

**Registered number**  
**06225912**

**EQUINITI ENTERPRISES LIMITED**  
**DIRECTORS REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 25 APRIL 2007 TO 31 DECEMBER 2007**

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COMPANIES HOUSE

# **Equiniti Enterprises Limited**

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**Equiniti Enterprises Limited**  
**Directors' Report**  
**For the period ended 31 December 2007**

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The directors present their directors' report and financial statements for the period ended 31 December 2007

**Principal activities and business review**

Equiniti Enterprises Limited (the "company") started trading on 30 September 2007. The Company was incorporated on 25 April 2007 as WG&M Shelf Company 123 Limited and changed its name to Knight Group Registrars Limited on 4 May 2007, then to Equiniti Holdings Limited on 13 July 2007 and finally to Equiniti Enterprises Limited on 3 September 2007.

The consolidated accounts for Equiniti Enterprises Limited incorporate the Group of companies which purchased the business of Lloyds TSB Registrars from Lloyds TSB Group plc on 30 September 2007.

The acquisition of Lloyds TSB Registrars on 30 September 2007 was an asset purchase for a headline consideration of £550m and was financed by a committed securitised debt package comprising a utilisation of £411m of senior debt and £67.5m payment in kind bank loan facility ("PIK"). In addition to the securitised debt there were, investor loans totalling £98.6m in the form of 8% Loan Stock and 8% Preference Shares from funds managed by Advent International Corporation.

The principal activities of the business are data processing services, with the main offering being the maintenance of shareholder registers for UK domiciled companies listed on UK exchanges. In addition the business provides stockbroking administration, flexible benefits and pensions administration, and regulated activities. The regulated activities involve the arrangement and settlement of execution only transactions for corporate clients and their shareholders, the provision of custody including the holding of client money, in relation to such securities. These services are carried out for the corporate clients, their shareholders, investors and employees, but do not involve the giving of advice or dealing as principal or agent.

During the period 1 October to 31 December 2007, turnover was £40.1m, with operating profit of £5.6m and a loss before tax of £9.4m.

During the period following 30 September 2007, the company focussed on completing the activities required to separate the business from Lloyds TSB Group plc, including the novation of corporate contracts, enhancing the control environment for the company along with its the regulated activities and putting in a new management team to support the business and its restructuring programme. Non recurring costs reflecting costs of separation and restructuring incurred in the period to 31 December 2007 totalled £3.5m.

As well as the £3.5m of restructuring spend, the results for the Group also include an amortisation charge of £3.9m against intangible assets. Within net financing cost there is a charge of £0.8m for the amortisation of fees incurred in relation to the raising of the finance and £1.8m of finance costs in relation to accrued dividends on Preference Shares (which have been presented as liabilities within these financial statements).

The business continued the implementation of a significant IT project which had commenced with Lloyds TSB Registrars under the ownership of Lloyds TSB Group plc. The project is the replacement of the shareholder registration system. It is expected that the migration of remaining clients and shareholder data will be completed during 2008.

The main performance measure for the Group is the level of revenue, the majority of which is derived from client contracts and client sponsored services. The principal KPI's identified within the business to monitor these are the number of client accounts, the number of chargeable shareholder accounts and the volumes of sharedealing trades.

A key requirement is to ensure sufficient funding is available to service the interest payments on the senior debt facility.

The principal uncertainties which the Group faces are around the revenue activities that are more difficult to predict, such as Corporate Action income. These are dependant on the specific activities of corporate clients which may in turn be influenced by underlying market conditions. In addition, sharedealing income is derived from the activities of shareholders of corporate clients, where again activity levels can be influenced by underlying market conditions.

**Proposed dividend**

The directors do not recommend the payment of a dividend.

**Equiniti Enterprises Limited**  
**Directors' Report**  
**For the period ended 31 December 2007**

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**Directors**

The directors who held office during the period or have been appointed following the period end are as follows,

Rodney Aldridge	Appointed 30 September 2007
James Brocklebank	Appointed 4 May 2007
William Dye	Appointed 31 January 2008
Janet Hennessey	Appointed 9 May 2007, resigned 30 September 2007
Paul Matson	Appointed 30 September 2007
Oliver Niedermaier	Appointed 30 September 2007
Jeffrey Paduch	Appointed 12 November 2007
Michael Ristaino	Appointed 9 May 2007, resigned 30 September 2007
Peter Rutland	Appointed 4 May 2007, resigned 12 November 2007
Robert Thian	Appointed 30 September 2007
WG&M Nominees Limited	Appointed 25 April 2007, resigned 4 May 2007

**Employees**

The newly established Group transferred staff from Lloyds TSB Group plc under TUPE regulations and is committed to provide an environment encouraging involvement of all employees. Regular briefings through meetings and publications keeps all employees up to date with employment practices, health and safety as well as the business aims of the Group.

The group gives full and fair consideration to employment applications from disabled persons, having regard to their particular aptitude and abilities. Where existing employees become disabled, it is the group's policy to provide continuing employment under normal terms and conditions wherever practicable, providing training, career development and promotion to disabled employees where appropriate.

**Political and charitable donations**

The Group did not make any political or charitable donations or incur any political expenditure during the period.

**Disclosure of information to auditors**

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

**Auditors**

KPMG Audit Plc were appointed by the directors during the period to be the first auditors. Pursuant to a shareholders' resolution, the Group is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

By order of the board



G Downs  
Secretary  
24 April 2008

## **Equiniti Enterprises Limited**

### **Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements**

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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 group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU and applicable laws.

The group and parent company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the group and the parent company and the performance for that period. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

## Independent auditors' report to the members of Equiniti Enterprises Limited

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We have audited the group and parent company financial statements (the "financial statements") of Equiniti Enterprises Limited for the period ended 31st December 2007 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the group's affairs as at 31st December 2007 and of its loss for the period then ended,
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 December 2007,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor  
Crawley

24 April 2008

**Equiniti Enterprises Limited**  
**Consolidated Income Statement**  
**For the period ended 31 December 2007**

	Note	2007 £'000
<b>Revenue</b>		<b>40,119</b>
<i>Expenses before business restructuring</i>		<i>(30,966)</i>
<i>Expenses relating to business restructuring</i>	4	<i>(3,538)</i>
Administrative expenses		<b>(34,504)</b>
<b>Operating profit</b>		<b>5,615</b>
Financial income	7	<b>511</b>
Financial expenses	7	<b>(15,526)</b>
<b>Net financing costs</b>		<b>(15,015)</b>
<b>Loss before tax</b>		<b>(9,400)</b>
Taxation	8	<b>(710)</b>
<b>Loss for the period attributable to equity holders</b>		<b>(10,110)</b>

All activities relate to the trade acquired in the period

The company has no recognised gains and losses other than those included in the profits and losses above

There is no difference between the loss before taxation and the retained loss for the period stated above and their historical cost equivalent

The notes on pages 12 to 26 form part of these financial statements

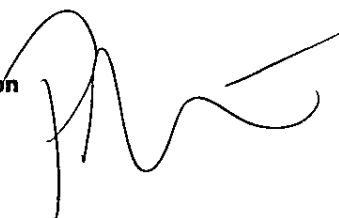
**Equiniti Enterprises Limited**  
**Consolidated Balance Sheet**  
**As at 31 December 2007**

	Note	2007 £'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	9	8,961
Intangible assets	10	510,637
Other financial assets	12	6,122
		<u>525,720</u>
<b>Current assets</b>		
Trade and other receivables	15	41,594
Cash and cash equivalents	16	19,174
		<u>60,768</u>
<b>Total assets</b>		<u><u>586,488</u></u>
<b>Equity and liabilities</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	20	4,726
Retained loss		(10,110)
<b>Total equity</b>		<u>(5,384)</u>
<b>Non-current liabilities</b>		
Other interest-bearing loans and borrowings	17	544,383
Deferred tax liabilities	14	710
		<u>545,093</u>
<b>Current liabilities</b>		
Trade and other payables	18	35,906
Employee benefits	19	691
Tax payable		78
Other financial liabilities	13	10,104
		<u>46,779</u>
<b>Total liabilities</b>		<u>591,872</u>
<b>Total equity and liabilities</b>		<u><u>586,488</u></u>

The notes on pages 12 to 26 form part of these financial statements

These financial statements were approved by the board of directors on 24 April 2008 and were signed on its behalf by

**P Matson**  
Director





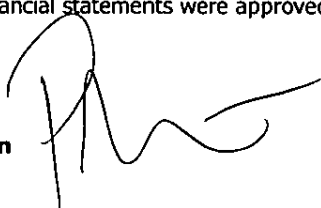
**Equiniti Enterprises Limited**  
**Company Balance Sheet**  
**As at 31 December 2007**

<b>Assets</b>	Note	<b>2007</b> <b>£'000</b>
<b>Non-current assets</b>		
Investments	11	5,000
Other financial assets	12	<u>89,577</u>
		<u>94,577</u>
<b>Current assets</b>		
Cash and cash equivalents	16	<u>1</u>
		<u>1</u>
<b>Total assets</b>		<u><u>94,578</u></u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	20	4,726
Retained loss		<u>(674)</u>
<b>Total equity</b>		<u>4,052</u>
<b>Non-current liabilities</b>		
Other interest-bearing loans and borrowings	17	<u>89,356</u>
		<u>89,356</u>
<b>Current liabilities</b>		
Employee benefits	19	691
Group relief payable		462
Other financial liabilities	13	<u>17</u>
		<u>1,170</u>
<b>Total liabilities</b>		<u>90,526</u>
<b>Total equity and liabilities</b>		<u><u>94,578</u></u>

The notes on pages 12 to 26 form part of these financial statements

These financial statements were approved by the board of directors on 24 April 2008 and were signed on its behalf by

**P Matson**  
Director



**Equiniti Enterprises Limited**  
**Consolidated Statement of Changes in Equity**  
**For the period ended 31 December 2007**

	<b>Share capital £'000</b>	<b>Retained loss £'000</b>	<b>Total equity £'000</b>
On incorporation	-	-	-
Loss after tax per income statement	-	(10,110)	(10,110)
Share issue	4,726	-	4,726
<b>Balance at 31 December 2007</b>	<b><u>4,726</u></b>	<b><u>(10,110)</u></b>	<b><u>(5,384)</u></b>

**Equiniti Enterprises Limited**  
**Company Statement of Changes in Equity**  
**For the period ended 31 December 2007**

	Share capital £'000	Retained loss £'000	Total equity £'000
On incorporation	-	-	-
Loss after tax for the period	-	(674)	(674)
Share issue	4,726	-	4,726
<b>Balance at 31 December 2007</b>	<b>4,726</b>	<b>(674)</b>	<b>4,052</b>

**Equiniti Enterprises Limited**  
**Consolidated Cash Flow Statement**  
**For the period ended 31 December 2007**

	Note	2007 £'000
<b>Cash flows from operating activities</b>		
Loss for the period		(10,110)
<i>Adjustments for</i>		
Depreciation and amortisation		4,995
Financial income		(511)
Financial expense		15,526
Taxation		710
		<u>10,610</u>
Decrease in trade and other receivables		2,071
Increase in trade and other payables		16,673
Increase in provisions for employee benefits		691
		<u>30,045</u>
Tax paid		-
<b>Net cash from operating activities</b>		<u>30,045</u>
<b>Cash flows from investing activities</b>		
Interest received		511
Acquisition of a business	3	(553,765)
Acquisition of property, plant and equipment		(1,518)
Acquisition of software		(2,760)
<b>Net cash from investing activities</b>		<u>(557,532)</u>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of share capital		4,726
Proceeds from new loans and preference shares		576,004
Interest paid		(7,598)
Fees paid on new loans		(26,471)
<b>Net cash from financing activities</b>		<u>546,661</u>
Net increase in cash and cash equivalents		19,174
<b>Cash and cash equivalents at 31 December</b>	16	<u><u>19,174</u></u>

**Equiniti Enterprises Limited**  
**Company Cash Flow Statement**  
**For the period ended 31 December 2007**

	Note	2007 £'000
<b>Cash flows from operating activities</b>		
Loss for the period		(674)
<i>Adjustments for</i>		
Financial income		(1,540)
Financial expense		1,752
Taxation		462
		<hr/>
		-
Increase in provisions for employee benefits		691
		<hr/>
<b>Net cash from operating activities</b>		<b>691</b>
<b>Cash flows from investing activities</b>		
Investment in share capital of a subsidiary		(5,000)
		<hr/>
<b>Net cash from investing activities</b>		<b>(5,000)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of share capital		4,726
Proceeds from new loan		87,621
Loans to related parties		(88,037)
		<hr/>
<b>Net cash from financing activities</b>		<b>4,310</b>
Net increase in cash and cash equivalents		1
		<hr/>
<b>Cash and cash equivalents at 31 December</b>	16	<b>1</b>
		<hr/>

**Equiniti Enterprises Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period ended 31 December 2007**

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**1 Accounting policies**

Equiniti Enterprises Limited (the "Company") is a company incorporated in the UK

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") The parent company financial statements present information about the Company as a separate entity and not about its group

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") On publishing the parent company financial statements here together with the group financial statements, the Company is taking advantage of the exemption in s230 of the Companies Act 1985 not to present its individual income statement and related notes that form a part of these approved financial statements

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25

***Measurement convention***

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

***Basis of consolidation***

Subsidiaries are entities controlled by the Group Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities In assessing control, potential voting rights that are currently exercisable or convertible are taken into account The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases

***Classification of financial instruments issued by the Group***

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

(a) they include no contractual obligations upon the Company (or group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or group), and

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

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

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

***Investments in subsidiaries***

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

**Equiniti Enterprises Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period ended 31 December 2007**

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***Property, plant and equipment***

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

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

- |                                    |              |
|------------------------------------|--------------|
| • computer and office equipment    | 3 – 10 years |
| • leasehold improvements           | 2 – 26 years |
| • furniture, fixtures and fittings | 3 – 20 years |

***Intangible assets and goodwill***

Business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of the trade and assets of the Lloyds TSB Registrars business, being the difference between the cost of the acquisition and the net fair value of the identifiable assets and liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

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

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- |                                   |               |
|-----------------------------------|---------------|
| • Shareholder registration system | 15 years      |
| • Other software                  | 5 – 10 years  |
| • Customer relationships          | 15 – 20 years |

***Cash and cash equivalents***

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

***Interest-bearing borrowings***

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

***Employee benefits***

***Defined contribution plans***

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

***Short-term benefits***

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

***Share-based payment transactions***

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

**Equiniti Enterprises Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period ended 31 December 2007**

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***Revenue***

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

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

Out of pocket expenses recharged to clients are netted against the related income in the income statement.

***Expenses***

***Operating lease payments***

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

***Business restructuring***

Expenses relating to business restructuring are those items of financial performance that the directors consider should be separately disclosed to assist in the understanding of the underlying trading and financial performance achieved by the Group.

***Net financing costs***

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

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

***Taxation***

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

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

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

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

***New standards and interpretations not yet adopted***

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 31 December 2007, and have not been applied in preparing these financial statements.

IFRS 8 Operating Segments introduces the "management approach" to segment reporting, which becomes mandatory for the Group's 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's management in order to assess each segment's performance and to allocate resources to them. Currently the Group is not required to present segment information in respect of its business and geographical segments.

No other new standards and interpretations are considered to have an impact on the Group's financial statements if they had been applied early.



**Equiniti Enterprises Limited**  
**Notes to the Consolidated Financial Statements**  
**For the period ended 31 December 2007**

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**2 Financial risk management**

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

- credit risk
- liquidity risk
- market risk

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

*Credit Risk*

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

Although the Group has only traded for a short period, the trading relationships have been established for a considerable time before the Group purchased the Lloyds Registrars business from Lloyds TSB Group plc, and losses have occurred infrequently over previous years.

Because of the nature of the business the majority of the trade receivables are with FTSE 250 companies.

*Liquidity Risk*

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

*Market Risk*

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

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

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

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

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

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**3 Acquisitions of businesses**

On 30 September 2007, the Company acquired the business assets of Lloyds TSB Registrars from the Lloyds TSB Group plc for £530,897,000 satisfied in cash. The initial cash outflow of £545,964,000 was followed by a repayment back from the seller of £15,067,000 in 2008.

The acquisitions had the following effect on the Company's assets and liabilities

	<b>Book values acquired £'000</b>	<b>Fair value adjustments £'000</b>	<b>Acquisition amounts £'000</b>
<b>Net assets at the acquisition date:</b>			
Property, plant and equipment	8,560	-	<b>8,560</b>
Intangible assets	50,823	206,082	<b>256,905</b>
Cash	1,228	-	<b>1,228</b>
Trade and other receivables	29,533	(435)	<b>29,098</b>
Other Financial Assets	6,122	-	<b>6,122</b>
Trade and other payables	(15,393)	(230)	<b>(15,623)</b>
Net identifiable assets and liabilities	<b>80,873</b>	<b>205,417</b>	<b>286,290</b>
Goodwill on acquisition			<b>253,636</b>
Add: reduction in purchase price received after the balance sheet date			<b>15,067</b>
Less: cash acquired			<b>(1,228)</b>
Net cash outflow on acquisitions in the period			<b>553,765</b>

The value of goodwill reflects the expectation of the ability to generate new streams of revenue in addition to the core activities of the business and the achievement of operational cost savings.

The intangible assets acquired consist of software and customer relationships.

Within the purchase consideration there are acquisition fees included of £9,029,000. The total consideration is subject to a potential adjustment in relation to a final VAT determination explained below.

Following the purchase of Lloyds TSB Registrars from Lloyds TSB Group plc by the Equiniti Enterprises Limited Group of Companies, an outstanding post completion event is the determination of the VAT position on SAYE fees and Deposit Placing Fees between Equiniti and Lloyds TSB Group.

The final outcome of determining this VAT position may result in a Purchase Price adjustment resulting in a payment from Lloyds TSB Group to Equiniti.

Insofar as the VAT determination deems the fees to be the consideration for a single supply, or where it is deemed to constitute consideration partly for a supply which is taxable at a positive rate for VAT and partly for a supply which is exempt or zero rated, then the VAT adjustment will equal £50m or a proportion thereof. Further to an initial ruling made by HMRC on 16th January 2008, it is the view of the Directors that if the ruling made by HMRC is upheld following appeal the £50m will become receivable by the Group as the VAT adjustment.

The initial ruling is being appealed by Lloyds TSB Group, and until the ruling is deemed a "Final Ruling" by the HMRC it has been agreed that the VAT will be accounted for by Equiniti in accordance with the ruling, which is reimbursed by Lloyds TSB Group. The Purchase Price adjustment will not be determined until the Final Ruling is given by HMRC and as such no adjustment has been made in these financial statements.

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**4 Expenses and auditors' remuneration**

Included in profit/loss are the following	<b>2007</b>
	<b>£'000</b>
Restructuring costs included in administrative expenses	<b><u>3,538</u></b>

Restructuring costs relate primarily to severance pay, £520,000 of which was paid in the period. A further £2,712,000 has been provided against the restructuring programme which was announced during the period and which will complete during the first half of 2008. There were further ancillary costs of £306,000 relating to business set up following the acquisition.

Auditors' remuneration	<b>2007</b>
	<b>£'000</b>
Audit of these financial statements	<b>26</b>
Audit of financial statements of subsidiaries pursuant to legislation	<b>109</b>
Other services pursuant to such legislation	<b>15</b>
All other services	<b><u>77</u></b>
	<b><u>227</u></b>

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

**5 Staff numbers and costs**

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

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

	<b>Group</b>
	<b>Number of</b>
	<b>employees</b>
	<b>2007</b>
Operations	<b>1,041</b>
Administration	<b><u>493</u></b>
	<b><u>1,534</u></b>

The aggregate payroll costs of these persons were as follows:

	<b>Group</b>
	<b>2007</b>
	<b>£'000</b>
Wages and salaries	<b>9,676</b>
Social security costs	<b>996</b>
Other pension costs	<b><u>1,116</u></b>
	<b><u>11,788</u></b>

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**6 Directors' remuneration**

The following costs are paid by the subsidiary Equiniti Limited, not the Company,

	<b>2007</b>
	<b>£'000</b>
Directors' emoluments	177
Company contributions to money purchase pension plans	3
	<u>180</u>
	<b>Number of directors</b>
	<b>2007</b>
Retirement benefits are accruing to the following number of directors under Money purchase schemes	1
	<u>1</u>

**7 Finance income and expense**

	<b>2007</b>
	<b>£'000</b>
Interest income	511
Financial income	511
	<u>1,022</u>
Cost of borrowings	908
Interest expense on loans from related parties	1,957
Interest expense on bank loans	10,909
Interest on preference shares classified as liabilities	1,752
Financial expenses	15,526
	<u>19,142</u>

**8 Taxation**

**Recognised in the income statement**

	<b>2007</b>
	<b>£'000</b>
Current tax expense for the Group	-
Origination and reversal of temporary differences	710
Total tax in income statement	710
	<u>710</u>

**Reconciliation of effective tax rate**

	<b>2007</b>
	<b>£'000</b>
Loss for the period	(10,110)
Total tax expense	710
Loss excluding taxation	(9,400)
	<u>(9,400)</u>
Tax using the UK corporation tax rate of 30%	(2,820)
Non-deductible expenses	1,085
Unrecognised deferred tax assets	2,445
Total tax expense	710
	<u>710</u>

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**9 Property, plant and equipment**

**Group**

	<b>Leasehold improvements</b>	<b>Office equipment</b>	<b>Fixtures &amp; fittings</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>				
Acquisition of business	1,318	5,379	1,863	8,560
Additions	654	831	3	1,488
Balance at 31 December 2007	<u>1,972</u>	<u>6,210</u>	<u>1,866</u>	<u>10,048</u>
<b>Depreciation</b>				
Depreciation charge for the period	125	873	89	1,087
Balance at 31 December 2007	<u>125</u>	<u>873</u>	<u>89</u>	<u>1,087</u>
<b>Net book value</b>				
<b>Balance at 31 December 2007</b>	<u><b>1,847</b></u>	<u><b>5,337</b></u>	<u><b>1,777</b></u>	<u><b>8,961</b></u>

**10 Intangible assets**

**Group**

	<b>Goodwill</b>	<b>Software</b>	<b>Other intangible assets</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>				
Acquisition of business	253,636	78,905	178,000	510,541
Additions	-	4,004	-	4,004
Balance at 31 December 2007	<u>253,636</u>	<u>82,909</u>	<u>178,000</u>	<u>514,545</u>
<b>Amortisation</b>				
Amortisation for the period	-	1,558	2,350	3,908
Balance at 31 December 2007	<u>-</u>	<u>1,558</u>	<u>2,350</u>	<u>3,908</u>
<b>Net book value</b>				
<b>Balance at 31 December 2007</b>	<u><b>253,636</b></u>	<u><b>81,351</b></u>	<u><b>175,650</b></u>	<u><b>510,637</b></u>

The amortisation charge is recognised in the following line items in the income statement

	<b>2007 £'000</b>
Administrative expenses	<u>3,908</u>
	<u><b>3,908</b></u>

Other intangible assets relates to the fair value of the customer relationships at acquisition based on estimates of net projected cash flows over the term of the relationship

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**10 Intangible assets (continued)**

Impairment testing

Goodwill arose on the acquisition of the Lloyds TSB Registrars business from Lloyds TSB Group plc. Goodwill is tested annually for impairment. This is determined by assessing the present value of net cash flows generated by the business over the period over which the management expects to benefit from the acquired business.

**2007**

Period on which management approved forecasts are based	3 years
Growth rate applied beyond approved forecast period	3%
Discount rate	11%

**11 Investments in subsidiaries**

The Group and Company have the following investments in subsidiaries

	Country of Incorporation	Class of shares held	Principal activities	Ownership 2007 %
<b>Direct Investments</b>				
Equiniti PIK Cleanco Limited	UK	Ordinary	Holding company	100
<b>Indirect Investments</b>				
Equiniti PIKco Limited	UK	Ordinary	Holding company	100
Equiniti Debtco Limited	UK	Ordinary	Holding company	100
Equiniti Holdings Limited	UK	Ordinary	Holding company	100
Equiniti Limited	UK	Ordinary	Registrars business	100
Equiniti Financial Services Limited	UK	Ordinary	Financial services	100
Equiniti Jersey Limited	Channel Islands	Ordinary	Registrars business	100
Equiniti Share Plan Trustees Limited	UK	Ordinary	Trustee company	100
Equiniti Registrars Nominees Limited	UK	Ordinary	Non trading	100
Prosearch Asset Solutions Limited	UK	Ordinary	Non trading	100
Equiniti ISA Nominees Limited	UK	Ordinary	Non trading	100
Equiniti Nominees Limited	UK	Ordinary	Non trading	100
Equiniti Savings Nominees Limited	UK	Ordinary	Non trading	100

**12 Other financial assets**

	Group 2007 £'000	Company 2007 £'000
<b>Non-current</b>		
Intercompany loan due from parent company	-	89,577
Shares held in Euroclear plc	6,122	-
	<b>6,122</b>	<b>89,577</b>

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**13 Other financial liabilities**

	<b>Group</b>	<b>Company</b>
	<b>2007</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current</b>		
Loans classified as other financial liabilities due to related parties	<u>10,104</u>	<u>17</u>
	<u><b>10,104</b></u>	<u><b>17</b></u>

**14 Deferred tax assets and liabilities**

Recognised liabilities  
Deferred tax liabilities are attributable to the following

	<b>Group</b>	<b>Company</b>
	<b>Liabilities</b>	<b>Liabilities</b>
	<b>2007</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Acquired in business combination	-	-
Goodwill - recognised in income statement	<u>710</u>	<u>-</u>
Net tax liabilities	<u><b>710</b></u>	<u><b>-</b></u>

The Group has an estimated £6,764,832 of carry forward tax losses which would be available for offset against future taxable income. These tax losses do not time expire. In addition to this, there are other temporary differences totalling £1,554,410. The group has not recognised any deferred tax assets in respect of these amounts as tax assets are recognised only to the extent that it is considered more likely than not suitable taxable income will arise.

The estimated value of the deferred tax asset not recognised, measured at the standard rate of 28% is £2,329,388.

**15 Trade and other receivables**

	<b>Group</b>	<b>Company</b>
	<b>2007</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	<u>15,002</u>	<u>-</u>
Other receivables and prepayments	<u>26,592</u>	<u>-</u>
	<u><b>41,594</b></u>	<u><b>-</b></u>

At 31 December 2007 trade receivables are shown net of an allowance for doubtful debts of £102,000. The impairment loss recognised in the period was £ nil.

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**16 Cash and cash equivalents**

	Group 2007 £'000	Company 2007 £'000
Cash and cash equivalents per balance sheet	<u>19,174</u>	<u>1</u>
Cash and cash equivalents per cash flow statement	<u>19,174</u>	<u>1</u>

**17 Other interest-bearing loans and borrowings**

	Group 2007 £'000	Company 2007 £'000
<b><i>Non-current liabilities</i></b>		
Secured bank loans	480,671	-
Unamortised cost of raising finance	(25,644)	-
Shares classified as debt	<u>89,356</u>	<u>89,356</u>
	<u>544,383</u>	<u>89,356</u>

<i>Terms and debt repayment schedule</i>	Currency	Nominal interest rate	Year of maturity
Payment in kind ("PIK") facility	Sterling	Libor + 9.5%	2017
Bank loan	Sterling	Libor + 3%	2016

**18 Trade and other payables**

	Group 2007 £'000	Company 2007 £'000
Trade payables	2,068	-
Non-trade payables and accrued expenses	31,263	-
Other creditors	<u>2,575</u>	<u>-</u>
	<u>35,906</u>	<u>-</u>



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**19 Employee benefits**

**Defined contribution plans**

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the period was £1,116,000.

**Employee co-investment plan**

Prior to the acquisition all employees had the opportunity to purchase units under the Co-investment plan. A unit being a notional unit share equal in value to one ordinary share.

The units will only vest on the occurrence of a return of capital to the entire business and the value of each unit will be determined in relation to the value of the ordinary shares at that time.

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

As at 31 December 2007 the valuation was	No of units 2007 In thousands	Carrying amount 2007 £'000
Co-investment plan subscription	708	708
Repayments to participants at the grant price	(17)	(17)
	<u>691</u>	<u>691</u>

At the balance sheet date the units have been valued at their grant price of £1

**20 Share capital**

	8% preference shares 2007	Ordinary shares 2007
<i>In thousands of shares</i>		
On incorporation	-	-
Issued for cash during the period, at par	87,506	4,726
On issue at 31 December – fully paid	<u>87,506</u>	<u>4,726</u>
	2007	2007
	£'000	£'000
<i>Authorised</i>		
Shares of £1 each	96,500	5,000
	<u>96,500</u>	<u>5,000</u>
<i>Allotted, called up and fully paid</i>		
Shares of £1 each	87,506	4,726
	<u>87,506</u>	<u>4,726</u>
Shares classified as liabilities		<u>87,506</u>
Shares classified in shareholders funds		<u>4,726</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The preference shares are non-redeemable. They have a right to fixed dividend of 8%. Unpaid dividends accrue and are compounded annually. Preference shareholders have the right to receive notice of, to attend and to speak at general meetings but are not entitled to vote upon any resolution.

During the period the Company issued 4,726,000 £1 ordinary shares for a consideration of £4,726,000 and 87,506,000 £1 8% cumulative preference shares for £87,506,000 both settled in cash.

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**21 Financial instruments**

*Credit risk*

The maximum exposure to credit risk at the reporting date was

	Note	Group 2007 £'000	Company 2007 £'000
Loans and receivables due from related parties	12	-	89,577
Other financial assets	12	6,122	-
Trade and other receivables	15	41,594	-
Cash and equivalents	16	19,174	1
		<b>66,890</b>	<b>89,578</b>

Group Impairment losses	2007
The aging of trade receivables at the reporting date was	£'000
Not past due	6,699
Past due 0-30 days	4,788
Past due 31-90 days	1,844
Past due more than 90 days	1,773
	<b>15,104</b>

Based on historic performance of these contracts, the Group has made an impairment allowance of £102,000 in respect of trade receivables

*Liquidity risk*

The maximum exposure to liquidity risk at the reporting date was

	Note	Carrying Amount Group 2007 £'000	Company 2006 £'000
Trade and other payables	18	35,906	-
Employee benefits	19	691	691
Loans from related parties	13	10,104	17
Other interest-bearing loans and borrowings	17	544,383	89,356
		<b>591,084</b>	<b>90,064</b>

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

Employee benefits become repayable when the units lapse, as described in note 19

Loans from related parties are repayable on demand

The contractual cash flows including interest payments for the other interest-bearing loans and borrowings are shown in the table in this note 21, under interest rate risk below

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**21 Financial Instruments (continued)**

*Interest rate risk*

Interest rate risk is managed across the Equiniti Enterprises Group of companies by monitoring its interest linked revenues versus non fixed interest rate borrowings

**Effective interest rates and repricing analysis**

The following are the contractual maturities of interest bearing financial liabilities including interest payments,

Group	Secured bank loan	PIK facility	Shares classified as Debt	Total
Amount in £'000's				
Effective interest rate %	8.50%	15%	8%	
Carrying amount	411,000	69,671	89,356	<b>570,027</b>
0-1 years	(34,935)	-	-	<b>(34,935)</b>
1-2 years	(34,935)	-	-	<b>(34,935)</b>
2-5 years	(104,805)	-	-	<b>(104,805)</b>
5 years and over	(507,071)	(237,457)	(189,130)	<b>(933,658)</b>
<b>Total contracted cash flows</b>	<b>(681,746)</b>	<b>(237,457)</b>	<b>(189,130)</b>	<b>(1,108,333)</b>

Company	Shares classified as Debt	Total
Amount in £'000's		
Effective interest rate %	8%	
Carrying amount	89,356	<b>89,356</b>
0-1 years	-	-
1-2 years	-	-
2-5 years	-	-
5 years and over	(189,130)	<b>(189,130)</b>
<b>Total contracted cash flows</b>	<b>(189,130)</b>	<b>(189,130)</b>

*Sensitivity analysis*

At the balance sheet date it is estimated that an increase of one percentage point in interest rates would increase the finance costs for the Group by an estimated £4.8m and give rise to an estimated increase in revenue across the Group of £4.0m

*Fair values*

The fair values and the carrying values of financial assets and liabilities are the same

**22 Operating leases**

Non-cancellable operating lease rentals relate primarily to the group premises and are payable as follows

	2007 £'000
Less than one year	2,684
Between one and five years	5,308
More than five years	3,782
	<b>11,774</b>

During the year £645,658 was recognised as an expense in the income statement in respect of operating leases

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**23 Related parties**

**Group**

During the period the Company was loaned £9,901,000 bearing interest at 8%, by its parent Company Equiniti (Luxembourg) Sarl. During the period, £203,000 of interest has accrued on the loan leaving a balance outstanding at the period end of £10,103,000.

**Company**

During the period the Company loaned £88,036,000 bearing interest at 7%, to its subsidiary Equiniti PIK Cleanco Limited. Interest of £1,541,000 has accrued on the loan leaving a balance outstanding at the period end of £89,577,000.

At the end of the period the Company borrowed £17,000 bearing interest at 7%, from Equiniti Limited. No interest accrued on this loan in the period.

*Transactions with key management personnel*

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

	<b>2007</b>
	<b>£'000</b>
Key management emoluments including social security costs	435
Company contributions to money purchase pension plans	22
	<b>457</b>

**24 Ultimate parent company and parent company of larger group**

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

**25 Accounting estimates and judgements**

*Cash-settled share based payments*

Measured as the lower of amount subscribed plus the attributable share of any increase in the net assets of the business since the subscription date.

*Fair values*

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

*Useful Lives*

Useful lives have been estimated as the expected period to replacement for software development, or the period over which the asset is expected to generate future revenues.

*Deferred Tax*

Under IAS 12 deferred tax assets are recognised to the extent that taxable profits will be available against which the deductible temporary differences can be utilised. As at the year end the directors do not consider that the IAS 12 recognition criteria are satisfied.

*Vat determination*

The purchase consideration on acquisition has been estimated in advance of a VAT determination, see note 3.