

INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

Report and Financial Statements for the Year Ended 31 December 2010

Registration number: 2763682



REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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International Financial Data Services Limited Report and Financial Statements

Registered address:

IFDS House
St Nicholas Lane
Basildon
Essex
SS15 5FS

Auditors:

PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London
SE1 2RD

Company Registration Number

2763682

Bankers:

Natwest
City of London Office
PO Box 12258
1 Princes Street
London
EC2R 8PA

Company Secretary

Clive Shelton

Directors:

| | |
|----------------|---------------------------|
| S. Hooley | (Chairman) |
| S. Hudson-Lund | (Chief Executive Officer) |
| T. McDonnell | |
| J. Antonellis | |

Legal advisors:

Charles Russell Solicitors
8-10 New Fetter Lane
London
EC4A 1RS



International Financial Data Services Limited Report and Financial Statements

Directors' Report for the year ended 31 December 2010

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The consolidated profit and loss account for the year is set out on page 7.

The principle activities of the Group are the provision of administration services to the providers of collective investment products and the provision of fund hosting services, acting as Authorised Corporate Director, to the sponsors of collective investment schemes. The Group also has FSA permissions to act as plan manager in respect of retail investment products

During 2010 IFDS experienced extremely high demand for its services with a 32% growth in transaction volumes and a growth of over 8% in customer account base. This underpinned the Group's record levels of turnover and operating profit in the year of £150,737,000 and £25,817,000 respectively (2009: £122,018,000 and £15,621,000 respectively)

Group profit after tax in 2010 was £22,982,000 (2009: £12,020,000) and net assets as at 31 December 2010 totalled £100,847,000 (2009: £78,090,000)

FUTURE DEVELOPMENTS

During 2011 we expect that existing competitors and new market entrants will continue to provide strong competition and that the broader economic environment will remain challenging. Notwithstanding this we expect to maintain our leading position in the third party administration market and continue to grow the business profitably through the acquisition of new clients and by providing a broader range of services to our existing client base.

PRINCIPAL RISKS AND UNCERTAINTIES

In the ordinary course of its business IFDS manages a variety of risks including operational and regulatory risks. The Board of Directors sets appropriate policies on internal control which mandate that potential risk exposures are assessed and that appropriate mitigating controls are developed and implemented. The Board seeks regular assurance that the system is functioning effectively and compliantly through the following procedures:

- The Company completes a risk management self-assessment plan that captures all key risks, controls and ongoing initiatives in relation to risk management. This ensures that all key risks are identified and controlled or effectively mitigated
- Business areas perform regular reviews and updates of their Risk Assessments, which detail the risks relating to each process, assess those risks in terms of impact and probability, and consider the effectiveness of the controls in place. These risks are managed through a dedicated and integrated risk management reporting system
- Independent reviews on risk issues are carried out by internal monitoring teams, Audit and Information Security.
- Annual audits/risk reviews are carried out by client management companies and shareholder auditors to give assurances on the effectiveness of controls
- PricewaterhouseCoopers complete an annual assessment of a broad range of individual controls and key control objectives. This is published as an annual control report in accordance with the AAF 01/06 guidelines issued by the Institute of Chartered Accountants in England and Wales.

International Financial Data Services Limited Report and Financial Statements

Directors' Report for the year ended 31 December 2010

FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's principal financial instruments comprise bank balances and trade debtors. The main purpose of these instruments is to maintain funds for the Group's operations. The Group's approach to managing risks applicable to the financial instruments is shown below

In respect of bank balances the liquidity risk is minimal as the Group constantly monitors its bank balance to ensure that it is sufficient to finance the Group's operations. Trade debtors are managed in respect of credit and cash flow risk by policies concerning monitoring of amounts and time outstanding. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due

KEY PERFORMANCE INDICATORS

The Group monitors a wide variety of key performance indicators (KPIs) as an element of its approach to corporate governance. The KPIs cover: financial measures, operational quality, regulatory compliance, data security, client satisfaction and staff development. These KPIs are reviewed regularly at various forums within the Group where appropriate corrective actions are developed.

RESULTS AND DIVIDEND

The Directors do not recommend a dividend on the ordinary shares (2009: £Nil). The profit for the year retained in the Group is £22,982,000 (2009: £12,020,000) which will be transferred to reserves.

DIRECTORS

The Directors of the Company during the year ended 31 December 2010, all of whom held office throughout the period unless otherwise stated, were:

| | |
|---------------------|---------------------------|
| Stephen Hooley * | (Chairman) |
| Simon Hudson-Lund | (Chief Executive Officer) |
| Thomas McDonnell * | |
| Joseph Antonellis * | (Appointed 12 July 2010) |
| James Phalen * | (Resigned 12 July 2010) |

* Non executive Directors

The Directors have the benefit of indemnities in relation to the Company or an associated company which are qualifying third party indemnity provisions and qualifying pension scheme indemnity provisions, as defined by Sections 234 and 235 of the Companies Act 2006. In addition, during the year the Company has maintained liability insurance for Directors.

DIRECTORS' INTERESTS

No Director had any interest in the shares of International Financial Data Services Limited ("IFDS") or its subsidiaries at the beginning or end of the year.

International Financial Data Services Limited Report and Financial Statements

Directors' Report for the year ended 31 December 2010

RESEARCH AND DEVELOPMENT

The Group continues to invest in the core operating systems and continually analyses technology development and market trends for impacts and opportunities. The Directors regard this investment as integral to the continuing success of the business.

CHANGES IN FIXED ASSETS

The movements in fixed assets during the year are set out in notes 9 to 12 to the financial statements

DISABLED PERSONS

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

COMMUNICATION TO EMPLOYEES

Consultation with employees has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests. The Group also operates a number of communication mediums and forums including newsletters, all staff notices, team briefings and all staff presentations at which employees are kept informed about the financial, economic and strategic development of the business

HEALTH AND SAFETY

The Group operates a strict health and safety policy to mitigate potential health and safety risks to which staff are exposed in their job roles

CORPORATE SOCIAL RESPONSIBILITY

The board considers the significance of social, environmental and ethical matters in relation to its decision-making and operates a range of policies related to these matters to which a high level of compliance is maintained.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

It is the Group's policy in respect of all suppliers to agree payment terms in advance of the supply of goods and services and to adhere to those payment terms in accordance with those agreed terms and conditions. At 31 December the Group had an average of 29 days purchases outstanding in trade creditors (2009: 30 days purchases)

CHARITABLE DONATIONS

During the year charitable donations amounted to £36,790 (2009: £45,832). No political contributions were made by the Group (2009: nil).

International Financial Data Services Limited Report and Financial Statements

Directors' Report for the year ended 31 December 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 418 of the Companies Act 2006, each Director confirms that

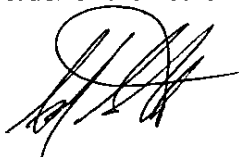
(a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The Company has passed elective resolutions to dispense with the appointment of auditors annually and the holding of an annual general meeting. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

By order of the Board



Clive Shelton
Company Secretary
29 March 2011

International Financial Data Services Limited Report and Financial Statements

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

We have audited the Group and Company financial statements (the "financial statements") of International Financial Data Services Limited for the year ended 31 December 2010 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the Company's affairs as at 31 December 2010 and of the Group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

International Financial Data Services Limited Report and Financial Statements

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



Ian Armfield (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 March 2011

International Financial Data Services Limited Report and Financial Statements
(Company number 2763682)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2010

| | Notes | 2010 £'000 | Restated 2009 £'000 |
|---|--------|---------------|---------------------------|
| Turnover | 2 | 150,737 | 122,018 |
| Administrative expenses | 3 | (124,920) | (106,397) |
| Operating profit | 2 | 25,817 | 15,621 |
| Share of profit of associate | 12 | 2,678 | - |
| Interest receivable and similar income | | 1,406 | 1,005 |
| Other finance income / (cost) | 23 (f) | 54 | (44) |
| Profit on ordinary activities before taxation | 6 | 29,955 | 16,582 |
| Tax on profit on ordinary activities | 7 | (6,973) | (4,562) |
| Profit on ordinary activities after taxation and retained for the year | 8 | 22,982 | 12,020 |

All the turnover and operating profit is attributable to continuing operations

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year as stated above and their historical cost equivalents.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2010

| | Notes | 2010 £'000 | Restated 2009 £'000 |
|--|--------|---------------|---------------------------|
| Profit for the financial year | | 22,982 | 12,020 |
| Net (loss) / gain arising on pension schemes | 23 (g) | (225) | 243 |
| Total recognised gains relating to the financial year | | 22,757 | 12,263 |

The notes on pages 11 to 32 form part of these financial statements.

International Financial Data Services Limited Report and Financial Statements
(Company number 2763682)

CONSOLIDATED BALANCE SHEET

As at 31 December 2010

| | Notes | 2010 £'000 | Restated 2009 £'000 |
|---|-------|----------------|---------------------------|
| Fixed assets | | | |
| Intangible assets | 9 | 22,267 | - |
| Tangible assets | 10 | 13,887 | 13,465 |
| Investments | 12 | 8,241 | 7,795 |
| | | 44,395 | 21,260 |
| Current assets | | | |
| Debtors (including £34,520 (2009: £22,326) due after one year) | 13 | 74,802 | 60,134 |
| Cash at bank and in hand | | 25,363 | 31,912 |
| | | 100,165 | 92,046 |
| Creditors: amounts falling due within one year | 14 | (43,083) | (34,228) |
| Net current assets | | 57,082 | 57,818 |
| Total assets less current liabilities | | 101,477 | 79,078 |
| Provisions for liabilities and charges | 15 | (183) | (450) |
| Net assets excluding pension deficit | | 101,294 | 78,628 |
| Pension deficit | 23(e) | (447) | (538) |
| Net assets including pension deficit | | 100,847 | 78,090 |
| Capital and reserves | | | |
| Called up share capital | 16 | 8 | 8 |
| Capital contribution | 17 | 70,000 | 70,000 |
| Share premium account | 17 | 6,242 | 6,242 |
| Profit and loss account | 17 | 24,597 | 1,840 |
| Total shareholders' funds | 18 | 100,847 | 78,090 |

The financial statements were approved by the board of Directors on 29 March 2011 and signed on its behalf by

Simon Hudson-Lund

Simon Hudson-Lund
Chief Executive Officer

The notes on pages 11 to 32 form part of these financial statements.

International Financial Data Services Limited Report and Financial Statements
(Company number 2763682)

COMPANY BALANCE SHEET

As at 31 December 2010

| | Notes | 2010 £'000 | Restated 2009 £'000 |
|---|-------|---------------|---------------------------|
| Fixed assets | | | |
| Intangible assets | 9 | 22,267 | - |
| Tangible assets | 10 | 13,887 | 13,465 |
| Investments | 12 | 11,738 | 11,292 |
| | | 47,892 | 24,757 |
| Current assets | | | |
| Debtors (including £35,009 (2009: £22,812) due after one year) | 13 | 62,060 | 47,785 |
| Cash at bank and in hand | | 17,674 | 27,228 |
| | | 79,734 | 75,013 |
| Creditors: amounts falling due within one year | 14 | (33,748) | (27,368) |
| Net current assets | | 45,986 | 47,645 |
| Total assets less current liabilities | | 93,878 | 72,402 |
| Provisions for liabilities and charges | 15 | (183) | (450) |
| Net assets excluding pension deficit | | 93,695 | 71,952 |
| Pension deficit | 23(e) | (447) | (538) |
| Net assets including pension deficit | | 93,248 | 71,414 |
| Capital and reserves | | | |
| Called up share capital | 16 | 8 | 8 |
| Capital contribution | 17 | 70,000 | 70,000 |
| Share premium account | 17 | 6,242 | 6,242 |
| Profit and loss account | 17 | 16,998 | (4,836) |
| Total shareholders' funds | | 93,248 | 71,414 |

The financial statements were approved by the board of Directors on 29 March 2011 and signed on its behalf by:

Simon Hudson-Lund

Simon Hudson-Lund
Chief Executive Officer

The notes on pages 11 to 32 form part of these financial statements.

International Financial Data Services Limited Report and Financial Statements

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2010

| | Notes | 2010 £'000 | 2009 £'000 |
|---|-------|---------------|---------------|
| Net cash inflow from operating activities | 20 | 30,905 | 14,784 |
| Returns on investments and servicing of finance | | | |
| Interest received | | 1,406 | 1,005 |
| Net cash inflow from returns on investments and servicing of finance | | 1,406 | 1,005 |
| Taxation | | (4,946) | (3,597) |
| Capital expenditure and financial investment | | | |
| Purchase of tangible fixed assets | | (6,849) | (3,876) |
| Sales of tangible fixed assets | | - | 21 |
| Investments | 12 | (17,312) | - |
| Loans provided to associated company | 19 | (10,879) | (5,000) |
| Loan amounts repaid from associate companies | | 1,126 | - |
| Net cash outflow from capital expenditure and financial investment | | (38,860) | (12,452) |
| (Decrease) / Increase in cash | 21 | (6,549) | 3,337 |

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

1. ACCOUNTING POLICIES

Basis of accounting

The Group financial statements have been prepared under the Companies Act 2006 and the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) and applicable accounting standards. A summary of the more important Group accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year, as applicable.

Basis of consolidation

The financial statements include the results of the Company and its' subsidiary undertakings

Turnover

Turnover, which excludes value added tax, represents fees due for dealing and related administration services rendered during the year. Fees are accrued as turnover as the services are provided. A Company in the Group acts as principal in the sale of shares in the OEICs for which it is ACD, although in accordance with FRS 5 Application Note G, it is in substance acting as agent. Turnover also includes invoices raised to clients for out of pocket expenses and disbursements on their behalf.

Deferred income

Deferred income represents payments received in advance for services which are to be rendered within the next 12 months.

Contract premiums and deferred costs

Contract premiums and deferred costs represent costs incurred prior to and on completing a new client conversion. These costs are capitalised in the balance sheet and then amortised from the date of conversion over the remaining life of the contract.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year end. Transactions during the year are translated at the rate of exchange ruling at the date of the transaction. All foreign exchange gains and losses are dealt with in the profit and loss account.

Deferred taxation

Deferred tax is recognised on a full provision basis so as to provide for deferred tax liabilities or assets if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefit in the future is uncertain. Deferred tax assets and liabilities recognised are not discounted.

System development

Computer programming and development costs are written off to the profit and loss account when they are incurred. This write off also includes developments where the client(s) have agreed to pay a one-off fee towards the cost.

International Financial Data Services Limited Report and Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

Fixed assets

Fixed assets are valued at historic purchase cost less accumulated depreciation

Depreciation is calculated so as to write off the cost of tangible and intangible fixed assets over their expected useful lives on a straight line basis. The annual rates used are:

| | Years |
|----------------------------------|-----------|
| Leasehold improvements | 5, 10, 15 |
| Motor vehicles | 5 |
| Fixtures, fittings and equipment | 5, 10 |
| Computer equipment and software | 3, 5 |

Investments in subsidiaries and trade investments

Investments in subsidiary undertakings and trade investments are included at cost less provision for any impairment in value considered necessary by the Directors

Associates

Associates over which the Group has significant influence but does not control are included in the financial statements under the equity method of accounting.

Goodwill

When the cost of an acquisition exceeds the fair values attributable to the Group's share of the net assets acquired, the difference is treated as purchased goodwill. Purchased goodwill on the investment in associates is amortised over twenty years.

Post-retirement private health care benefits

International Financial Data Services Ltd provides defined post-retirement private health care benefits to employees who joined prior to 1 October 1994. The cost of this benefit is charged to the profit and loss account assuming that the employees in the scheme remain employed until retirement

Pension costs

A number of employees are members of the Group's defined benefit scheme. This scheme is valued by the actuary using the projected unit method every three years, at which time recommendations are made in respect of the level of contributions required to secure the benefits defined in the rules of the scheme. The full service cost of servicing the pension scheme is charged to the profit and loss account. A charge equal to the expected increase in the present value of the scheme liabilities being one period closer to settlement and a credit reflecting the long term expected return based on the market value of the scheme assets at the beginning of the period is included within the profit and loss account as 'Other finance costs'. The balance sheet records as a liability the difference between the market value of the scheme assets and the present value of the scheme liabilities, net of any deferred tax. The difference between the expected return on assets / cost of liabilities and that actually achieved in the period is recognised in the statement of total recognised gains and losses. Actuarial gains and losses which arise from differences between actuarial assumptions underlying the scheme, the actual experience during the period, and the effect of the changes in actuarial assumptions are also recognised in the statement of total recognised gains and losses, net of tax.

International Financial Data Services Limited Report and Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

Pension costs *continued*

In prior periods the tax related to these gains and losses was included in the tax charge in the profit and loss account. The comparative figures in the profit and loss account have been restated to reflect the current year presentation. There is no impact on total recognised gains.

The Group also operates a defined contribution scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Payments to the fund are charged to the profit and loss account as they are incurred.

Operating Leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

2. TURNOVER AND OPERATING PROFIT

Turnover represents sales of goods and services outside the Group net of value added tax.

Turnover and operating profit by class of business:

| | Turnover | | Operating Profit | |
|--|---------------|---------------|------------------|---------------|
| | 2010 £'000 | 2009 £'000 | 2010 £'000 | 2009 £'000 |
| Activities regulated by the Financial Services Authority | 46,620 | 31,057 | 2,151 | 964 |
| Non regulated activities and software & computer consultancy | 104,117 | 90,961 | 23,666 | 14,657 |
| | 150,737 | 122,018 | 25,817 | 15,621 |

All turnover and operating profit relate to activities within the United Kingdom and are wholly from continuing operations. A Company in the Group acts as principal in the sale of shares in the OEICs for which it is the authorised corporate director, although in accordance with FRS 5 Application Note G, it is in substance acting as agent. The gross sales of units during the year were £1,189,188,000 (2009: £582,664,000).

3. ADMINISTRATIVE EXPENSES

Administrative expenses are incurred wholly from continuing operations.

Expenses and revenue include amounts paid of £4,206,000 (2009: £4,408,000) on behalf of clients which are recharged to them.

International Financial Data Services Limited Report and Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

4. EMPLOYEE INFORMATION

The average number of persons employed by the Group (including Directors) during the year was:

| | 2010 | 2009 |
|----------------------|-------|-------|
| IT & central support | 536 | 493 |
| Administration | 1,464 | 1,294 |
| | 2,000 | 1,787 |

The staff costs were as follows:

| | 2010 £'000 | 2009 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 66,183 | 58,489 |
| Social security costs | 5,930 | 4,981 |
| Other pension costs | 3,225 | 2,958 |
| | 75,338 | 66,428 |

5. DIRECTORS' REMUNERATION

| | 2010 £'000 | 2009 £'000 |
|------------|---------------|---------------|
| Emoluments | 804 | 612 |
| Pension | 28 | 25 |
| Benefits | 5 | 5 |
| | 837 | 642 |

The aggregate pension contributions shown above represent payments by the Company into money purchase pension schemes. None of the Directors are members of the International Financial Data Services Limited defined benefit pension scheme

The highest paid Director received emoluments and benefits for their services to the Company amounting to £837,000 (2009: £642,000).

International Financial Data Services Limited Report and Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| This is stated after charging/(crediting): | | |
| Depreciation of owned fixed assets | 6,422 | 5,922 |
| Loss on sale of tangible fixed assets | 5 | 18 |
| Expatriate provision release | (86) | (307) |
| Restructuring costs | - | 119 |
| Operating lease rentals – other operating leases | 3,870 | 3,964 |

During the year the Group obtained the following services from the Company's auditor and its associates:

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| Audit services | | |
| Audit of the Company and Consolidated financial statements | 88 | 80 |
| Other services | | |
| Audit of the financial statements of the Company's subsidiaries | 26 | 30 |
| Audit of the Company's pension scheme | 13 | 14 |
| Tax compliance and advisory services | 218 | 154 |
| Other services not covered above | 197 | 140 |
| | 542 | 418 |

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in year

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| Current tax | | |
| UK corporation tax for the year | 6,848 | 4,442 |
| Adjustments in respect of prior periods | (256) | (350) |
| Total current tax | 6,592 | 4,092 |
| Deferred tax | | |
| Origination and reversal of timing differences | 381 | 470 |
| Total deferred tax | 381 | 470 |
| Tax on profit on ordinary activities | 6,973 | 4,562 |

International Financial Data Services Limited Report and Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

7. TAX ON PROFIT ON ORDINARY ACTIVITIES *continued*

Tax on recognised gains and losses not included in the profit and loss account

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| Current tax credit allocated to actuarial losses | 123 | 96 |
| Other deferred tax movement relating to pension scheme | (37) | (191) |
| Impact on deferred tax of change in tax rate | (6) | - |
| | 80 | (95) |

(b) Factors affecting the tax charge for the year

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

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| Profit on ordinary activities before tax | 29,955 | 16,582 |
| Tax on profit applied at a rate of 28.0% (2009. 28.0%) | 8,387 | 4,643 |
| Effects of: | | |
| Share of Associates profit | (749) | - |
| Expenses not deductible for tax purposes | (754) | (34) |
| Effects of overseas tax rates | 2 | - |
| Effects of marginal rate relief | - | (12) |
| Other permanent differences | (293) | (276) |
| Timing differences | (9) | (241) |
| Depreciation for period in excess of capital allowances | 264 | 362 |
| Adjustments in respect of prior periods | (256) | (350) |
| Current tax charge for the year | 6,592 | 4,092 |

International Financial Data Services Limited Report and Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

7. TAX ON PROFIT ON ORDINARY ACTIVITIES *continued*

(c) Deferred tax

The deferred tax asset movement in the year of £381,000 (2009: £470,000) mainly relates to short term timing differences. The UK tax rate will reduce from 28% to 27% from 1 April 2011 and the deferred tax asset has been calculated at this rate

The recognised deferred tax asset is comprised as follows

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| Depreciation in excess of capital allowances | 1,914 | 1,936 |
| Short term timing differences | 484 | 843 |
| | 2,398 | 2,779 |
| Deferred tax asset at 1 January | 2,779 | 3,249 |
| Deferred tax asset utilised during the year | (381) | (470) |
| Deferred tax asset at 31 December | 2,398 | 2,779 |
| Deferred tax asset on pension deficit | 166 | 209 |
| Deferred tax asset including deferred tax on pension deficit at 31 December | 2,564 | 2,988 |

Deferred tax asset relating to pension deficit:

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| At 1 January | 209 | 400 |
| Deferred tax charged to the scheme on pension deficit | (37) | (191) |
| on change in tax rates | (6) | - |
| At 31 December | 166 | 209 |

International Financial Data Services Limited Report and Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

8. PROFIT FOR THE FINANCIAL YEAR

Of the profit for the year, £22,059,000 (2009: £11,344,000) has been dealt with in the financial statements of the Company. The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company alone.

9. INTANGIBLE FIXED ASSETS

Group & Company

| | Goodwill £'000 | Software Licences £'000 | Total £'000 |
|--|-------------------|-------------------------------|----------------|
| Cost | | | |
| At 1 January 2010 | - | 1,337 | 1,337 |
| Additions | 22,864 | - | 22,864 |
| At 31 December 2010 | 22,864 | 1,337 | 24,201 |
| Amortisation | | | |
| At 1 January 2010 | - | 1,337 | 1,337 |
| Charge for the year | 597 | - | 597 |
| At 31 December 2010 | 597 | 1,337 | 1,934 |
| Net Book Value 31 December 2010 | 22,267 | - | 22,267 |
| Net Book Value 31 December 2009 | - | - | - |

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

10. TANGIBLE FIXED ASSETS

Group

| | Leasehold Improve- ments £'000 | Motor Vehicles £'000 | Fixtures, Fittings and Equipment £'000 | Computer Equipment & Software £'000 | Total £'000 |
|----------------------------|---|----------------------------|---|--|----------------|
| Cost | | | | | |
| At 1 January 2010 | 9,830 | 27 | 8,415 | 40,630 | 58,902 |
| Additions | 900 | - | 263 | 5,686 | 6,849 |
| Disposals | - | - | (152) | (1,896) | (2,048) |
| At 31 December 2010 | 10,730 | 27 | 8,526 | 44,420 | 63,703 |
| Depreciation | | | | | |
| At 1 January 2010 | 5,559 | 26 | 6,957 | 32,895 | 45,437 |
| Charge for the year | 753 | 1 | 525 | 5,143 | 6,422 |
| Disposals | - | - | (147) | (1,896) | (2,043) |
| At 31 December 2010 | 6,312 | 27 | 7,335 | 36,142 | 49,816 |
| Net book value | | | | | |
| At 31 December 2010 | 4,418 | - | 1,191 | 8,278 | 13,887 |
| At 31 December 2009 | 4,271 | 1 | 1,458 | 7,735 | 13,465 |

Company

| | Leasehold Improve- ments £'000 | Motor Vehicles £'000 | Fixtures, Fittings and Equipment £'000 | Computer Equipment & Software £'000 | Total £'000 |
|----------------------------|---|----------------------------|---|--|----------------|
| Cost | | | | | |
| At 1 January 2010 | 9,830 | 27 | 8,415 | 40,044 | 58,316 |
| Additions | 900 | - | 263 | 5,686 | 6,849 |
| Disposals | - | - | (152) | (1,896) | (2,048) |
| At 31 December 2010 | 10,730 | 27 | 8,526 | 43,834 | 63,117 |
| Depreciation | | | | | |
| At 1 January 2010 | 5,559 | 26 | 6,957 | 32,309 | 44,851 |
| Charge for the year | 753 | 1 | 525 | 5,143 | 6,422 |
| Disposals | - | - | (147) | (1,896) | (2,043) |
| At 31 December 2010 | 6,312 | 27 | 7,335 | 35,556 | 49,230 |
| Net book value | | | | | |
| At 31 December 2010 | 4,418 | - | 1,191 | 8,278 | 13,887 |
| At 31 December 2009 | 4,271 | 1 | 1,458 | 7,735 | 13,465 |

International Financial Data Services Limited Report and Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

11. DEBENTURE

On 25 October 2002 the joint venture partners have established a floating charge over all the assets of the Company in the event that they are called upon to honour the Company's obligations and liabilities

12. INVESTMENTS

| | Group 2010 £'000 | Group 2009 £'000 | Company 2010 £'000 | Company 2009 £'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| At 1 January | 7,795 | 7,795 | 11,292 | 11,292 |
| Additions | 17,312 | - | 17,312 | - |
| Write back of impairment in investment | 2,722 | - | 2,722 | - |
| Transfer to investment in associate | (27,829) | - | (27,829) | - |
| At 31 December | - | 7,795 | 3,497 | 11,292 |

Investment in associates

Investments held represent a 20.92% (2009: 9.3%) voting interest in Cofunds Holdings Limited, a company incorporated in England and Wales.

| | Group £'000 | Company £'000 |
|---|----------------|------------------|
| Profit before tax | 942 | 942 |
| Tax | 2,333 | 2,333 |
| Profit for the year before goodwill amortisation | 3,275 | 3,275 |
| Amortisation of Goodwill | 597 | 597 |
| Profit for the year | 2,678 | 2,678 |
| Group share of net assets at acquisition* | 4,966 | 4,966 |
| Share of profit for the year | 3,275 | 3,275 |
| At 31 December 2010 | 8,241 | 8,241 |
| At 31 December 2009 | - | - |

*This comprises cost of investment of £27,829,473 less goodwill of £22,863,902.

International Financial Data Services Limited Report and Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

12. INVESTMENTS *continued*

Subsidiaries disclosure

In addition to the investment held in Cofunds Holdings Limited, as noted above, the other investments held by the Company is in its wholly owned subsidiary companies, International Financial Data Services (UK) Limited, IFDS Financial Services Limited, and IFDS Managers Limited. The Company owns 100% of the issued share capital and associated voting rights of these companies which are incorporated in England and Wales and provide administration services, fund hosting and plan manager services to providers of retail investment products.

13. DEBTORS

| | Group 2010 £'000 | Group 2009 £'000 | Company 2010 £'000 | Company 2009 £'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| Due within one year: | | | | |
| Trade debtors | 30,752 | 32,330 | 18,395 | 19,679 |
| Amounts due from related parties (note 19) | 4,020 | 1,756 | 3,023 | 1,332 |
| Amounts due from subsidiary undertakings | - | - | 126 | 253 |
| Other debtors | 203 | 149 | 203 | 149 |
| Contract premiums and deferred costs | 1,804 | 1,117 | 1,804 | 1,117 |
| Prepayments and accrued income | 3,503 | 2,456 | 3,500 | 2,443 |
| | 40,282 | 37,808 | 27,051 | 24,973 |
| Due after more than one year: | | | | |
| Contract premiums and deferred costs | 10,948 | 7,869 | 10,948 | 7,869 |
| Amounts due from related parties (note 19) | 21,174 | 11,678 | 21,174 | 11,678 |
| Amounts due from subsidiary undertakings | - | - | 500 | 500 |
| Deferred tax | 2,398 | 2,779 | 2,387 | 2,765 |
| | 74,802 | 60,134 | 62,060 | 47,785 |

The amounts due after more than one year from subsidiary undertakings represents a subordinated loan with IFDS Managers Limited which is at an interest rate of 2.5% and is not repayable before December 2011.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group 2010 £'000 | Group 2009 £'000 | Company 2010 £'000 | Company 2009 £'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| Trade creditors | 20,384 | 17,519 | 1,313 | 1,703 |
| Amounts due to related parties (note 19) | 1,286 | 172 | 1,065 | 172 |
| Amounts due to subsidiary undertakings | - | - | 10,282 | 8,972 |
| Corporation tax | 3,336 | 1,813 | 2,953 | 1,746 |
| Other taxation and social security | 1,638 | 1,784 | 1,638 | 1,784 |
| Accruals and deferred income | 16,439 | 12,940 | 16,497 | 12,991 |
| | 43,083 | 34,228 | 33,748 | 27,368 |

The amounts due to subsidiary undertakings represents a balance due to International Financial Data Services (UK) Limited which is unsecured and repayable on demand.

15. PROVISIONS FOR LIABILITIES AND CHARGES

Group and Company

| | Restructuring Provision £'000 | Provision for Expatriate Costs £'000 | Post Retirement Healthcare £'000 | Total £'000 |
|--|-------------------------------------|--|---|----------------|
| At 1 January 2010 | 75 | 350 | 25 | 450 |
| Charged/ (credited) to the profit and loss account | (75) | (86) | 4 | (157) |
| Utilised during the year | - | (110) | - | (110) |
| At 31 December 2010 | - | 154 | 29 | 183 |

Expatriate tax equalisation provision

A provision has been made for the potential income tax liability that may arise at a future date on current and historical expatriate remunerations that have accrued to them during the period of their services in the UK but will be payable in the future. This provision is based on the differential between the UK income tax rate and the applicable US state tax rate.

Post retirement healthcare

The Group provides defined post-retirement private health care benefits to employees who joined prior to 1 October 1994. The provision as at 31 December 2010 was £29,000 (2009 £25,000). The liabilities at 31 December 2010 were calculated at 6 years of healthcare premium for each employee discounted on a sliding scale for the probability of an employee remaining in employment with the Company until the age of 65.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

16. CALLED UP SHARE CAPITAL

| | 2010 £ | 2009 £ |
|---|---------------|---------------|
| Authorised | | |
| 7,000 Ordinary A shares of £1 each | 7,000 | 7,000 |
| 1,000 Ordinary B shares of £1 each | 1,000 | 1,000 |
| 7,000 Ordinary C shares of £1 each | 7,000 | 7,000 |
| | 15,000 | 15,000 |
| Allotted, called up and fully paid | | |
| 3,667 Ordinary A shares of £1 each | 3,667 | 3,667 |
| 1,000 Ordinary B shares of £1 each | 1,000 | 1,000 |
| 3,667 Ordinary C shares of £1 each | 3,667 | 3,667 |
| | 8,334 | 8,334 |

All 'A', 'B' and 'C' shares rank pari passu in all respects and are treated as one class of shares including voting rights, rights to dividends and rights to assets on a winding up of the Company

No resolution of members shall be passed unless the holders of at least one 'A' ordinary share, one 'B' ordinary share and one 'C' ordinary share have voted in favour.

17. RESERVES

Group

| | Capital Contribution £'000 | Share Premium Account £'000 | Profit and Loss Account £'000 |
|------------------------------------|----------------------------------|--------------------------------------|--|
| At 1 January 2010 | 70,000 | 6,242 | 1,840 |
| Net loss arising on pension scheme | - | - | (225) |
| Profit for year | - | - | 22,982 |
| At 31 December 2010 | 70,000 | 6,242 | 24,597 |

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

17. RESERVES *continued*

Company

| | Capital Contribution £'000 | Share Premium Account £'000 | Profit and Loss Account £'000 |
|------------------------------------|----------------------------------|--------------------------------------|--|
| At 1 January 2010 | 70,000 | 6,242 | (4,836) |
| Net loss arising on pension scheme | - | - | (225) |
| Profit for year | - | - | 22,059 |
| At 31 December 2010 | 70,000 | 6,242 | 16,998 |

18. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

| | 2010 £'000 | 2009 £'000 |
|---|----------------|---------------|
| Profit for the financial year | 22,982 | 12,020 |
| Net (loss) / gain arising on pension scheme | (225) | 243 |
| Opening shareholders' funds | 78,090 | 65,827 |
| Closing shareholders' funds | 100,847 | 78,090 |

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

19. GROUP RELATED PARTY TRANSACTIONS

Services provided by IFDS due within 1 year

| Name | Nature of Transactions | Value of Transactions During Year | | Balance Outstanding as at 31 December | |
|-------------------------------------|-------------------------|-----------------------------------|---------------|---------------------------------------|---------------|
| | | 2010 £'000 | 2009 £'000 | 2010 £'000 | 2009 £'000 |
| Boston Financial Data Services Inc. | Consultancy | 4 | 103 | 4 | 6 |
| DST International Output | Administration Services | - | - | - | - |
| DST Global Services | Consultancy | 362 | - | 58 | - |
| DST International Bangkok | Consultancy | 148 | 338 | - | 36 |
| IFDS Canada Limited | Consultancy | 270 | 245 | 197 | 30 |
| IFDS Luxembourg | Consultancy | 304 | 12 | 299 | - |
| Percana | Consultancy | 49 | - | 6 | - |
| Cofunds Limited | Administration Services | 11,270 | 9,558 | 1,152 | 228 |
| Syntel Sourcing PVT Ltd | Consultancy | 170 | 158 | 51 | 51 |
| State Street Trustees Limited | Administration Services | 8,013 | 1,055 | 997 | 438 |
| State Street Bank Dublin | Consultancy | - | - | - | 3 |
| State Street London Limited | Administration Services | 13 | - | - | - |
| State Street Bank Lux | Administration Services | - | 13 | - | 14 |
| IFDS Realty LP | Consultancy | 49 | - | 49 | - |
| IFDS Realty LP | Long term funding | - | - | 1,207 | 950 |
| | | | | 4,020 | 1,756 |

Services provided by IFDS due after more than one year

| Name | Nature of Transactions | Value of Transactions During Year | | Balance Outstanding as at 31 December | |
|------------------|------------------------|-----------------------------------|---------------|---------------------------------------|---------------|
| | | 2010 £'000 | 2009 £'000 | 2010 £'000 | 2009 £'000 |
| IFDS Realty LP | Long term funding | 10,879 | - | 15,174 | 5,678 |
| Cofunds Holdings | Long term funding | - | 5,000 | 6,000 | 6,000 |
| | | | | 21,174 | 11,678 |

The related parties are associates of the joint venture partners

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

19. GROUP RELATED PARTY TRANSACTIONS *continued*

Services supplied to IFDS due within 1 year

| Name | Nature of Transactions | Value of Transactions During Year | | Balance Outstanding as at 31 December | |
|-------------------------------------|-------------------------------------|-----------------------------------|---------------|---------------------------------------|---------------|
| | | 2010 £'000 | 2009 £'000 | 2010 £'000 | 2009 £'000 |
| Boston Financial Data Services Inc. | Consultancy, Directors Remuneration | 68 | 39 | 24 | 22 |
| State Street Bank & Trust Co | Administration Services | 628 | 69 | 153 | - |
| State Street Trustees Limited | Administration Services | 221 | 44 | 68 | - |
| State Street Bank Lux | Consultancy | 28 | 34 | 2 | - |
| IFDS Canada Limited | Consultancy | 17 | 50 | - | - |
| IFDS Luxembourg | Administration Services | - | 25 | - | - |
| Cofunds Limited | Consultancy | 7 | - | - | - |
| DST Systems Inc. | Consultancy | - | - | 107 | - |
| DST Technologies Inc. | Consultancy | 52 | 4 | 5 | - |
| DST Systems Limited | Computer Services | 1,730 | 1,558 | - | - |
| DST International (Bangkok) Limited | Consultancy | 1,208 | 3,614 | 342 | 36 |
| Syntel Sourcing PVT Ltd | Administration Services | 5,775 | 5,205 | 585 | 114 |
| IFDS Realty UK LLC | Property Services | 3,541 | 2,872 | - | - |
| | | | | 1,286 | 172 |

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

20. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| Operating profit | 25,817 | 15,621 |
| Write back of impairment in investment | (2,722) | - |
| Depreciation of tangible fixed assets | 6,422 | 5,922 |
| Loss on sale of tangible fixed assets | 5 | 18 |
| Amortisation of contract premiums | 1,759 | 1,361 |
| Decrease in provisions | (267) | (1,624) |
| Difference between pension charge and contributions | (386) | (389) |
| Increase in debtors | (7,055) | (18,614) |
| Increase in creditors | 7,332 | 12,489 |
| Net cash inflow from operating activities | 30,905 | 14,784 |

21. RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS

| | 2010 £'000 | 2009 £'000 |
|--|----------------|---------------|
| (Decrease) / increase in cash in the year | (6,549) | 3,337 |
| Change in net funds resulting from cash flows | (6,549) | 3,337 |
| Net funds at 1 January | 31,912 | 28,575 |
| Net funds at 31 December | 25,363 | 31,912 |

22. ANALYSIS OF NET FUNDS

| | 1 January 2010 £'000 | Cash Flow £'000 | 31 December 2010 £'000 |
|--------------------------|----------------------------|--------------------|------------------------------|
| Cash at bank and in hand | 31,912 | (6,549) | 25,363 |
| Total | 31,912 | (6,549) | 25,363 |

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

23. PENSION COMMITMENTS

International Financial Data Services Ltd and International Financial Data Services (UK) Ltd

A number of the Group's employees are members of the Group's Pension Scheme, which is a funded scheme and of the defined benefit type.

Defined Benefit Scheme

The defined benefits scheme was actuarially valued on 1 April 2008. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with the Company. The contributions are determined by Towers Watson, consulting actuaries, on the basis of triennial valuations using the projected unit method. The pension contributions for the year were £466,000 (2009: £466,000).

On 1 April 2009 the market value of the scheme's assets was £6,820,350 (2009: £4,215,935) (including net current assets and AVC's). The projected benefits funding level has increased from 75% at 1 April 2005 to 77% at 1 April 2008.

The employer contribution rate to the plan for the year ending 31 December 2010 was £466,000 per annum. The employer has agreed with the plan trustees that this rate will continue to be paid until 1 July 2011. This will help to fund the deficit of the scheme's assets.

23 (a) Assumptions used to determine scheme liabilities

| | 2010 | 2009 |
|--|-------|-------|
| Discount rate | 5.50% | 6.00% |
| Inflation assumption | 3.50% | 3.60% |
| Expected rate of return on scheme assets | 7.11% | 7.41% |
| Rate of compensation increase | 3.50% | 3.60% |
| Pre April 2007 excess over GMP pension increase | 3.35% | 3.40% |
| Post April 2007 excess over GMP pension increase | 2.25% | 2.10% |
| Life expectancy of a male aged 65 at end of year | 23.7 | 23.3 |
| Life expectancy of a female aged 65 at end of year | 26.4 | 26.0 |

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

23 (b) Reconciliation of present value of scheme liabilities

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| At 1 January | 6,964 | 5,941 |
| Current service cost | 81 | 77 |
| Interest cost | 421 | 359 |
| Actuarial loss | 762 | 641 |
| Gross benefits paid | (89) | (54) |
| Scheme liabilities at 31 December | 8,139 | 6,964 |

23 (c) Reconciliation of fair value of scheme assets

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| At 1 January | 6,217 | 4,511 |
| Expected return | 475 | 315 |
| Actuarial gain | 457 | 979 |
| Employer contribution | 466 | 466 |
| Gross benefits paid | (89) | (54) |
| Fair value of scheme assets at 31 December | 7,526 | 6,217 |
| Actual return on scheme assets | 932 | 1,293 |

23 (d) Scheme Assets Allocation

| | 2010 £'000 | Allocation | 2009 £'000 | Allocation |
|-----------------|---------------|---------------|---------------|---------------|
| Equities | 7,443 | 98.9% | 6,178 | 99.4% |
| Debt securities | - | 0.0% | - | 0.0% |
| Property | - | 0.0% | - | 0.0% |
| Other | 83 | 1.1% | 39 | 0.6% |
| Total | 7,526 | 100.0% | 6,217 | 100.0% |

The long term rate of return expected for equity is 7.15% (2009: 7.45%) and cash is 0.50% (2009: 0.50%)

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For the year ended 31 December 2010

23 (e) Funded status

The funded status at the end of the year, and the related amounts recognised on the balance sheet, follow.

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| Fair value of scheme assets | 7,526 | 6,217 |
| Benefit obligations | (8,139) | (6,964) |
| Funded status (deficit) / surplus | (613) | (747) |
| Related deferred tax asset | 166 | 209 |
| Net amount end of year (after deferred taxes) | (447) | (538) |

23 (f) Components of benefit cost recognised in profit and loss:

| | 2010 £'000 | 2009 £'000 |
|------------------------------------|---------------|---------------|
| Current service cost | 81 | 77 |
| Total operating charge | 81 | 77 |
| Interest cost | 421 | 359 |
| Expected return on scheme assets | (475) | (315) |
| Other (income)/finance cost | (54) | 44 |
| Pension expense | 27 | 121 |

23 (g) Analysis of Statement of Recognised Gains and Losses (STRGL):

| | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|
| Actuarial (loss) / gain | (305) | 338 |
| Current tax credit allocated to actuarial losses | 123 | 96 |
| Other deferred tax movement relating to pension scheme | (37) | (191) |
| Impact on deferred tax of change in tax rate | (6) | - |
| Net recognised (loss)/gain arising on pension scheme | (225) | 243 |

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For the year ended 31 December 2010

23 (h) Cumulative amount recognised in STRGL

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| Cumulative amount, beginning of year | (319) | (562) |
| Net (loss)/gain | (225) | 243 |
| Cumulative amount recognised, end of year | (544) | (319) |

23 (i) History of surplus (deficit) and experience gains and losses

| | Dec 2010 £'000 | Dec 2009 £'000 | Dec 2008 £'000 | Dec 2007 £'000 | Dec 2006 £'000 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Fair value of assets | 7,526 | 6,217 | 4,511 | 5,701 | 5,124 |
| Scheme liabilities | (8,139) | (6,964) | (5,941) | (6,643) | (6,760) |
| Funded status - (deficit)/surplus | (613) | (747) | (1,430) | (942) | (1,636) |
| Related deferred tax asset | 166 | 209 | 400 | 283 | 491 |
| Funded status - (deficit)/surplus | (447) | (538) | (1,030) | (659) | (1,145) |
| Experience gain/(loss) adjustment on scheme liabilities | 40 | 106 | 402 | (26) | (108) |
| Experience gain/(loss) adjustment on scheme assets | 457 | 979 | (1,831) | (321) | 303 |
| Actuarial (loss)/gain recognised in statement of recognised income and expense | (225) | 243 | (925) | 228 | 716 |
| Cumulative amount recognised in statement of recognised income and expense | (544) | (319) | (562) | 363 | 135 |

Expected employer contributions

The Company expects to contribute £466,000 to the Plan in 2011.

Defined Contribution Scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in two independently administered funds. The pension cost charge represents contributions paid, by the Company to these funds and amounted to £3,109,000 (2009: £2,840,000). Contributions outstanding at the year end were £nil (2009: £322,000).

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NOTES TO THE FINANCIAL STATEMENTS

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24. CAPITAL COMMITMENTS

At 31 December 2010, the Group had capital expenditure of £403,000 (2009 £859,000) that had been contracted for but not provided in these financial statements

25. OPERATING LEASE COMMITMENTS

At 31 December 2010, the Group had annual commitments under non-cancellable operating leases analysed according to the period in which each lease expires as follows:

| | Land & Buildings | | Other | |
|--------------------------------|------------------|-------|-------|-------|
| | 2010 | 2009 | 2010 | 2009 |
| | £'000 | £'000 | £'000 | £'000 |
| Within one year | - | - | 10 | 21 |
| In two to five years inclusive | - | - | 458 | 221 |
| Over 5 years | 3,572 | 3,722 | - | - |
| | 3,572 | 3,722 | 468 | 242 |

26. JOINT VENTURE PARTNERS

International Financial Data Services Ltd, is owned equally by DST Systems Inc and State Street Corporation, both companies are incorporated in the USA.

Copies of the accounts of the joint venture partners can be obtained from 333 W. 11th Street, 5th Floor, Kansas City, Missouri 64105 for DST Systems Inc., and One Lincoln Street, Boston MA 02211, for State Street Corporation.