Other development related costs that are not directly attributable or 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.

Capitalised software also includes purchased licences when the expenditure satisfies the recognition criteria in IAS 38 Intangible Assets. These items are capitalised at cost and amortised on a straight line basis over their useful economic life or the term of the contract.

##### **Amortisation**

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

Software	3 - 5 years
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## **Equiniti Services Limited**

Registration number: 00756582

### **Notes to the unaudited financial statements for the year ended 31 December 2018 (continued)**

#### **1 Accounting policies (continued)**

##### **Investments**

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

##### **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 (CGUs). Non-financial assets other than goodwill that have suffered an impairment, are reviewed for possible reversal of the impairment at each reporting date.

##### **Trade receivables**

Trade receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest method, less provisions for impairment. Provisions for impairment are recognised using the simplified approach as set out in IFRS 9 and consequently loss allowances are measured at an amount equal to the lifetime expected credit loss. The expected credit loss model applies a percentage, based on an assessment of historical default rates and certain forward looking information, against receivables that are grouped into certain age brackets. Where there is objective evidence that the Company will not be able to collect any amounts due according to the original terms of the agreement with the customer, the receivable is fully impaired and the loss is recognised within administrative costs in the statement of comprehensive income.

##### **Trade payables**

Trade payables represent liabilities for goods and services received by the Company prior to the end of the financial year which are unpaid. The amounts within trade payables are unsecured. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### **Financial instruments**

A financial asset or financial liability is only recognised in the statement of financial position when the Company becomes party to the contractual provisions of the instrument.

##### ***Classification and measurement***

The Company classifies its financial assets in the following measurement categories:

- At fair value through profit or loss
- At fair value through other comprehensive income
- At amortised cost

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows and management will determine the classification on initial recognition.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets held at fair value through profit or loss are recognised within the statement of comprehensive income.

Trade and other receivables (excluding prepayments) that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortised cost, less provisions for impairment.

## Equiniti Services Limited

Registration number: 00756582

### Notes to the unaudited financial statements for the year ended 31 December 2018 (continued)

#### 1 Accounting policies (continued)

The Company classifies its financial liabilities in the following measurement categories:

- At fair value through profit or loss
- At amortised cost

The Company classifies debt and equity instruments as either financial liabilities or as equity, in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the Company, after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Under IAS 32 Financial Instruments: Presentation, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company 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 Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company'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. Financial liabilities not classified as fair value through profit or loss, such as derivatives, are classified and measured at amortised cost using the effective interest method.

#### **Derecognition**

##### *Financial assets*

The Company derecognises a financial asset when the contractual rights to receive cash flows from the financial asset expire or have been transferred, and the Company has transferred substantially all the risks and rewards of ownership.

##### *Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

#### **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.

#### **Share-based payments**

The Company's ultimate parent company, Equiniti Group plc, operates a number of equity-settled share-based compensation plans under which the Company receives services from employees as consideration for equity instruments (options) of Equiniti Group plc. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the Company, with the corresponding entry being recognised in the capital contribution reserve. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee over a specified period of time; and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

At the end of each reporting date, the Company revises its estimates of the number of options that are expected to vest, based on the non-market vesting conditions and service conditions. It recognises the impact of the revisions to original estimates, if any, in the statement of comprehensive income with a corresponding adjustment to the capital contribution reserve.

#### **Other operating income**

Other operating income comprises management and support function recharges to Group companies.

# **Equiniti Services Limited**

Registration number: 00756582

## **Notes to the unaudited financial statements for the year ended 31 December 2018 (continued)**

### **1 Accounting policies (continued)**

#### **Defined contribution pension scheme**

A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separately administered fund. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in the statement of comprehensive income as incurred. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

#### **Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. 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.

The Company makes payments to lessors on behalf of other Group companies in respect of their operating leases and recharges the costs to Group companies on a usage basis. The income received is recognised within operating income in the statement of comprehensive income.

#### **Finance income and costs**

Finance income and finance costs comprise interest payable, interest receivable on own funds and foreign exchange gains and losses.

Interest income and interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

#### **Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

#### **Tax**

Tax on the result 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.

The Company is a member of the Equiniti Group plc tax group in which all eligible Group company's taxable profits and losses are group relieved. All eligible Group companies share liability for the Groups overall tax liability and record their own share of tax payable or receivable at the reporting date. The balance is subsequently paid to or received from a fellow Group company or settled via the intercompany account.

Current tax is the expected tax payable on the taxable profits 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 in respect of trading losses is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

### **2 Critical accounting judgements and key sources of estimation uncertainty**

There are no significant accounting estimates or judgements within these financial statements.

## Equiniti Services Limited

Registration number: 00756582

### Notes to the unaudited financial statements for the year ended 31 December 2018 (continued)

#### 3 Administrative costs

Expenses by nature:	2018 £ 000	2017 £ 000
Payroll expense (note 5)	50,274	27,496
Net staff costs recharged from fellow Group companies	378	14,527
Staff costs capitalised in respect of software development	(10,816)	(10,126)
Bought in services	14,061	9,787
Premises costs	6,929	6,119
Operating lease costs	4,876	4,404
Other expenses	23,577	15,215
	<u>89,279</u>	<u>67,422</u>

The costs of certain employees with contracts of employment in other fellow Group companies are recharged to the Company when the employee spends time working on projects that benefit the Group as a whole. When staff costs are subsequently capitalised as an intangible asset in respect of software development, these costs may be recharged to the respective fellow Group company who owns and receives the future revenue benefits of that software.

Operating lease costs includes lease costs for premises which are used by fellow Group companies. These costs have been recharged to other Group companies on a usage basis and the income is recognised within other operating income in the statement of comprehensive income.

#### 4 Auditors' remuneration

	2018 £ 000	2017 £ 000
Audit fees borne on behalf of other Group companies	276	284
Non-audit services	168	261
	<u>444</u>	<u>545</u>

Other non-audit services includes services performed in relation to the CASS audit of Equiniti Financial Services Limited of £153,000 (2017 - £159,000), taxation services of £nil (2017 - £2,000) and other advisory services of £15,000 (2017 - £100,000).

#### 5 Staff numbers and costs

The average monthly number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2018 Number	2017 Number
Operations	840	375
Sales and marketing	48	22
Support functions	163	131
	<u>1,051</u>	<u>528</u>



**Equiniti Services Limited**

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**Notes to the unaudited financial statements for the year ended 31 December 2018  
(continued)****5 Staff numbers and costs (continued)**

The aggregate payroll costs of these persons (including directors' remuneration) were as follows:

	<b>2018 £ 000</b>	<b>2017 £ 000</b>
Wages and salaries	42,454	23,753
Social security costs	4,709	2,204
Other pension costs	2,300	1,076
Share-based payment expenses	811	463
	<u>50,274</u>	<u>27,496</u>

**6 Directors' remuneration**

Two (2017 - two) directors were remunerated by the Company for their services during the year. Their remuneration for the year was as follows:

	<b>2018 £ 000</b>	<b>2017 £ 000</b>
Remuneration	971	992
Company contributions to money purchase pension schemes	18	18
	<u>989</u>	<u>1,010</u>

During the year the number of directors who were receiving pension benefits and share incentives was as follows:

	<b>2018 Number</b>	<b>2017 Number</b>
Exercised share options	1	-
Accruing benefits under money purchase pension scheme	1	1

In respect of the highest paid director:

	<b>2018 £ 000</b>	<b>2017 £ 000</b>
Remuneration	<u>712</u>	<u>739</u>

One (2017 - one) director has been remunerated by another Group company in the year for their services to the Group as a whole and it is not possible to make an accurate apportionment of their emoluments in respect of this Company alone. Accordingly, the above details include no emoluments in respect of this director as they are included in the aggregate of directors' emoluments disclosed in the financial statements of the fellow Group company.

**7 Finance costs**

	<b>2018 £ 000</b>	<b>2017 £ 000</b>
Interest on obligations under finance lease	10	19
Foreign exchange losses	-	5
Other fees and interest	106	109
	<u>116</u>	<u>133</u>

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**Notes to the unaudited financial statements for the year ended 31 December 2018  
(continued)****8 Income tax (credit)/expense**

Tax (credited)/charged in the statement of comprehensive income:

	<b>2018 £ 000</b>	<b>2017 £ 000</b>
<b>Current taxation</b>		
UK corporation tax	(23)	116
Adjustments in respect of prior periods	<u>(210)</u>	<u>376</u>
	<u>(233)</u>	<u>492</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	(39)	82
Adjustments in respect of prior periods	<u>(38)</u>	<u>(139)</u>
	<u>(77)</u>	<u>(57)</u>
Tax (credit)/expense in the statement of comprehensive income	<u>(310)</u>	<u>435</u>

The tax on profit before income tax for the year is lower than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

	<b>2018 £ 000</b>	<b>2017 £ 000</b>
Profit/(loss) before income tax	<u>112</u>	<u>(136)</u>
Corporation tax at the standard UK rate of 19% (2017 - 19.25%)	21	(26)
Non-deductible expenses	50	78
Effect of employee share options	(139)	158
Effect of changes in tax rates	6	(11)
Adjustments in respect of prior periods	<u>(248)</u>	<u>236</u>
Total tax (credit)/expense	<u>(310)</u>	<u>435</u>

**Future tax changes**

The UK corporation tax rate of 19%, effective from 1 April 2017, was substantively enacted on 26 October 2015. A reduction to this rate to 17%, effective from 1 April 2020, was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

## Equiniti Services Limited

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### Notes to the unaudited financial statements for the year ended 31 December 2018 (continued)

#### 8 Income tax (credit)/expense (continued)

##### Deferred tax

Deferred tax assets and liabilities are as follows:

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
<b>2018</b>			
Amortisation	-	(52)	(52)
Accelerated tax depreciation	315	-	315
Other post-employment benefits	37	-	37
Provisions	47	-	47
Other items	-	-	-
	<u>399</u>	<u>(52)</u>	<u>347</u>
<b>2017</b>			<b>Asset £ 000</b>
Amortisation			-
Accelerated tax depreciation			214
Other post-employment benefits			37
Provisions			16
Other items			<u>3</u>
			<u>270</u>

The deferred tax assets and liabilities, which are calculated using the UK corporation tax rates substantively enacted on 6 September 2016, are expected to be recovered at least 12 months after the statement of financial position date.

Deferred tax assets are recognised on temporary differences between the tax base and the accounting base of tangible fixed assets and intangible fixed assets to the extent that it is reasonably certain they will be realised in future periods against taxable profits.

Deferred tax movement during the current year:

	At 1 January 2018 £ 000	Recognised in income £ 000	At 31 December 2018 £ 000
Amortisation	-	(52)	(52)
Accelerated tax depreciation	214	101	315
Other post-employment benefits	37	-	37
Provisions	16	31	47
Other items	<u>3</u>	<u>(3)</u>	<u>-</u>
Net tax assets/(liabilities)	<u>270</u>	<u>77</u>	<u>347</u>

Deferred tax movement during the prior year:

	At 1 January 2017 £ 000	Recognised in income £ 000	At 31 December 2017 £ 000
Amortisation	(54)	54	-
Accelerated tax depreciation	267	(53)	214
Other post-employment benefits	-	37	37
Provisions	-	16	16
Other items	<u>-</u>	<u>3</u>	<u>3</u>
Net tax assets/(liabilities)	<u>213</u>	<u>57</u>	<u>270</u>

**Equiniti Services Limited**

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**Notes to the unaudited financial statements for the year ended 31 December 2018  
(continued)****9 Property, plant and equipment**

	Leasehold improvements £ 000	Fixtures and fittings £ 000	Office equipment £ 000	Total £ 000
<b>Cost or valuation</b>				
At 1 January 2018	3,722	335	9,737	13,794
Additions	1,159	187	3,049	4,395
Disposals	(29)	-	(16)	(45)
At 31 December 2018	<u>4,852</u>	<u>522</u>	<u>12,770</u>	<u>18,144</u>
<b>Accumulated depreciation</b>				
At 1 January 2018	591	149	4,564	5,304
Charge for the year	479	82	1,939	2,500
Eliminated on disposal	(29)	-	(7)	(36)
At 31 December 2018	<u>1,041</u>	<u>231</u>	<u>6,496</u>	<u>7,768</u>
<b>Carrying amount</b>				
At 31 December 2018	<u>3,811</u>	<u>291</u>	<u>6,274</u>	<u>10,376</u>
At 31 December 2017	<u>3,131</u>	<u>186</u>	<u>5,173</u>	<u>8,490</u>

**Assets held under finance leases**

The net carrying amount of office equipment includes the following amounts in respect of assets held under finance leases:

	2018 £ 000	2017 £ 000
Office equipment	<u>-</u>	<u>202</u>

**10 Intangible assets**

	Software £ 000
<b>Cost or valuation</b>	
At 1 January 2018	12,234
Additions	<u>6,331</u>
At 31 December 2018	<u>18,565</u>
<b>Accumulated amortisation</b>	
At 1 January 2018	3,585
Charge for the year	<u>2,375</u>
At 31 December 2018	<u>5,960</u>
<b>Carrying amount</b>	
At 31 December 2018	<u>12,605</u>
At 31 December 2017	<u>8,649</u>

## Equiniti Services Limited

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### Notes to the unaudited financial statements for the year ended 31 December 2018 (continued)

#### 11 Investments

£ 000

##### Cost and carrying amount

At 1 January 2018	40,310
Additions	6,106
At 31 December 2018	46,416

During the year the Company subscribed for additional share capital in a subsidiary company, Paymaster (1836) Limited, for total consideration of £5,500,000. Also, the Company's investments in subsidiaries has increased in line with the share-based payments expense in subsidiary companies.

Details of the subsidiaries as at 31 December 2018 are as follows:

Name of subsidiary	Principal activity	Registered office address	Proportion of ownership interest and voting rights held	
			2018	2017
Aquila International Limited	Dormant	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH, United Kingdom	100%	0%
Aquila Services UK Limited	Dormant	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH, United Kingdom	100%	0%
Aquila Software Limited	Dormant	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH, United Kingdom	100%	0%
Equiniti HR Solutions Limited	Non-trading	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH, United Kingdom	100%	0%
Equiniti Pension Trustee Limited	Non-trading	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH, United Kingdom	100%	100%
Equiniti PMS Limited (formerly Aquila Group Holdings Limited)	Software service provider	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH, United Kingdom	100%	0%
MyCSP Limited	Pensions administration	Park Square, Bird Hill Lane, Stockport, SK3 0XN, United Kingdom	75%	51%
MyCSP Trustee Company Limited	Dormant	Park Square, Bird Hill Lane, Stockport, SK3 0XN, United Kingdom	75%	51%

**Equiniti Services Limited**

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**Notes to the unaudited financial statements for the year ended 31 December 2018  
(continued)****11 Investments (continued)**

Name of subsidiary	Principal activity	Registered office address	Proportion of ownership interest and voting rights held	
			2018	2017
Paymaster (1836) Limited*	Pensions administration	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH, United Kingdom	100%	100%

\* indicates direct investment of Equiniti Services Limited

**12 Trade and other receivables**

	2018 £ 000	2017 £ 000
Receivables from Group undertakings	24,095	76,084
Prepayments	3,873	5,641
Other receivables	4,657	6,705
	<u>32,625</u>	<u>88,430</u>

None of the above financial assets are either past due or impaired. Receivables from Group undertakings are non-interest bearing and are repayable on demand.

**13 Other financial liabilities**

	2018 £ 000	2017 £ 000
<b>Current financial liabilities</b>		
Finance lease liabilities	<u>-</u>	<u>213</u>

**14 Trade and other payables**

	2018 £ 000	2017 £ 000
Trade payables	13,597	17,332
Amounts due to Group undertakings	25,391	74,566
Accrued expenses	15,430	11,706
	<u>54,418</u>	<u>103,604</u>

Amounts due to Group undertakings are non-interest bearing and repayable on demand.

## Equiniti Services Limited

Registration number: 00756582

### Notes to the unaudited financial statements for the year ended 31 December 2018 (continued)

#### 15 Share capital

##### Allotted, called up and fully paid shares

	2018		2017	
	Number	£ 000	Number	£ 000
Ordinary shares of £1 each	<u>7,500,000</u>	<u>7,500</u>	<u>2,000,000</u>	<u>2,000</u>

##### New shares allotted

During the year 5,500,000 ordinary shares with a nominal value of £1 each were allotted for an aggregate consideration of £5,500,000.

#### 16 Reserves

##### Capital contribution reserve

The capital contribution reserve represents the amounts recognised in equity in respect of the equity-settled share-based compensation plans. See note 18 for further details.

#### 17 Dividends

The Company did not pay a dividend during the year (2017 - £nil) and no dividends have been proposed post year end (2017 - £nil).

#### 18 Share-based payments

##### Sharesave Plan 2015

###### *Scheme description*

Share options issued by the ultimate parent company, Equiniti Group plc, have been granted to all directors and employees of the Company who have entered into an Her Majesty's Revenue & Customs approved share savings scheme. Participants can save a maximum of £500 per month over three to five years. The number of shares over which an option is granted is such that the total option price payable for those shares corresponds to the proceeds on maturity of the related savings contract. The exercise price at grant is calculated as 80% of the average share price over the three preceding days or, in relation to new issue shares, the nominal value of a share. Granted options vest over the maturity of the savings contract and can be exercised over a period of 6 months after vesting.

###### *Outstanding share options*

Details of share options outstanding at the end of the year were as follows:

	2018	2017
Weighted average exercise price (£)	1.19	1.19
Expected weighted average remaining life (years)	<u>0.50</u>	<u>1.50</u>

##### Performance Share Plan

###### *Scheme description*

Share options issued by the ultimate parent company Equiniti Group plc, have been granted to executive directors and selected employees of the Company at nil cost. Share options granted under the PSP scheme are conditional on a minimum of 6% earnings per share growth (except for share options granted in 2018 which are conditional on a minimum of 8% earnings per share growth) and median total shareholder return over a three year vesting period. Granted options can be exercised over a period of up to 10 years from grant date.

**Equiniti Services Limited**

Registration number: 00756582

**Notes to the unaudited financial statements for the year ended 31 December 2018  
(continued)****18 Share-based payments (continued)**

The weighted average share price at date of exercise of share options exercised during the year was £2.21 (2017 - no options were exercised).

**Outstanding share options**

Details of share options outstanding at the end of the year were as follows:

	2018	2017
Weighted average exercise price (£)	-	-
Expected weighted average remaining life (years)	<u>8.22</u>	<u>8.32</u>

**Deferred Annual Bonus Plan****Scheme description**

30% of annual bonus earned for certain Company directors and selected employees is compulsorily deferred into an award over shares issued by the ultimate parent company Equiniti Group plc, which vests over a three year period. The number of options granted is calculated using the market value on grant date. Options, once vested, can be exercised up to 10 years after the grant date at nil cost to the employee.

**Outstanding share options**

Details of share options outstanding at the end of the year were as follows:

	2018	2017
Weighted average exercise price (£)	-	-
Expected weighted average remaining life (years)	<u>8.85</u>	<u>9.25</u>

**19 Post-employment benefits****Defined contribution pension scheme**

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £2,300,000 (2017 - £1,076,000).

**20 Obligations under leases****Operating leases**

Future aggregate minimum lease payments relating to the Company's premises are payable as follows:

	2018 £ 000	2017 £ 000
Within one year	622	424
In one to five years	2,533	1,160
In over five years	<u>1,848</u>	<u>365</u>
	<u>5,003</u>	<u>1,949</u>



## **Notes to the unaudited financial statements for the year ended 31 December 2018 (continued)**

### **21 Related party transactions**

#### **Key management personnel**

##### ***Loans to key management personnel***

As part of the Group's IPO process in October 2015, shares were issued by the ultimate parent company, Equiniti Group plc, to certain employees of the Company as a result of an incentive agreement with the then controlling shareholder, Advent. The shares were treated as an income tax event for the receiving individuals and are subject to lock up arrangements, as disclosed in the IPO prospectus. As a consequence, the Company lent those individuals who received the shares monies to cover their PAYE and NI liabilities. These loans were all subject to relevant approvals through the IPO process and are treated as a benefit in kind to the receiving individuals. All benefiting individuals have entered into a loan agreement with the Company and the loans were fully repaid by the year end.

There are no other disclosable related party transactions.

### **22 Contingent liabilities**

The Company, along with other companies in the Group, has provided a guarantee in relation to a Senior Facility Agreement comprising of a term and revolving credit facility made available to Equiniti Holdings Limited. The facilities comprise term loan facilities of £250,000,000 and US\$92,000,000, and a multicurrency revolving credit facility of £199,000,000 of which the drawn balance was £76,678,000 at 31 December 2018 (2017 - £nil). Both facilities are repayable in 2024.

### **23 Parent and ultimate parent undertaking**

The Company is a wholly owned subsidiary of Equiniti Limited, a company incorporated in England and Wales. The Company is controlled by its ultimate parent company Equiniti Group plc, a public listed company incorporated in England and Wales and listed on the London Stock Exchange.

The most senior parent entity and the parent of the smallest and largest group producing publicly available financial statements in which these are consolidated is Equiniti Group plc. These financial statements are available online at [www.equiniti.com](http://www.equiniti.com) or upon request from:

Sutherland House  
Russell Way  
Crawley  
West Sussex  
RH10 1UH