

Equiniti Services Limited

Annual Report and Unaudited Financial Statements

for the year ended 31 December 2017

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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	42-50 Hersham Road Walton-On-Thames Surrey KT12 1RZ

Equiniti Services Limited

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Strategic report for the year ended 31 December 2017

The directors present their strategic report for Equiniti Services Limited for the year ended 31 December 2017.

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 2017. 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:

42-50 Hersham Road
Walton-On-Thames
Surrey
KT12 1RZ

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 2017. 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 have been transferred to the Company from fellow Group companies during 2017 which resulted in an increase of directly employed staff in the year. Employee numbers increased from 228 at the end of 2016, to 808 at the end of 2017.

The Group as a whole continued to invest in its software platforms and this is reflected in the lower net operating costs for the Company due to the capitalisation of staff costs into software assets which will benefit the Group by increased revenue in future periods. The directors consider that the financial information on pages 5 to 22 is sufficient to allow a full understanding of the business.

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

	2017 £ 000	2016 £ 000
Operating income	70,879	76,136
(Loss)/profit before income tax	(136)	25
Average employee numbers	528	175

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.

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 25 September 2018 and signed on its behalf by:


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J Stier
Director

Company registration number: 00756582

Equiniti Services Limited

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Directors' report for the year ended 31 December 2017

The directors present their report and the unaudited financial statements for the Company for the year ended 31 December 2017.

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 page 2.

Dividends

The directors do not recommend a final dividend for the year ended 31 December 2017 (2016 - £nil).

Financial instruments

Objectives and policies

The Company has exposure to credit risk and liquidity risk from its financial instruments. Risk management policies are established for 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 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 related parties. The receivable balances are held with trading entities within the Group which are generating positive cash flows. The Company establishes an allowance for impairment that represents its exposure to specific overdue balances.

In respect of cash and cash equivalents, only banks and financial institutions with credit ratings assigned by international credit-rating agencies are accepted.

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.

Going concern

The directors have received assurance from Equiniti Group plc that funding will be made available to the Company if necessary, and as such they are satisfied that the Company will continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing these 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 Group'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.

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Directors' report for the year ended 31 December 2017 (continued)

Statement of directors' responsibilities in respect of the financial statements

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 25 September 2018 and signed on its behalf by:



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J Stier
Director

Company registration number: 00756582

Equiniti Services Limited

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Statement of comprehensive income for the year ended 31 December 2017

		2017	2016
	Note	£ 000	(re-presented)
			£ 000
Other operating income		70,879	76,136
Administrative costs	3	(67,422)	(73,894)
Depreciation of property, plant and equipment	9	(2,044)	(1,322)
Amortisation of intangible assets	10	(1,416)	(713)
Finance costs	7	<u>(133)</u>	<u>(182)</u>
(Loss)/profit before income tax		(136)	25
Income tax (expense)/credit	8	<u>(435)</u>	<u>312</u>
(Loss)/profit and total comprehensive (loss)/income for the financial year		<u><u>(571)</u></u>	<u><u>337</u></u>

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

Equiniti Services Limited

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Statement of financial position as at 31 December 2017

	Note	2017 £ 000	2016 £ 000
Assets			
Non-current assets			
Property, plant and equipment	9	8,490	8,355
Intangible assets	10	8,649	9,349
Investments in subsidiaries	11	40,310	39,952
Deferred tax assets	8	270	213
		<u>57,719</u>	<u>57,869</u>
Current assets			
Trade and other receivables	12	88,430	188,353
Income tax asset		-	279
		<u>88,430</u>	<u>188,632</u>
Total assets		<u>146,149</u>	<u>246,501</u>
Liabilities			
Non-current liabilities			
Other non-current financial liabilities	13	-	249
Current liabilities			
Trade and other payables	14	103,604	204,222
Income tax liability		294	-
Other current financial liabilities	13	213	218
Provisions for other liabilities and charges		-	24
		<u>104,111</u>	<u>204,464</u>
Total liabilities		<u>104,111</u>	<u>204,713</u>
Net assets		<u>42,038</u>	<u>41,788</u>
Equity			
Share capital	15	2,000	2,000
Capital contribution reserve	16	1,288	467
Retained earnings		<u>38,750</u>	<u>39,321</u>
Total equity		<u>42,038</u>	<u>41,788</u>

For the financial year ending 31 December 2017 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities;

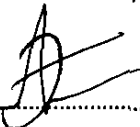
- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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

Equiniti Services Limited
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Statement of financial position as at 31 December 2017 (continued)

The financial statements on pages 5 to 23 were approved by the Board on 25 September 2018 and signed on its behalf by:


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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

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Statement of changes in equity for the year ended 31 December 2017

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

	Share capital £ 000	Capital contribution reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2016	2,000	46	38,984	41,030
Profit and total comprehensive income for the financial year	-	-	337	337
Share-based payments expense	-	421	-	421
At 31 December 2016	<u>2,000</u>	<u>467</u>	<u>39,321</u>	<u>41,788</u>

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

Equiniti Services Limited

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Notes to the unaudited financial statements for the year ended 31 December 2017

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 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 complexity, or areas where assumptions and estimates 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.

Re-presented comparatives

Staff costs

The costs of certain employees with contracts of employment in other fellow Group companies are recharged in to Equiniti Services Limited when the employee spends time working on projects that benefit the Group as a whole. The 2016 comparative operating costs and income have been re-presented to reflect the net staff costs recharged in and out to fellow Group companies on a gross basis.

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:

- The following paragraphs of IAS 1 Presentation of financial statements:
 - 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)
 - 134-136 - 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 - Related party disclosures with transactions entered into between wholly owned group companies and paragraph 17, key management compensation
- 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 46-52 - 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 91-99 - Valuation techniques and inputs used for fair value measurement of assets and liabilities

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 Group's ultimate parent, Equiniti Group plc, a company incorporated in England and Wales.

Equiniti Services Limited

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Notes to the unaudited financial statements for the year ended 31 December 2017 (continued)

1 Accounting policies (continued)

Going concern

The directors have received assurance from Equiniti Group plc that funding will be made available to the Company if necessary, and as such they are satisfied that the Company will continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing these financial statements.

New standards, interpretations and amendments

There are no standards, interpretations and amendments effective for the first time from 1 January 2017 that have had a material effect on the financial statements.

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:

Asset class

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

Intangible assets

Software development

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 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 project 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

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:

Asset class

Software development	3 - 5 years
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Notes to the unaudited financial statements for the year ended 31 December 2017 (continued)

1 Accounting policies (continued)

Investments

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

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 when there is objective evidence that the Company 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 receivable and the estimated future cash flows, discounted where appropriate. Any impairment is recognised in the statement of comprehensive income within administrative costs.

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.

Financial assets

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired and management determine the classification of its financial assets on initial recognition.

Recognition and measurement

Purchases and sales of financial assets are recognised on the transaction date when the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. They are subsequently carried at fair value and any gains or losses arising from changes in the fair value are recognised in the statement of comprehensive income within interest income or expense.

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. They are included in non-current assets if their maturity is greater than 12 months after the end of the reporting period.

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.

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.

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Notes to the unaudited financial statements for the year ended 31 December 2017 (continued)

1 Accounting policies (continued)

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.

Provisions

A provision is recognised in the statement of financial position when the Company 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.

Financial liabilities

Classification

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.

Under IAS 32, 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.

Recognition and measurement

Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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.

Other operating income

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

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.

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Notes to the unaudited financial statements for the year ended 31 December 2017 (continued)

1 Accounting policies (continued)

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 companies 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 loan account.

Current tax is the expected tax payable on the taxable income for the period, using tax rates applicable at the balance sheet 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

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**Notes to the unaudited financial statements for the year ended 31 December 2017
(continued)****3 Administrative costs**

	2017 £ 000	2016 (re-presented) £ 000
Expenses by nature:		
Payroll expense (note 5)	27,496	12,548
Net staff costs recharged from fellow Group companies	14,527	27,040
Staff costs capitalised in respect of software development	(10,126)	(2,184)
Bought in services	9,787	6,388
Premises costs	6,119	6,289
Operating lease costs	4,404	4,418
Other expenses	15,215	19,395
	<u>67,422</u>	<u>73,894</u>

The costs of certain employees with contracts of employment in other fellow Group companies are recharged in to Equiniti Services Limited when the employee spends time working on projects that benefit the Equiniti 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.

The 2016 comparative operating costs and income have been re-presented to reflect the net staff costs recharged in and out to fellow Group companies on a gross basis.

Included within operating lease costs is £4,138,000 (2016 - £4,221,000) which was paid by the Company in respect of premises which other Group companies use. These costs have been recharged to other Group companies on a usage basis and the income is recognised within operating income in the statement of comprehensive income.

4 Auditors' remuneration

	2017 £ 000	2016 £ 000
Audit fees for this Company	-	10
Audit fees borne on behalf of other Group companies	284	390
Non-audit services	<u>261</u>	<u>626</u>
	<u>545</u>	<u>1,026</u>

Other non-audit services includes services performed in relation to the CASS audit of Equiniti Financial Services Limited of £159,000 (2016 - £193,000), taxation services of £2,000 (2016 - £17,000) and other advisory services of £100,000 (2016 - £107,000). The prior years fees also includes work around restructuring the Group's pension scheme arrangements of £309,000.

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:

	2017 Number	2016 Number
Operations	375	45
Sales and marketing	22	14
Support functions	<u>131</u>	<u>116</u>
	<u>528</u>	<u>175</u>

Equiniti Services Limited

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**Notes to the unaudited financial statements for the year ended 31 December 2017
(continued)****5 Staff numbers and costs (continued)**

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

	2017 £ 000	2016 £ 000
Wages and salaries	23,753	10,249
Social security costs	2,204	1,616
Pension costs	1,076	496
Share-based payment expenses	463	187
	<u>27,496</u>	<u>12,548</u>

6 Directors' remuneration

Two (2016 - two) directors were remunerated by the Company for their services during the year. Their remuneration for the year was as follows:

	2017 £ 000	2016 £ 000
Remuneration	992	968
Company contributions to money purchase pension schemes	18	10
	<u>1,010</u>	<u>978</u>

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

	2017 Number	2016 Number
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

In respect of the highest paid director:

	2017 £ 000	2016 £ 000
Remuneration	<u>739</u>	<u>678</u>

One director has been fully remunerated by another Group company in the year (2016 - one) for their services to the Group as a whole. No reasonable breakdown for their services provided to this Company is possible and therefore no recharge has been made.

7 Finance costs

	2017 £ 000	2016 £ 000
Interest cost on senior secured borrowings	-	3
Interest on obligations under finance lease	19	48
Foreign exchange losses	5	57
Loan fees	-	20
Other fees and interest	109	54
	<u>133</u>	<u>182</u>

Equiniti Services Limited

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**Notes to the unaudited financial statements for the year ended 31 December 2017
(continued)****8 Income tax expense/(credit)**

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

	2017 £ 000	2016 £ 000
Current taxation		
UK corporation tax	116	(267)
Adjustments in respect of prior periods	376	(401)
	<u>492</u>	<u>(668)</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	82	304
Arising from changes in tax rates and laws	-	32
Adjustments in respect of prior periods	(139)	20
	<u>(57)</u>	<u>356</u>
Tax expense/(credit) in the statement of comprehensive income	<u>435</u>	<u>(312)</u>

The tax on profit before income tax for the year is higher than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
(Loss)/profit before income tax	<u>(136)</u>	<u>25</u>
Corporation tax at the standard UK rate of 19.25% (2016 - 20%)	(26)	5
Non-deductible expenses	78	86
Exercise of employee share options	158	-
Effect of changes in tax rates	(11)	(22)
Adjustments in respect of prior periods	<u>236</u>	<u>(381)</u>
Total tax expense/(credit)	<u>435</u>	<u>(312)</u>

Future tax changes

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction 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.

Deferred tax

Deferred tax assets and liabilities are as follows:

	Asset £ 000
2017	
Accelerated tax depreciation	214
Amortisation	-
Other post-employment benefits	37
Provisions	16
Other items	<u>3</u>
	<u>270</u>

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**Notes to the unaudited financial statements for the year ended 31 December 2017
(continued)****8 Income tax expense/(credit) (continued)**

2016	Asset £ 000	Liability £ 000	Net deferred tax £ 000
Accelerated tax depreciation	267	-	267
Amortisation	-	(54)	(54)
Other post-employment benefits	-	-	-
Provisions	-	-	-
Other items	-	-	-
	<u>267</u>	<u>(54)</u>	<u>213</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 2017 £ 000	Recognised in income £ 000	At 31 December 2017 £ 000
Accelerated tax depreciation	267	(53)	214
Amortisation	(54)	54	-
Other post-employment benefits	-	37	37
Provisions	-	16	16
Other items	-	3	3
Net tax assets/(liabilities)	<u>213</u>	<u>57</u>	<u>270</u>

Deferred tax movement during the prior year:

	At 1 January 2016 £ 000	Recognised in income £ 000	At 31 December 2016 £ 000
Accelerated tax depreciation	397	(130)	267
Amortisation	172	(226)	(54)
Other post-employment benefits	-	-	-
Provisions	-	-	-
Other items	-	-	-
Net tax assets/(liabilities)	<u>569</u>	<u>(356)</u>	<u>213</u>

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**Notes to the unaudited financial statements for the year ended 31 December 2017
(continued)****9 Property, plant and equipment**

	Leasehold improvements £ 000	Fixtures and fittings £ 000	Office equipment £ 000	Total £ 000
Cost or valuation				
At 1 January 2017	2,989	311	8,346	11,646
Additions	733	55	1,391	2,179
Disposals	-	(31)	-	(31)
At 31 December 2017	<u>3,722</u>	<u>335</u>	<u>9,737</u>	<u>13,794</u>
Accumulated depreciation				
At 1 January 2017	215	130	2,946	3,291
Charge for the year	376	50	1,618	2,044
Eliminated on disposal	-	(31)	-	(31)
At 31 December 2017	<u>591</u>	<u>149</u>	<u>4,564</u>	<u>5,304</u>
Carrying amount				
At 31 December 2017	<u>3,131</u>	<u>186</u>	<u>5,173</u>	<u>8,490</u>
At 31 December 2016	<u>2,774</u>	<u>181</u>	<u>5,400</u>	<u>8,355</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:

	2017 £ 000	2016 £ 000
Office equipment	<u>202</u>	<u>469</u>

10 Intangible assets

	Software development £ 000
Cost or valuation	
At 1 January 2017	11,526
Additions	716
Disposals	(8)
At 31 December 2017	<u>12,234</u>
Accumulated amortisation	
At 1 January 2017	2,177
Charge for the year	1,416
Eliminated on disposal	(8)
At 31 December 2017	<u>3,585</u>
Carrying amount	
At 31 December 2017	<u>8,649</u>
At 31 December 2016	<u>9,349</u>

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**Notes to the unaudited financial statements for the year ended 31 December 2017
(continued)****11 Investments**

	£ 000
Cost or valuation	
At 1 January 2017	39,952
Additions	<u>358</u>
At 31 December 2017	<u>40,310</u>
Carrying amount	
At 31 December 2017	<u><u>40,310</u></u>

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 2017 are as follows:

Name of subsidiary	Principal activity	Registered office address	Proportion of ownership interest and voting rights held	
			2017	2016
Paymaster (1836) Limited*	Pensions administration	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH	100%	100%
MyCSP Limited	Pensions administration	Park Square, Bird Hill Lane, Stockport, SK3 0XN	51%	51%
MyCSP Trustee Company Limited	Dormant	Park Square, Bird Hill Lane, Stockport, SK3 0XN	51%	51%
Equiniti Pension Trustee Limited	Non-trading	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH	100%	0%

* indicates direct investment of Equiniti Services Limited

12 Trade and other receivables

	2017 £ 000	2016 £ 000
Receivables from Group undertakings	76,084	183,585
Prepayments	5,641	3,276
Other receivables	<u>6,705</u>	<u>1,492</u>
	<u><u>88,430</u></u>	<u><u>188,353</u></u>

Excluding trade receivables, none of these financial assets are either past due or impaired. Receivables from Group undertakings are non-interest bearing and are repayable on demand.

Equiniti Services Limited

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**Notes to the unaudited financial statements for the year ended 31 December 2017
(continued)****13 Other financial liabilities**

	2017 £ 000	2016 £ 000
Non-current financial liabilities		
Finance lease liabilities	<u>-</u>	<u>249</u>
Current financial liabilities		
Finance lease liabilities	<u>213</u>	<u>218</u>

14 Trade and other payables

	2017 £ 000	2016 £ 000
Trade payables	17,332	15,511
Amounts due to Group undertakings	74,566	178,010
Accrued expenses	<u>11,706</u>	<u>10,701</u>
	<u>103,604</u>	<u>204,222</u>

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

15 Share capital**Allotted, called up and fully paid shares**

	2017		2016	
	Number	£ 000	Number	£ 000
Ordinary shares of £1 each	2,000,000	2,000	2,000,000	2,000

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 (2016 - £nil) and no dividends have been proposed post year end.

Equiniti Services Limited

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Notes to the unaudited financial statements for the year ended 31 December 2017 (continued)

18 Share-based payments

Sharesave Plan 2015

Scheme description

Share options issued by the ultimate parent company, Equiniti Group plc, have been granted to full time 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 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.

Charge arising from share-based payments

The total charge for the year relating to this scheme was £19,000 (2016 - £20,000).

Outstanding share options

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

	2017	2016
Weighted average exercise price (£)	1.19	1.27
Expected weighted average remaining life (years)	<u>1</u>	<u>2</u>

Following the rights issue of Equiniti Group plc in September 2017, the exercise price was reduced to take into account the dilution of the ex-rights share price.

Performance Share Plan

Scheme description

Share options issued by the ultimate parent company Equiniti Group plc, have been granted to directors and selected employees of the Company at nil cost. For share options granted under the PSP scheme, they are conditional on a minimum 6% 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.

Charge arising from share-based payments

The total charge for the year relating to this scheme was £444,000 (2016 - £167,000).

Outstanding share options

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

	2017	2016
Weighted average exercise price (£)	nil	nil
Expected weighted average remaining life (years)	<u>9</u>	<u>9</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.

Charge arising from share-based payments

The total charge for the year relating to this scheme was £nil (2016 - £nil).

Equiniti Services Limited

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Notes to the unaudited financial statements for the year ended 31 December 2017 (continued)

18 Share-based payments (continued)

Outstanding share options

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

	2017	2016
Weighted average exercise price (£)	1.94	-
Expected weighted average remaining life (years)	10	-

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 £1,076,000 (2016 - £496,000).

20 Obligations under leases

Operating leases

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

	2017 £ 000	2016 £ 000
Within one year	424	199
In one to five years	1,160	365
In over five years	365	-
	1,949	564

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. These loans must be repaid no later than April 2018.

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 £nil at 31 December 2017 (2016 - £56,000,000). Both facilities are repayable in 2020.

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Notes to the unaudited financial statements for the year ended 31 December 2017 (continued)

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 or upon request from:

Sutherland House
Russell Way
Crawley
West Sussex
RH10 1UH