

Registered company number: 04370287

# **DST GLOBAL SOLUTIONS BILLING LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**DST GLOBAL SOLUTIONS BILLING LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS** S N Hudson-Lund (appointed 9 January 2015)  
AK Sarwal (resigned 12 December 2014)  
R W Evans (appointed 5 May 2011)

**REGISTERED NUMBER** 04370287

**REGISTERED OFFICE** DST House  
St Marks Hill  
Surbiton  
Surrey  
KT6 4QD

**INDEPENDENT AUDITORS** PricewaterhouseCoopers LLP  
The Atrium  
1 Harefield Road  
Uxbridge  
Middlesex  
UB8 1EX

**BANKERS** Lloyds Bank plc  
1 Claremont Road  
Surbiton  
Surrey  
KT6 4QS

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**DST GLOBAL SOLUTIONS BILLING LIMITED**

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**DST GLOBAL SOLUTIONS BILLING LIMITED**

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**STRATEGIC REPORT****FOR THE YEAR ENDED 31 DECEMBER 2014**

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The director presents his strategic report on the company for the year ended 31 December 2014.

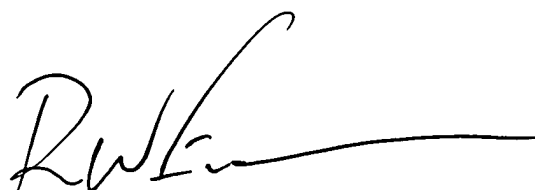
**BUSINESS REVIEW**

The company acts as a provider of billing software, computer consultancy and related services to the utility industry.

DST Global Solutions Billing Limited is managed by the director in accordance with the strategies of DSTI Group LLP which is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. For this reason, the director believes that further key performance indicators for the company are not necessary or appropriate to understand the development, performance or position of the business. These strategies and key performance indicators are discussed in the DSTI Group LLP group strategic report which does not form part of this report.

The key business risks and uncertainties affecting the company are considered to relate to the fact that the company operates within a highly competitive market place. The members of the group have reviewed the group's exposure to credit risk, liquidity risk and cash flow risk. These risks and uncertainties are discussed in the DSTI Group LLP group strategic report which does not form part of this report.

This report was approved by the board on 9 June 2015 and signed on its behalf.



R W Evans  
Director

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## **DST GLOBAL SOLUTIONS BILLING LIMITED**

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### **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

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The directors present their report and the financial statements for the year ended 31 December 2014.

#### **PRINCIPAL ACTIVITY**

The company's principal activity is the provision of billing software, computer consultancy and related services to the utility industry. The goal is to elevate a client's billing system to a strategic management solution tool with solutions to manage the entire billing process and provide information to best service the customer base.

#### **RESULTS**

The profit for the financial year of £657,000 (2013: £1,106,000) will be transferred to retained reserves. No dividend was paid for the year (2013: £nil).

#### **DIRECTORS**

The directors who served during the year and up to the date of signing the financial statements were:

AK Sarwal (resigned 12 December 2014)  
R W Evans (appointed 5 May 2011)  
SN Hudson-Lund (Appointed 9 January 2015)

#### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

The company made no political or charitable contributions in the year ended 31 December 2014 (2013: £nil).

#### **DIRECTOR'S INDEMNITIES**

DST Systems Inc. maintains liability insurance for the director of DST Global Solutions Billing Limited. For the purposes of the Companies Act 2006, DST Systems Inc. provides indemnity insurance for the director and company secretary of DST Global Solutions Billing Limited for qualifying third party provisions. These were in force throughout the year and at the date of approval of the financial statements.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Strategic report, Director's 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 director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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**DST GLOBAL SOLUTIONS BILLING LIMITED**

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**DIRECTORS' REPORT****FOR THE YEAR ENDED 31 DECEMBER 2014**

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

**INDEPENDENT AUDITORS**

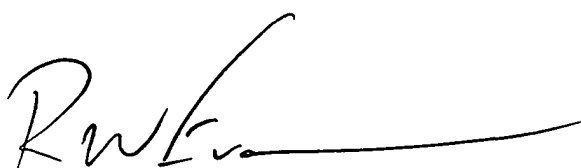
The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- The director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.
- In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the companies Act 2006.

This report was approved by the board on 9 June 2015 and signed on its behalf.



R W Evans  
Director

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## **DST GLOBAL SOLUTIONS BILLING LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DST GLOBAL SOLUTIONS BILLING LIMITED**

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#### **Report on the financial statements**

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##### **Our opinion**

In our opinion DST Global Solutions Billing Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

##### **What we have audited**

DST Global Solutions Billing Limited's financial statements, comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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##### **Opinions on matter prescribed by the Companies Act 2006**

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In our opinion the information given in the Director's Report and the Strategic Report for the financial year which the financial statements are prepared is consistent with the financial statements.

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##### **Other matters on which we are required to report by exception**

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###### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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###### **Director's remuneration**

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of director's remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

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## **DST GLOBAL SOLUTIONS BILLING LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DST GLOBAL SOLUTIONS BILLING LIMITED**

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#### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the director was not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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#### **Responsibilities for the financial statements and the audit**

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##### **Our responsibilities and those of the director**

As explained more fully in the Director's Responsibilities Statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) ("ISAs (UK & 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.

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##### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the director; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the director's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Director's Report and financial statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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**DST GLOBAL SOLUTIONS BILLING LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DST GLOBAL SOLUTIONS BILLING LIMITED**

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Sarah Quinn (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors

Date: 9 June 2015

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**DST GLOBAL SOLUTIONS BILLING LIMITED**

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**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2014**

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	<b>Note</b>	<b>2014 £000</b>	<b>2013 £000</b>
<b>TURNOVER</b>	<b>2</b>	<b>3,905</b>	<b>4,455</b>
Cost of sales		<b>(2,575)</b>	<b>(2,712)</b>
<b>GROSS PROFIT</b>		<b>1,330</b>	<b>1,743</b>
Administrative expenses		<b>(464)</b>	<b>(391)</b>
<b>OPERATING PROFIT</b>	<b>5</b>	<b>866</b>	<b>1,352</b>
Interest receivable and similar income	<b>7</b>	<b>-</b>	<b>159</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>866</b>	<b>1,511</b>
Tax on profit on ordinary activities	<b>8</b>	<b>(209)</b>	<b>(405)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>15</b>	<b>657</b>	<b>1,106</b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 9 to 19 form part of these financial statements.

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**DST GLOBAL SOLUTIONS BILLING LIMITED**  
**REGISTERED NUMBER: 04370287**

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**BALANCE SHEET**

**AS AT 31 DECEMBER 2014**

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	Note	£000	2014 £000	£000	As restated 2013 £000
<b>CURRENT ASSETS</b>					
Debtors	10	11,420		11,051	
<b>CREDITORS:</b> amounts falling due within one year	11	(5,581)		(5,883)	
<b>NET CURRENT ASSETS</b>			<b>5,839</b>		<b>5,168</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>5,839</b>		<b>5,168</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		-		-
Capital contribution	15		122		108
Profit and loss account	15		5,717		5,060
<b>TOTAL SHAREHOLDERS' FUNDS</b>	16		<b>5,839</b>		<b>5,168</b>

The financial statements on pages 7 to 19 were approved and authorised for issue by the board and were signed on its behalf on 9 June 2015



R W Evans  
Director

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are disclosed below. Refer to note 12 for prior year adjustments.

**1.2 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

**Licences**

Perpetual licence turnover arising from agreements involving insignificant development work not essential to the core functionality of the system delivered is recognised when the software is delivered, provided collectability is probable. Where development work is significant and is essential to the functionality of the software being delivered, licence and development turnover arising there from is recognised using the percentage of completion method of accounting.

Term licence turnover arising from agreements involving insignificant development work not essential to the core functionality of the system delivered is recognised evenly over the term of the licence from the point when the software is delivered, provided collectability is probable.

**Services**

If development and consulting services are provided on a time and materials basis the turnover arising there from is recognised as the services are provided. If such services are provided under a fixed price contract then turnover is recognised on a percentage of completion basis. Certain products are provided under Application Service Provider (ASP) contracts and turnover is recognised as the service is provided.

**Maintenance**

Turnover arising from software maintenance agreements is recognised rateably over the relevant period of the maintenance contract.

**Deferred income on contracts**

Deferred income represents support fees billed in advance for periods of up to 12 months, licence fees billed which do not fulfil the revenue recognition criteria, other fees invoiced in advance for which services will be rendered within the next 12 months, and the amount by which progress payments and any provisions for foreseeable losses on contracts exceeds revenue recognised.

**1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Computer equipment & software - 3 years

**1.4 System development**

Computer programming and development expenditure is written off in the year in which it is incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**1.6 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**1.7 Cash flow statement and related parties disclosures**

The company is an ultimately owned subsidiary of DST Systems Inc., a company incorporated in the USA, and is included in the consolidated financial statements of DST Systems Inc., which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 'Cash flow statement' (revised 1996). The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related party disclosures', which requires the disclosure of the details of material transactions between the reporting entity and any related parties, on the grounds that it is a wholly owned subsidiary of the groups headed by DST Systems Inc.

**1.8 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.9 Share based payments**

The company's employees participate in a restricted stock plan operated by DST Systems, Inc., the ultimate parent company. All share based payments are equity settled and are measured at the market value at the date of grant. The market value determined at the grant date is expensed on a straight line basis over the vesting period, based on the company's estimate of the number of options that will eventually vest. The number of shares that will vest is based on the number of shares granted less the company's estimate of the proportion of the grants that will lapse between the grant and the vesting of the stock.

Share options vest and generally become fully exercisable over 3 years of continued employment, vesting in one third increments on each anniversary from the grant date. The company recognises expense on a straight-line basis over the requisite service period for the entire award.

The Black-Scholes option valuation model is used in estimating the fair values of options granted. In addition, option valuation models require the use of assumptions, including expected stock price volatility which are arrived at by observations of historical volatility trends, generally over a three year period. In determining the expected life of option grants, a simplified method is applied, which uses the weighted average of the vesting period and the contractual term of each option granted. The risk free interest rates used are based on actual US Government zero-coupon rates for bonds matching the expected term of the option as of the option grant date

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**DST GLOBAL SOLUTIONS BILLING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**2. TURNOVER**

Turnover represents licence, consulting, development and maintenance fees from the company's software business net of all local sales taxes.

**Analysis by geographic region**

Turnover by geographic region, based on the origin of the company's clients and the location of their ultimate authorising management comprises as follows:

	2014 £000	2013 £000
United Kingdom	1,805	2,983
Rest of Europe	475	260
North America	377	319
Rest of World	1,248	893
	<hr/>	<hr/>
	3,905	4,455
	<hr/>	<hr/>

**Analysis by class of business**

	2014 £000	2013 £000
Licence	452	329
Consulting services	578	1,431
Development	1,040	748
Maintenance	1,414	1,517
Other	421	430
	<hr/>	<hr/>
	3,905	4,455
	<hr/>	<hr/>

**3. STAFF COSTS AND NUMBERS**

Staff costs were as follows:

	2014 £000	2013 £000
Wages and salaries	1,792	1,855
Social security costs	208	208
Other pension costs	182	173
Share-based payments	15	11
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	2,197	2,247
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**DST GLOBAL SOLUTIONS BILLING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**3. STAFF COSTS AND NUMBERS (continued)**

The average monthly number of employees, including the directors, during the year was as follows:

	2014 No.	2013 No.
Analysts/Programmers	30	35
Administration	4	2
	<u>34</u>	<u>37</u>

The company operates a defined contribution pension scheme for its staff. The pension cost charge for the year was £182,000 (2013: £173,000). At the end of the year £17,735 (2013: £18,192) was owed to the defined contribution pension scheme providers.

**4. DIRECTORS' EMOLUMENTS**

The director did not receive any emoluments for his services as a director of the company during the year (2013: nil). The director was remunerated by other group companies and no recharges were made. It is not possible to apportion the proportion of the director's work that was performed for the company.

**5. OPERATING PROFIT**

The operating profit is stated after charging:

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the company	-	1
Pension costs	182	168
	<u>182</u>	<u>168</u>

**6. AUDITORS' REMUNERATION**

	2014 £000	2013 £000
Services provided by the company's auditors		
- Fees payable for the audit	16	14
	<u>16</u>	<u>14</u>

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2014 £000	2013 £000
Interest receivable from group companies	-	159
	<u>-</u>	<u>159</u>



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**DST GLOBAL SOLUTIONS BILLING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2014 £000</b>	2013 £000
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	<b>218</b>	336
	<u>218</u>	<u>336</u>
Foreign tax on income for the year	-	54
	<u>-</u>	<u>54</u>
<b>Total current tax</b>	<b>218</b>	390
	<u>218</u>	<u>390</u>
<b>Deferred tax</b>		
Deferred tax charge for the year	<b>(3)</b>	9
Prior year adjustment	<b>(6)</b>	6
	<u>(9)</u>	<u>15</u>
<b>Total deferred tax</b> (see note 13)	<b>(9)</b>	15
	<u>(9)</u>	<u>15</u>
<b>Tax on profit on ordinary activities</b>	<b>209</b>	405
	<u>209</u>	<u>405</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%). The differences are explained below:

	<b>2014 £000</b>	2013 £000
Profit on ordinary activities before taxation	<b>866</b>	1,511
	<u>866</u>	<u>1,511</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%)	<b>186</b>	351
	<u>186</u>	<u>351</u>
<b>Effects of:</b>		
Expenses non deductible for tax	<b>8</b>	6
Other timing differences	<b>3</b>	(10)
Relief for share based payments	<b>(1)</b>	(9)
Overseas taxes expensed against profits	<b>13</b>	41
Adjustments in respect of prior periods	<b>9</b>	-
Provisions against intragroup receivables	-	11
	<u>218</u>	<u>390</u>
<b>Current tax charge for the year</b> (see note above)	<b>218</b>	390
	<u>218</u>	<u>390</u>

**Factors that may affect future tax charges**

Finance Act 2013, which was enacted on 17 July 2013, includes legislation reducing the main UK corporation tax rate from 23% to 21%, effective from 1 April 2014. A further reduction to 20% was also enacted on this date and will be effective from 1 April 2015. The deferred tax balances have been re-measured to 20% to reflect this reduction.

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**DST GLOBAL SOLUTIONS BILLING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**9. TANGIBLE FIXED ASSETS**

	Computer equipment & software £000
<b>Cost</b>	
At 1 January 2014 and 31 December 2014	99
<b>Accumulated Depreciation</b>	
At 1 January 2014 and 31 December 2014	99
<b>Net book value</b>	
At 31 December 2014	-
At 31 December 2013	-

**10. DEBTORS**

	2014 £000	As restated 2013 £000
Trade debtors	326	982
Amounts owed by group undertakings	10,868	10,012
Other debtors	143	14
Prepayments and accrued income	44	13
Deferred tax asset (see note 13)	39	30
	<u>11,420</u>	<u>11,051</u>

All intercompany balances are unsecured, interest free and repayable on demand. Material intercompany debtor was DST process Solutions Limited which was £10,749,000 (2013: £9,975,000).

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**DST GLOBAL SOLUTIONS BILLING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**11. CREDITORS:**  
**Amounts falling due within one year**

	2014 £000	As restated 2013 £000
Trade creditors	67	23
Amounts owed to group undertakings	4,559	4,394
Other taxation and social security	63	185
Other creditors	33	141
Accruals and deferred income	859	1,140
	<u>5,581</u>	<u>5,883</u>

All intercompany balances are unsecured, interest free and repayable on demand. As at 31 December 2014, material intercompany creditor was DSTI Holding Limited which was £3,660,000 (2013: £3,649,000)

**12. PRIOR YEAR ADJUSTMENT**

In the previous year some balances were not correctly classified in the financial statements. The comparative figures were restated in the current year as indicated below:

Amounts owed to group undertakings of £4.0m was netted off against amounts owed by group undertakings.

**13. DEFERRED TAX ASSET**

	2014 £000	2013 £000
At beginning of year	30	45
Released during/(charged for) year (P&L)	9	(15)
At end of year	<u>39</u>	<u>30</u>

The deferred tax asset is made up as follows:

	2014 £000	2013 £000
Accelerated capital allowances	33	30
Short term timing differences	6	-
	<u>39</u>	<u>30</u>

The director considers that it is more likely than not that there will be sufficient taxable profits in the future to realise the deferred tax asset, therefore the asset has been recognised in these financial statements.

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**DST GLOBAL SOLUTIONS BILLING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**14. CALLED UP SHARE CAPITAL**

	2014 £	2013 £
<b>Authorised</b>		
1,000 (2013: 1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
1 (2013: 1) ordinary share of £1	<u>1</u>	<u>1</u>

**15. RESERVES**

	Capital contribution reserve £000	Profit and loss account £000
At 1 January 2014	108	5,060
Profit for the financial year		657
Adjustment in respect of stock incentive plan	14	
	<u>122</u>	<u>5,717</u>
At 31 December 2014		

**16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2014 £000	2013 £000
Opening shareholders' funds	5,168	4,073
Profit for the financial year	657	1,106
Adjustment in respect of stock incentive plan	14	(11)
	<u>5,839</u>	<u>5,168</u>
Closing shareholders' funds		

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**17. SHARE BASED PAYMENTS**

The company's Stock Incentive Plan includes restricted stock units (RSUs) which entitle the holder to receive one share of common stock for each unit when the units vest. RSUs are issued to certain key employees at fair market value at the date of grant as remuneration. RSUs vest in three years provided that the employee remains with the company and are payable in the common stock of DST Systems Inc. upon vesting.

The total charge for the year relating to share based remuneration was £14,838 (2013: £11,186), all of which relates to equity-settled share based payment transactions.

	2014	2013
Initial grant (shares)	-	-
Fair market value at the date grant (£000)	-	-
Outstanding (share) at 1 January	407	-
Granted during the period (shares)	292	407
Forfeited during the period (shares)	-	-
Vested during the period (shares)	(81)	-
Outstanding (shares) at 31 December	618	407
Intrinsic value at 31 December (£000)	-	-

**Share Options**

On 14 December 2009, 1,100 share options in the common stock of DST Systems Inc., were issued to certain employees. Share options vest and generally become fully exercisable over 3 years of continued employment, vesting in one third increments on each anniversary from the grant date. A further 300 share options were granted in 2010, and a further 200 in 2011 which vest and generally become fully exercisable after 3 years of continued employment, upon performance criteria being met. The company recognises expense on a straight-line basis over the requisite service period for the entire award.

The Black-Scholes option valuation model is used in estimating the fair values of options granted. In addition, option valuation models require the use of assumptions, including expected stock price volatility which are arrived at by observations of historical volatility trends, generally over a three year period. In determining the expected life of option grants, a simplified method is applied, which uses the weighted average of the vesting period and the contractual term of each option granted. The risk free interest rates used are based on actual US Government zero-coupon rates for bonds matching the expected term of the option as of the option grant date.

There were no new grants made under the options plan during 2014 and 2013.

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**18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertaking is DST Process Solutions Limited a company incorporated in England and Wales.

The ultimate parent undertaking and controlling party is DST Systems Inc., a company incorporated in the USA.

DST Systems Inc. is the parent undertaking of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements of DST Systems Inc. are available from 333 W 11th Street, Kansas City, Missouri, 64105, USA.

DSTI Group LLP is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of DSTI Group LLP can be obtained from DST House, St. Mark's Hill, Surbiton, Surrey, KT6 4QD, United Kingdom.