EQUINITI

ANNUAL REPORT 2014

HIGHLIGHTS

Adjusted revenue

£292.3m

(2013: £264.4m)

Adjusted pre-exceptional EBITDA

£70.0m

(2013: £67.5m)

Free cash flow*

£72.5m

(2013: £71.0m)
*EBITDA less working capital movement (both excluding exceptional items)

Free cash flow conversion*

104%

(2013: 93%)
*Free cash flow pre-exceptional EBITDA

CONTINUED PROGRESS AGAINST STRATEGY

- Invested £16.9m in our technology platforms and £3.8m in enhancing our infrastructure capacity
- Acquired Pancredit Systems and Invigia, the assets of Selftrade, J.P. Morgan's Corporate Dealing Services business and an additional 11% of MyCSP, taking our holding to 51%
- Retained 100% of our FTSE 100 clients, demonstrating the strength of our customer relationships
- Launched significant new technology products; including Compendia mobile for pensions; the PeopleSpace portal, providing an integrated view of employee benefits; and mycustomerfeedback.com, a solution to allow businesses to improve customer satisfaction and manage their reputations on social media

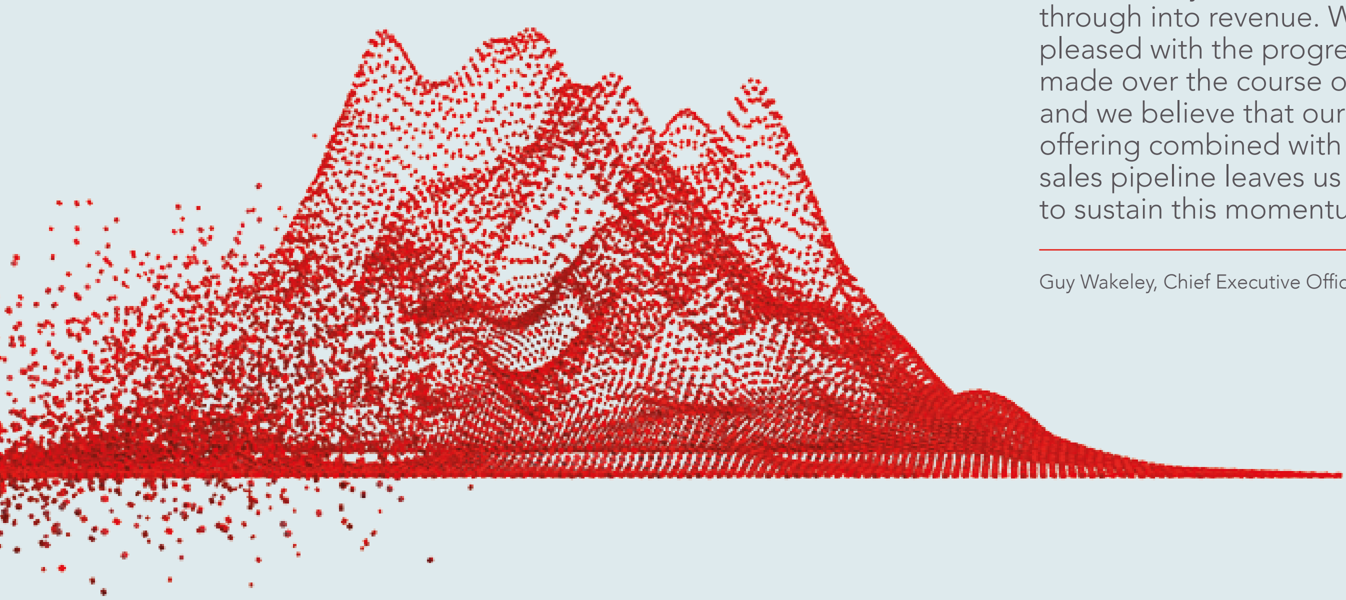
Making complex things **simple**

IMPROVED OPERATIONAL EFFECTIVENESS

- Established Equiniti India in Chennai, to strengthen in-house IT development, testing and support, and deliver cost savings while building scaleable operations capability
- Established five centres of excellence at Group level for operations, technology, project management, HR and marketing, to standardise delivery and achieve greater efficiencies
- Invested in acquired businesses, to build on the Equiniti operating platform and generate new revenue opportunities

"2014 has been a transformative year for Equiniti, in which we have successfully enhanced the capabilities and scale of the existing business while continuing to improve our operating efficiency. This has been achieved through a combination of direct investment in the business and strategic acquisitions, the benefits of which have already started to feed through into revenue. We are very pleased with the progress we have made over the course of the year, and we believe that our enhanced offering combined with a strong sales pipeline leaves us well placed to sustain this momentum."

Guy Wakeley, Chief Executive Officer



ENCOURAGING OUTLOOK

Equiniti remains focused on growing relationships with existing clients, winning new business and using technology to help organisations respond to challenges in high-risk and complex environments.

We will continue to do more for our loyal customer base, which includes half of the FTSE 100, by investing in talent and technology to diversify the services we offer and strengthen our position in core and emerging markets. Our drive to integrate operations effectively will ensure we maximise the benefits for our clients and for the business.

We anticipate increased market opportunities for our specialist business processing services, in both the public and private sectors.

Legislative changes continue to increase the administrative burden and complexity for organisations, particularly in the pensions, banking and financial services sectors.

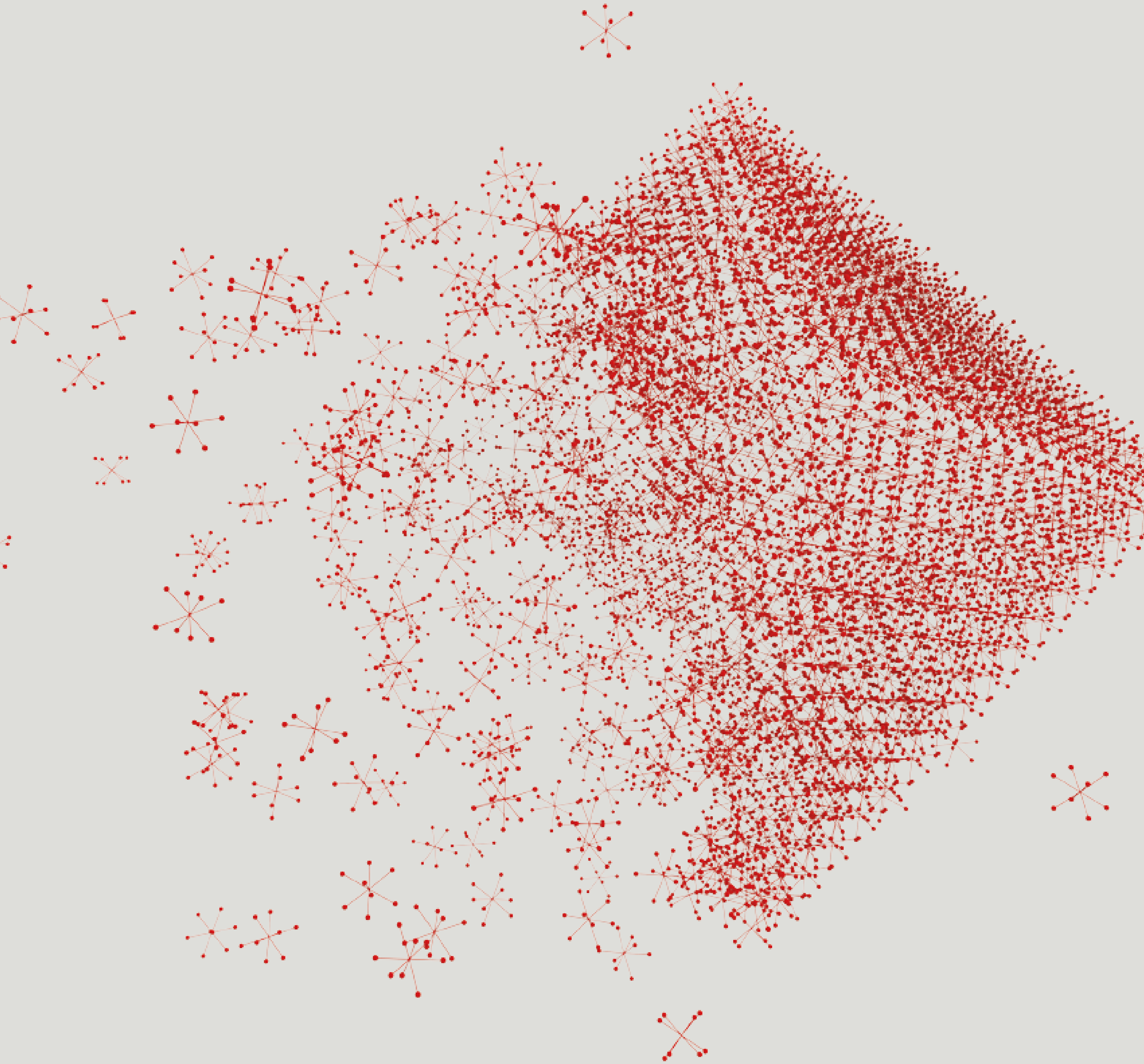
Increased sales activity and targeted acquisitions are delivering our strategy of consolidation in our core markets while unlocking new opportunities. Our acquisition of Selftrade will allow us to deliver direct-to-consumer services, including share trading to the 27 million people we have contact with on behalf of our clients.

Looking ahead, the sales pipeline, client retention and levels of recurring contracted income remain robust. The momentum within the business continues to increase and we are excited about the opportunities we see.

Adjusted performance	Revenue			Pre-exceptional EBITDA		
	2014	2013	Change%	2014	2013	Change%
Investment Solutions	94.9	100.5	-5.6%	29.3	35.1	-16.5%
Intelligent Solutions	89.6	81.5	9.9%	16.3	16.4	-0.6%
Pensions Solutions	101.3	76.9	31.7%	21.7	12.2	77.9%
Interest	6.5	5.5	18.2%	6.5	5.5	18.2%
Central	–	–	–	(3.8)	(1.7)	123.5%
Total Group	292.3	264.4	10.6%	70.0	67.5	3.7%

Reported performance	Revenue			Pre-exceptional EBITDA		
	2014	2013†	Change%	2014	2013†	Change%
Investment Solutions	94.9	107.2	-11.5%	29.3	40.3	-27.3%
Intelligent Solutions	89.6	81.5	9.9%	16.3	16.4	-0.6%
Pensions Solutions	101.3	76.9	31.7%	21.7	12.2	77.9%
Interest	6.5	9.1	-28.6%	6.5	9.1	-28.6%
Central	–	–	–	(3.8)	(1.7)	123.5%
Total Group	292.3	274.7	6.4%	70.0	76.3	-8.3%

†Adjusted revenue and EBITDA exclude the Lloyds TSB Stockbroking contract, which was discontinued in 2013, and normalises 2013 interest income for the impact of interest rate swaps. The adjustment reduces revenue and pre-exceptional EBITDA by £10.3 million and £8.8 million respectively for the year ended 31 December 2013.



The Hazell Carr Academy launched in 2012, to partner with clients to help manage remediation in financial services by mobilising more than 1,000 graduates.

On 20 November 2007, Sir David Walker published his "Guidelines for Disclosure and Transparency in Private Equity" (the "Walker Report"). Funds advised by Advent International have a controlling interest in the Company and Equiniti Group Limited is considered a portfolio company as defined by the Walker Report. This annual report and accounts has been prepared in the context of those recommendations.

ADVENT INTERNATIONAL

Equiniti Group Limited is a company owned by funds managed by Advent International Corporation.

Founded in 1984, Advent International is one of the largest and most experienced global private equity investors. The firm has invested in 300 private equity transactions in 40 countries and as of September 30, 2014, had €25 billion in assets under management. With offices on four continents, Advent has established a globally integrated team of over 180 investment professionals across North America, Europe, Latin America and Asia. The firm focuses on investments across five core sectors, including business and financial services; healthcare; industrial; retail, consumer and leisure; and technology, media and telecom. After 30 years dedicated to international investing, Advent remains committed to partnering with management teams to deliver sustained revenue and earnings growth for its portfolio companies.

James Brocklebank and Haris Kyriakopoulos are the Advent executives with oversight of the Equiniti Group and serve as Board Directors.

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01 STRATEGIC REPORT

BUSINESS OVERVIEW

Equiniti keeps things running smoothly for some of the UK's best-known brands and public sector organisations. We specialise in providing finely-tuned finance and administration services, as well as smart technology solutions, that leave our clients free to get on with growing their businesses.

Our services are delivered by over 3,500 employees across 29 locations, enabling us to offer solutions that are flexible, adaptable and scalable.

We are acknowledged leaders in the pension, loan administration software, share registration and investment services markets, where our clients across the Group include around 70% of the FTSE 100.

OPERATING SEGMENTS

Investment Solutions

Share registration, payment services, retail investing, dealing and custody technology solutions, employee share plans.

Pension Solutions

Pension administration, insurance and payment technology and services for 8 million scheme members.

Intelligent Solutions

Specialist technology and service solutions, targeting complex or regulated processes such as loan servicing and complaints management.

REVENUE
£292.3m

WE PROCESS
£90 billion
OF PAYMENTS PER YEAR

WE WORK WITH OVER
50%
OF THE **FTSE 100**

WE INTERACT WITH
27 million CUSTOMERS ON BEHALF OF OUR 1,700 CLIENTS

WE PERFORM
52m LOAN CALCULATIONS **PER MONTH**

WE HAVE
1,200+
SPECIALIST CONTRACTORS ON ASSIGNMENT

EXPERIENCED TEAM, AVERAGE SERVICE
10 YEARS
ACROSS THE EQUINITI GROUP

WE PAY
20% OF UK PENSIONERS

WE SUPPORT
20% OF WORK BASED PENSION SCHEME MEMBERS

Business model

WHAT WE DO

Equiniti makes complex things **simple**

We provide sophisticated administration, processing and payments services to clients in sectors ranging from financial services to government.

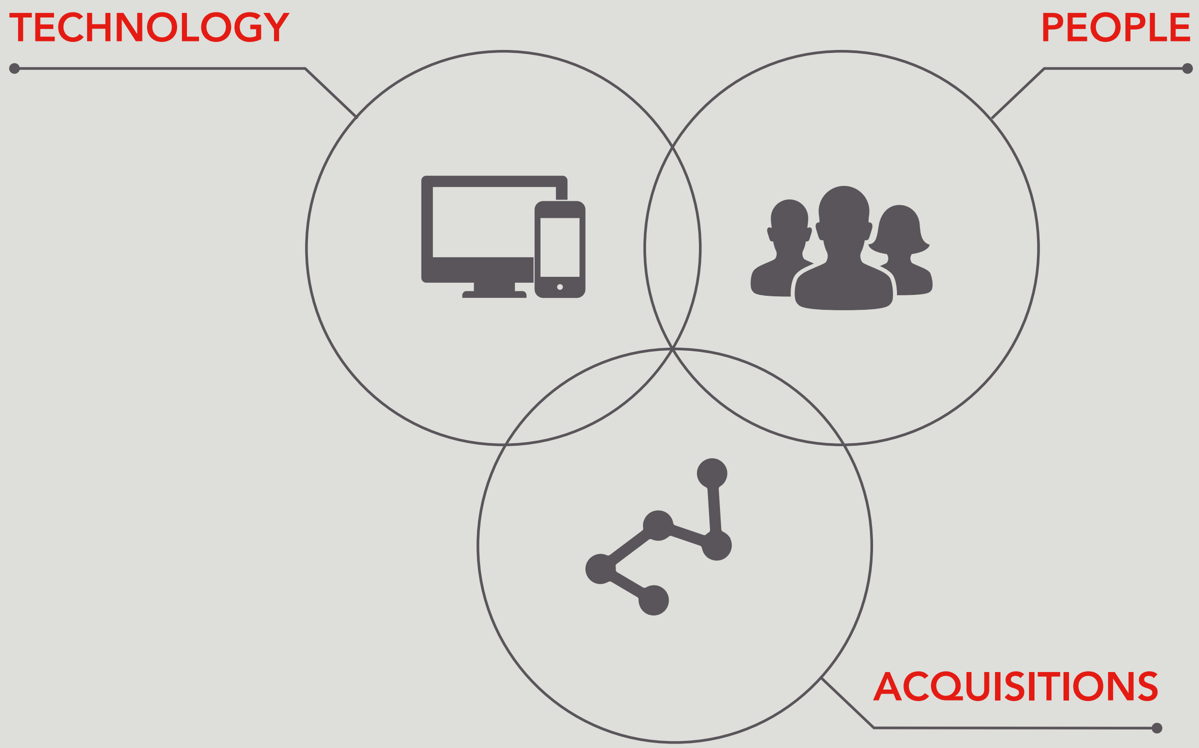
By combining market-leading technology with experienced and specialist people, we assure excellent delivery to our clients, and in turn to their customers, who are typically their employees, pensioners, shareholders and consumers. We also have significant experience of operating in regulated environments, helping our clients to meet their regulatory obligations and protect their stakeholders' interests.

THE VALUE WE ADD

Our activities are often mission-critical to our clients but not core to their business models, encouraging them to outsource. They rely on us for highly accurate, flexible and effective services, helping them to manage increasing regulation and complexity, and to meet their stakeholders' evolving needs.

The quality of our delivery creates long-term relationships with our clients' senior decision makers. We can then work with them to identify other issues or non-core activities, where we can benefit their businesses by providing an improved solution. The scale of our operations means we can make investments in technology and people that our clients could not make themselves. This allows us to deliver services more efficiently than they could in-house, saving them money and giving them the flexibility to adjust the resources deployed throughout the year.

We have significant experience of operating in regulated environments



SUSTAINING OUR ADVANTAGE

Uniquely, we own all of the technology, software and infrastructure required to run our core operations. Our technology platforms give us a distinct competitive advantage. They underpin our service delivery and form a barrier to entry, given the substantial experience, time and money required to build them. We continually invest in our platforms to add functionality and ensure they keep pace with changing regulatory and fiscal requirements, thus satisfying client needs.

Our people are also vital. Their expertise and experience enable us to provide sophisticated, high-margin services that are protected from commoditisation. We look to develop our people and offer clear career paths and interesting work, helping us achieve high retention rates.

To ensure we are as efficient as possible, we have significantly expanded our offshore capability in India, strengthening our technology development capabilities and providing low-cost processing. We will develop this further in 2015.

The acquisition of innovative technology platforms remains an important strategic priority.

DELIVERING RETURNS

Extending the range of services we provide to existing clients is a key driver of our top line growth. Our market leadership positions also make us a natural choice for new clients. Multi-year contracts and long-term relationships give us very high visibility of future revenues.

Our technology platforms provide significant operational leverage, that will allow us to increase profits as we grow revenue.The business also has attractive cash flow characteristics, with high free cash flow conversion providing funds to invest in growth and to reduce our leverage.

> Our people are vital. Their expertise and experience enable us to provide sophisticated, high-margin services

Long-term drivers of demand

Demand for our products and services is underpinned by a number of powerful trends, which we expect to continue into the long term. These include:

GROWING COMPLEXITY

As the world becomes increasingly complex, companies and public sector organisations are looking to simplify their operating models by outsourcing functions that are important to them but not core to their businesses. This complexity is often the result of new regulation and legislation, particularly in sectors such as pensions, banking and financial services.

INCREASING REGULATION

In the drive to improve services for end customers, Governmental bodies are increasing regulation and expanding the number of investigations they conduct. This provides us with opportunities to support remediation activities. Clients are also looking to outsource regulatory aspects of their back office systems, given the growing cost of regulation and the need to upgrade their technology.

INCREASING DEMANDS FOR GOOD SERVICE

Our clients' end customers – whether they are pensioners, shareholders, employees or consumers – are increasingly demanding about the quality of service they receive and how our clients handle complaints. They also want new ways to interact with our clients, such as apps and mobile optimised websites, requiring investment our clients find difficult to make themselves.

GREATER FINANCIAL PRESSURE

Our clients need to find efficiencies and ways to do more with less. They can save money by outsourcing to a partner with market-leading technology, a flexible resourcing model and the scale to continue investing in it.

Structural changes in the pensions sector, along with a low interest rate environment, has created demand for flexible on-line investment products, as investors take advantage of digital and mobile technology to manage their financial futures.

Equiniti Data Services carried out 39.7million data searches, tracing 2.28 million people and reuniting them with £600 million.

OUR MARKETS IN 2014

Equiniti's markets continued to evolve during 2014. The key developments are summarised below.

Investment Solutions

The market for initial public offerings ("IPOs") was very active, with many companies taking the opportunity to list. Support for IPOs, together with ongoing changes to regulation and legislation, continued to create demand for company secretarial services. However, the corporate actions market was quieter than in 2013, and with no large scale activities, this impacted on our revenues.

The doubling of the amount employees can put into HMRC approved sharesave schemes, to £500 per month, will encourage more people to participate and will grow the funds we manage on our clients' behalf. The market in senior executive share schemes was less busy than in 2013, when many executives cashed-in awards they had received at low prices during the recession.

The introduction of the Retail Distribution Review had a significant impact on the investment services market. With financial advisors increasingly focused on high-net-worth individuals, many consumers are looking to manage their investments themselves, creating demand for execution-only brokerage. Changes in pension legislation are also likely to have an impact, as individuals withdraw lump sums from their funds and look to invest them to provide an income.

Intelligent Solutions

New regulation of payday lenders by the Financial Conduct Authority ("FCA") was a positive development for us, given our experience of operating in FCA-regulated environments and our growing customer base of regulated businesses.

Supporting remediation activities continues to absorb resources, with the high level of Payment Protection Insurance work continuing for longer than we had expected.

Other remediation activity continues to emerge, where we are well placed to provide our clients with the support and flexibility they need.

Organisations have also become more aware of the benefits of complaints management, seeing it as a powerful tool for obtaining constant feedback on their products and services. This helps them to continually improve the way they work.

More generally, both the public and private sectors are collecting vast amounts of data, which they need help to unlock. This is creating demand for our data and analytical services.

Pension Solutions

Regulation was a key feature of the pensions market in 2014, with more reform than ever before. This is requiring organisations to change their working practices and upgrade their systems, particularly in the public sector where the Pension Reform changes are due to come into force in April 2015. Many are finding it difficult to fund investment in their systems or to get the specialist people they need to manage pensions effectively in-house. This is pushing them to outsource or to bolster their in-house functions with external support. Financial constraints in the public sector are also important in the drive to outsource pension administration.

Many companies have already closed their defined benefit schemes and are looking to contain the cost and minimise the risk associated with these closed books. This is leading them to sell the books to insurance companies, creating opportunities for us to administer them on the insurers' behalf.

Another development during the year was the increasing acceptance of offshoring back-office functions in pension administration. This reflects a growing need among clients to drive efficiencies.

Our objectives

We have a defined set of objectives for the next three years. We aim to:

GROWTH

Deliver organic growth from new and existing channels, further **developing** our product offering and making selective acquisitions which add **to our capabilities**

CUSTOMER

Get closer to our clients through strong account management, increasing **digital access via mobile apps**, minimising complaints and **tracking satisfaction**

Achieving these objectives will, in turn, enable us to meet our financial goals:

FINANCIAL

Deliver organic **revenue growth,** attractive margins and strong cash conversion, to enable **investment** and strengthen the balance sheet

OPERATIONS

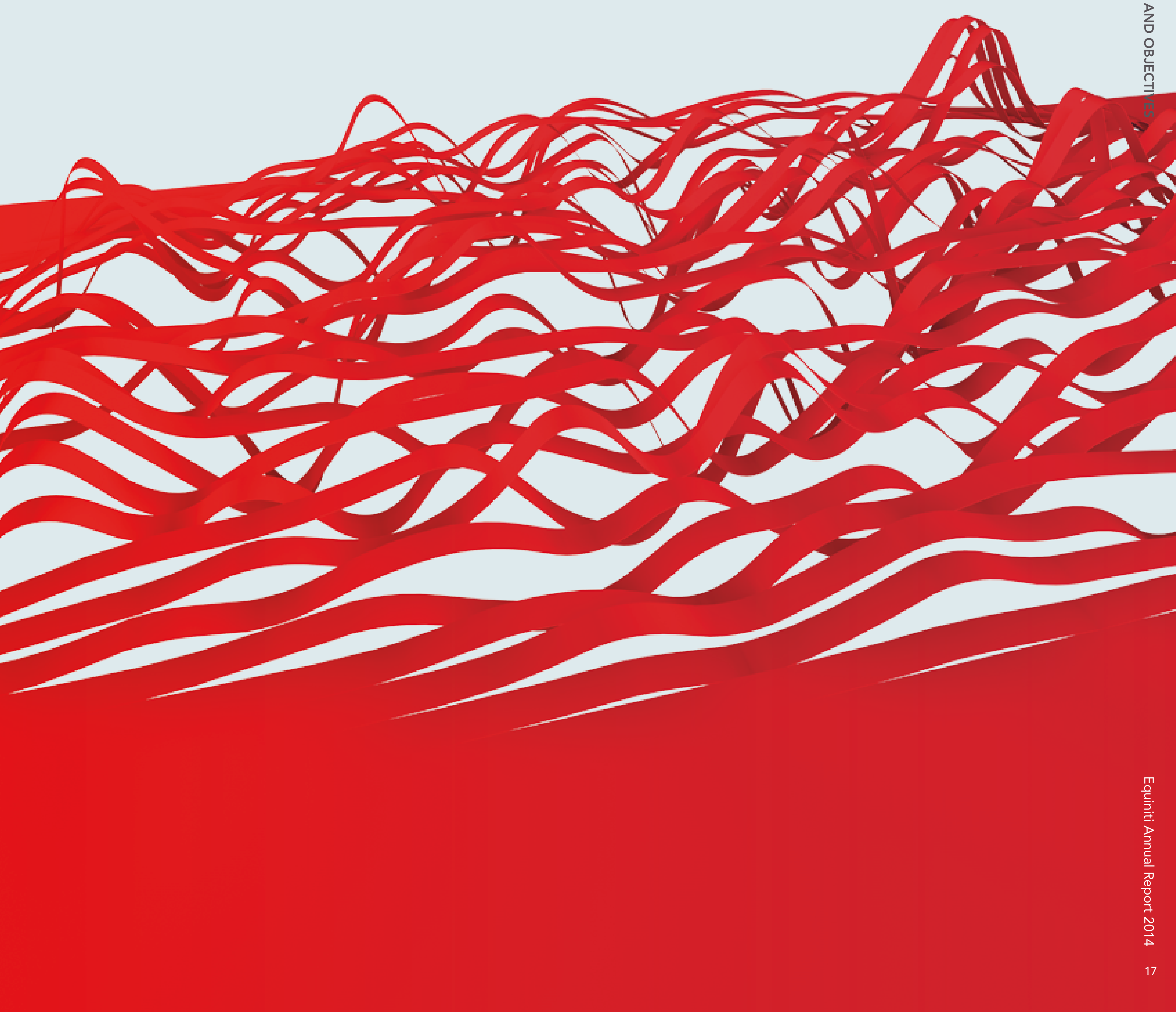
Enhance our operating platform by investing in **technology** led solutions, driving efficiencies, **strengthening** compliance and managing talent

Our strategy

Our strategy for achieving our objectives is summarised below, along with our progress over the last year

STRATEGY	PROGRESS IN 2014
Strengthen client focus This means: helping our existing clients to improve their operations, by enhancing our account management and identifying ways our products and services can solve more of their issues.	We enhanced our account management and developed a key account plan for each of our major clients. We also strengthened our relationship team, to ensure we have the right people engaging with the right clients. These initiatives helped us to drive organic growth in our key accounts, particularly in the second half of the year.
Develop new products This means: creating new products in existing and adjacent markets, which will allow us to leverage our technology platforms and specialist capabilities in complex outsourcing.	We continued to invest in our technology platforms, to add functionality for our clients, and launched a number of new products across the business. More details of our technology and product developments can be found in the operational review, on pages 30 to 35.
Target new channels This means: build on our strengths in the business-to-business-to-consumer channel to offer a set of retail investment products of relevance directly to the 18.7m shareholders and more than 8m pension scheme members with whom we deal.	In June 2014, we announced that we were acquiring the assets of Selftrade, an online execution-only stockbroker. This gives us Selftrade's 104,000 clients, who hold £3.9 billion in assets, and provides a capability in D2C broking. The acquisition completed in January 2015 and we have developed a new investment and product platform to support it.
Enhance operational effectiveness This means: having a single operating platform for all service lines, consolidating operations and leveraging our offshore capability to improve efficiency, simplifying and automating processes to improve quality, and strengthening our compliance. See pages 44 to 46 for more on our people strategy.	Our offshore facility in Chennai, India, is now fully operational and housed over 300 staff at the year end. It strengthens our in-house IT capabilities and provides low-cost business processing, helping to improve quality for clients while offering cost savings for us. We also brought in-house a number of processes that had been provided by third-party Indian outsourcers, improving our control over and delivery of the services to our clients. Other initiatives in the year included enhancing our compliance, centralising complaint handling and developing our talent and performance management of our people.
Make complementary acquisitions This means: acquiring businesses that bring new and complementary capabilities, including technology platforms, which we can grow by offering to our clients.	In addition to Selftrade, during 2014 we acquired: • Pancredit Systems, which extends our ability to provide unsecured loan administration • Invigia, which provides complaints, case and feedback management across financial services and the public sector • JP Morgan's Corporate Dealing Services ("JPM CDS"), which strengthens our existing position in this sector, and • A further 11% stake in MyCSP, our mutual joint venture with the UK government, giving us a 51% interest. The remaining shares are held by the government (24%) and employees (25%).

Through our loan comparison business, Pancredit, we conduct over 52 million calculations a month. These include: 227,000 quote calculations, 1.7 million active agreements and 114,000 settlement calculations.



KEY PERFORMANCE INDICATORS

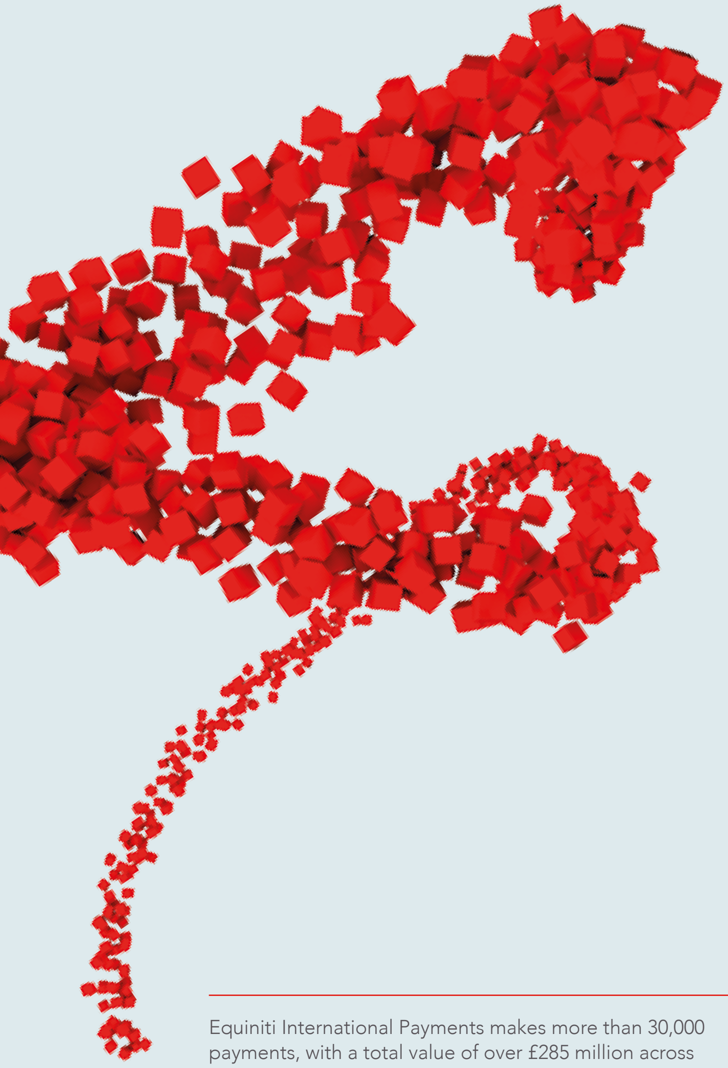
We use the following key performance indicators to track our strategic progress:

KPI	DATA	DEFINITION
ADJUSTED REVENUE	2014 £292.3m 2013 £264.4m	The invoiced value of services and software provided to clients during the year, excluding the Lloyds TSB Stockbroking contract, which was discontinued in 2013, and normalising interest income for the impact of interest rate swaps.
ADJUSTED PRE-EXCEPTIONAL EBITDA	2014 £70.0m 2013 £67.5m	Earnings before interest, tax, depreciation, amortisation and exceptional items, adjusted for the items described above under adjusted revenue.
OPERATING PROFIT	2014 £21.6m 2013 £14.8m	Profit before interest, tax and contribution from associates.
FREE CASH FLOW	2014 £72.5m 2013 £71.0m	Pre-exceptional EBITDA less change in working capital adjusted for the impact of exceptional items. The calculation is shown in the Finance Review section.
FREE CASH CONVERSION	2014 104% 2013 93%	Free cash flow as a percentage of pre-exceptional EBITDA.
CAPEX RATIO	2014 7.1% 2013 7.0%	Capital expenditure as a percentage of revenue.
CLIENT SATISFACTION	2014 90% 2013 91%	The average percentage of returned client surveys, based on a client satisfaction scoring of one to ten.
COMPLAINTS	2014 0.019% 2013 0.023%	The number of upheld complaints as a percentage of transactions processed.

RELEVANCE TO STRATEGY	PERFORMANCE
Adjusted revenue shows our ability to grow the business organically and through making complementary acquisitions.	Adjusted revenue was up 10.6% in 2014, despite lower corporate action activity, through a combination of strong client retention, additional project work with existing customers, the acquisition of Killik's Employee Services business in 2013, the 2014 acquisitions of Pancredit, JPM CDS and Invigia, and our increased holding in MyCSP. Together, these acquisitions contributed £18.4m to adjusted revenue in 2014.
Adjusted pre-exceptional EBITDA shows our success in selling complex, high-margin services while enhancing our operational efficiency.	Adjusted pre-exceptional EBITDA grew by 3.7% to £70.0m, with growth from major pension projects with existing customers plus a strong contribution from acquisitions, offset by lower corporate action activity and increased costs for service level improvements and sales resource.
Operating profit shows our ability to grow profit after taking account of the costs of capital investment and acquisitions, which are reflected in our depreciation and amortisation.	Operating profit grew by 45.9% to £21.6m, primarily due to lower exceptional costs in 2014 following the refinancing of the Group in 2013.
Adjusted operating cash flow shows our ability to generate cash for investment in the business and to pay down debt.	Free cash flow improved as a result of a continued focus on working capital management.
Free cash conversion shows our ability to turn profits into cash and is a good indicator of the quality of the profits we generate.	The increase in free cash conversion to 104% reflects our commitment to working capital management.
The capex ratio shows how much we are investing in the platforms that underpin our client service and our ability to grow.	The capex ratio remains in line with the prior year, showing our commitment to enhancing our customer service and offering market-leading technology.
Client satisfaction shows how well we are meeting their needs, which is essential for protecting our existing business and our ability to grow.	Our performance remained steady, demonstrating that we are meeting the needs of our clients.
The level of complaints shows how well we are meeting the needs of our clients, customers, which in turn results in a greater level of client satisfaction.	Number of complaints remains extremely low and has improved year-on-year. This demonstrates that we are meeting the needs of our clients, customers.

CHAIRMAN'S STATEMENT

This was a good year for Equiniti, with robust financial performance that gives us momentum going into 2015. We grew adjusted revenue by 10.6% and adjusted pre-exceptional EBITDA by 3.7%, and continued to convert a large proportion of our profits into operating cash providing funds to invest in future growth. The business is soundly financed, giving us the financial flexibility to execute our strategy.



Equiniti International Payments makes more than 30,000 payments, with a total value of over £285 million across 130 countries and in 90 different currencies.

Equiniti has excellent positions in growing markets and attractive opportunities to move into new areas. Our strengthened executive team has put the building blocks in place for further success, with a clear strategy and a simpler operating model that will focus our efforts and help us deliver for our clients. To support our sharpened strategy and operational focus, we have put considerable effort into enhancing our governance and compliance, both at a Board level and in our day-to-day business.

More information on our performance can be found in the Chief Executive's statement on pages 22 and 23.

In January 2014, we were delighted to appoint Guy Wakeley as Equiniti's Chief Executive. Guy has brought strong leadership to the business and has in turn refined our strategy and strengthened the executive management team.

Also at the start of the year, John Parker joined the Board as a non-executive Director. John was Managing Director of our share registration business until his retirement at the end of 2013 and we were pleased to retain his knowledge within the Group.

We further increased the number of independent directors on the Board. Vicky Jarman joined us in May as a non-executive Director and chair of the Audit Committee. She has substantial experience in the financial services industry, gained through senior roles at Lazard. She also chairs the Audit Committee of Hays plc and is a non-executive Director of De La Rue plc.

> "The Investment & Projects Committee makes sure that we effectively deploy our limited capital resources, so we can maximise returns…'

In February 2015, we recruited Tim Miller as an independent non-executive Director and chair of the Remuneration Committee. Tim brings extensive Board experience across a range of sectors and during his 14 years at Standard Chartered Bank held a number of Director level positions with global responsibility for areas including human resources, compliance, audit, assurance, financial crime, and legal functions.

Also in February 2015, we appointed Lucy Dimes to the Board as an executive Director. Since joining us as Chief Operating Officer in March 2014, Lucy has brought additional focus on IT, operational excellence and driving the Group's capital investment programme, to deepen our technology services and fintech market leadership.

In February 2015 Martyn Hindley resigned following two years as CFO, I would like to place on record our thanks to Martyn for his significant contribution to Equiniti. Richard Guest, a highly experienced finance professional, has been appointed interim Chief Financial Officer ahead of the appointment of John Stier as permanent CFO. John Stier will join us from Northgate on 1 June 2015.

Enhancing our governance structures

During 2014, we split the responsibilities of the Audit and Risk Committee, creating a separate Risk Committee under John Parker's chairmanship. The new committee reflects the importance we place on managing risk and is in line with regulatory best practice. The Board has also had training from our advisors on regulatory and compliance issues. In addition, to allow him to focus on his role as Group Compliance and Risk Director, Gavin Downs has stepped down as Company Secretary. Doug Armour, a director of Equiniti David Venus, has taken up this position.

Meeting our regulatory requirements is a vital part of protecting our clients' interests, particularly as we grow in the direct-to-consumer market. We have therefore identified two independent non-executive appointees, Mark Lund and Tim Miller, who, subject to FCA approval, will join the board of our regulated entity, Equiniti Financial Services Limited. Guy Wakeley will also join this board, again subject to regulatory approval.

It is also essential that we have effective oversight and controls embedded in our operations. In 2014, we therefore created two new executive committees. The Sales & Bids Committee enables us to drive organic revenue growth, while ensuring that we fully understand the opportunities and risks each opportunity presents. The Investment & Projects Committee makes sure that we effectively deploy our limited capital resources, so we can maximise returns. We also reconstituted our other executive committees and refreshed their terms of reference. These committees have vital functions, overseeing compliance and risk, strategy and M&A, and monthly performance and quarterly business reviews.

Since the end of the year, our advisors completed a review of the effectiveness of our risk, internal audit and compliance processes. This has shown us where we perform well and also highlighted areas for further improvement, which we will implement in the coming months.

Looking forward

Equiniti is well positioned as we enter 2015. Our work to strengthen our governance and compliance will enhance our oversight and control of the business and ensure we continue to put clients first, which in turn will help our business performance. We are confident of significant further progress in 2015.

CHIEF EXECUTIVE'S STATEMENT

Revenue was
£292.3m
this year

A YEAR OF BUILDING MOMENTUM

The actions we took and investments we made during 2014 saw Equiniti build momentum throughout the year, as we increasingly benefited from our capability enhancing acquisitions and our sharpened focus on our clients, which helped us to drive organic growth.

As a result, we increased revenue by 6.4% to £292.3m (2013: £274.7m) despite a fall in the level of corporate actions. Adjusting for the discontinued Lloyds TSB Stockbroking contract and the impact of interest rate swaps, top line growth was £27.9m (10.6%). In total, acquisitions contributed £18.4m to revenue this year.

EBITDA pre-exceptional items was £70.0m (2013: £76.3m). Adjusted EBITDA was also £70.0m, an increase of 3.7% (2013: £67.5m), with the benefit of pension projects and acquisitions being offset by lower corporate action activity and increased costs to improve service and resource our sales efforts. The adjusted pre-exceptional EBITDA margin was 23.9%, compared with 25.5% in 2013.

MEETING OUR CLIENTS' NEEDS

Looking after our clients was a key theme in 2014. We invested significantly in our technology platforms, adding capabilities to address our clients' problems in the digital age, such as increased member self-service and the development of smartphone applications for sharedealing and pension statements. We also invested in improving our operations and service, creating a Group-wide account management platform to give us a single view of each client and their needs.

The result has been high levels of client satisfaction, which stands at 90%, and 100% FTSE 100 client retention. We secured £201m of new sales and renewals, with an average relationship length of 27 years for our FTSE 100 clients. This provides excellent forward visibility of revenues, in addition to our project and transactional income.

> "Looking after our clients was a key theme in 2014. We invested significantly in our technology platforms…"

Delivering adjusted top line growth of

10.6%

100% FTSE 100 client retention

We purchased another

11% of MyCSP

ENHANCING OUR CAPABILITIES AND GROWTH POTENTIAL

During the year, we completed the acquisitions of Pancredit, a credit origination and management platform, and Invigia, an integrated complaints, customer service and remediation product set. These bring new capabilities to the Group, which we can offer to our existing clients and use as the basis of new products and services, building out technology sales into a broader suite of end-to-end management solutions for complex regulated problems. We also acquired the JPM CDS business during 2014, which adds to our existing strengths in dealing services for share-based remuneration schemes and makes us number one in that market.

The purchase of Selftrade from Societe Generale, which completed shortly after the year end, opens up the direct-to-consumer retail share-dealing channel for us. This allows us to leverage our proprietary custody platform to build an execution-only stockbroker of scale, and offer a set of retail investment products of relevance to the nearly 19m shareholders and more than 8m pension scheme members with whom we deal.

In addition, we purchased a further 11% of MyCSP, our ground-breaking mutual venture with the UK government. We now own 51% of this venture, which continues to grow well, achieving revenues of £38.3m for the nine months ended 31 December 2014 and continuing to grow employee dividends.

A SIMPLER OPERATING MODEL

We continued to simplify our operating model, organising the Group into three segments that better reflect the way we manage our activities: Investment Solutions, Intelligent Solutions and Pension Solutions, each supplemented by interest income interest.

We supported this with the recruitment of senior leaders. These included Lucy Dimes as Chief Operating Officer, Rod Alderton as Chief Information Officer, Matt Porter as Managing Director of Intelligent Solutions, and David Beresford as Director of Strategy and Business Development. We also promoted Paul Matthews to the executive leadership team, in the role of Managing Director, Corporate Markets.

At the same time, we have continued to add to our operations in Chennai, India, where we now employ more than 300 staff. Offshoring enhances our IT capabilities and increases the efficiency and quality of our back-office processing, resulting in better client service and reduced costs for us.

A POSITIVE OUTLOOK FOR 2015

We expect our momentum from 2014 to continue into 2015, as we maintain our focus on organic growth supported by new products we have launched this year, as described in the operational review. This year's acquisitions will also add to growth in 2015, making us confident of delivering sizeable uplifts in revenue and cashflow.

Our ability to sustain excellent margins while delivering organic growth depends on a simple strategy: understanding our clients' needs and developing new models and technologies to add value in complex and regulated areas. Continuing to differentiate Equiniti through excellent service, great people and the application of technology will create growth for 2015 and beyond.

Using technology to build smart solutions

Equiniti is a leading provider of technology-enabled payment services and software platforms. That puts technology at the heart of our business. We use up-to-the-minute technology to build smart solutions for our clients and their customers, based on proprietary platforms that can process large and growing volumes of transactions and payments.

These platforms are a key competitive advantage for us. They represent a substantial investment of time, money and expertise, making it hard for others to replicate them. Through our in-house development and test capabilities, we continually enhance their functionality, for example by adding mobile apps and online services that improve the user's experience and engagement.

Technology is critical for efficiency. As we process ever-larger volumes, we benefit from significant operational leverage. At the same time, we offer greater efficiency to our clients than they could achieve by using their own systems.

Our platforms are also a key enabler of our growth. They allow us to scale up our existing services and to offer new services, which we develop ourselves or bring in through acquisitions. We also see exciting potential in using our analytical capabilities to derive fresh insights from the data we hold, allowing us to create new services and add even more value for our clients.

OUR KEY PLATFORMS

We have 25 platforms across the Group, supporting our wide-ranging product offering. Three of these – Sirius, Xanite and Compendia – underpin some of our most important services.

EQ Sirius

Sirius is our share registration platform. It supports all our registration, dividend payment and share plan administration.

The platform is able to handle vast processing volumes. We use it to manage the records of 18.7 million shareholders and to make payments in excess of £39 billion each year, on behalf of nearly 50% of FTSE 100 companies and numerous others. Sirius also receives 1 million internal website hits each day, delivering an average response time of less than 0.5 seconds.

EQ Xanite

Xanite is our custody, investment and wealth management platform, which supports sharedealing for retail investors and corporate clients, and our BPO services for wealth managers.

The platform enables us to deliver custody services for £18.7 billion of assets. It also plays a key role in our growing direct-to-consumer business. As explained on page 30, we have launched a new web and mobile offering to service Equiniti Selftrade, which we acquired in January 2015. This gives consumers greater choice and control over their investments, to suit demands for services that fit their lifestyle.

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See page 30 for more information

EQ Compendia

Compendia is our pension administration and payroll platform. Through it, we manage records and payments for millions of UK pension scheme members on behalf of our clients.

The system supports services for our clients, who can use it at their premises or as a managed service. Compendia also enables access to self-service, through our new mobile app and our responsive web design, which intuitively adapts to the user's desktop or mobile device. This offers a better experience for scheme members, helping them to plan their retirements and increasing their engagement with the scheme. It also offers greater efficiency and a streamlined service for the schemes themselves.

Our recent investment to enhance Compendia has led to it being shortlisted for six technology awards during 2014.

23,000
PARTICIPANTS
AND A VALUE OF
MORE THAN
£1.1BILLION

EQUINITI AND BT

Simplifying complexity for BT's employees

Equiniti has provided employee shareplan services to BT since 2004. This year, we supported BT through one of its biggest challenges yet – the most recent maturity of its "saveshare" plan.

The maturity was one of the largest and most complex ever seen, with around 23,000 participants and a value of more than £1.1 billion. The average participant stood to gain almost £42,000, rising to almost £76,000 for those who had saved the maximum each month. Participants' options ranged from holding or selling shares to transferring them to their spouse, ISA or pension. This meant they needed to understand financial issues they might not be familiar with, such as the potential tax implications of their choices.

We worked with BT on a year-long communications strategy, so people could make well-informed choices. We researched when, how and in what form people would best absorb the information, resulting in a monthly series of personalised emails on key topics, with links to further information. Highlighting each individual's potential gain encouraged them to understand their options. The emails were combined with a series of educational tools, from booklets and Q&As to a live question session.

Most people selected more than one option, putting our team under huge pressure to quickly and accurately turn around their choices. Supported by our Sirius platform, we delivered on time and to our service level agreements, resulting in a satisfied client.

As Francis O'Mahony, Head of Employee Share Plans at BT said: "The Equiniti team was most responsive to our needs. We worked in partnership to build the choices, map each user journey and communicate effectively with the participants. The fact that everything went so smoothly, and that the BT share price remained stable, is testament to terrific team work."

> "The Equiniti team was most responsive to our needs. We worked in partnership to build the choices, map each user journey and communicate effectively with the participants."

> We have always prided ourselves on innovation, and see outsourcing as one of the primary ways in which we'll retain our market-leading position…

Charlie Nicholls, founder of Money on Toast

EQUINITI AND MONEY ON TOAST

Supporting clients through new product development

A fundamental part of our strategy is to develop new products that leverage our technology and our specialist capabilities. In 2014, we announced that Money on Toast was the first customer for our Wealth Solutions service, which is built on our Xanite platform. We see this service as a 'game changer' for wealth managers, helping them to succeed in a highly competitive market.

Money on Toast is a leading provider of online investment advice and discretionary management, with thousands of satisfied customers. It is the online distribution arm of CPN Investment Management, which was founded in 1986 to offer discretionary investment management services to high-net-worth individuals in the UK. Outsourcing its investment administration and technology services to us will allow Money on Toast to focus on its core business objectives of customer service, business growth and innovation.

Money on Toast's clients will also benefit, through access to a wider range of investment options and lower fees. These result from the elimination of platform costs, reduced administration and the ability to scale up the business without a corresponding increase in overheads.

As Charlie Nicholls, founder of Money on Toast, said: "As the leading algorithm-based advice and discretionary management system, we have always prided ourselves on innovation, and see outsourcing as one of the primary ways in which we'll retain our market-leading position. Using Equiniti Wealth Solutions will deliver meaningful benefits. It will not only allow us to keep pace with technological change, but will also introduce cost efficiencies which we can then pass on to our clients."

MyCSP's success demonstrates what can be achieved by working together

MYCSP

Transforming MyCSP into a trusted partner to Government

MyCSP is the first mutual joint venture to come out of central Government. It provides pension services to 1.5 million members of the Civil Service pension scheme, on behalf of more than 250 employers ranging from the Department for Work and Pensions to the Scottish Government.

In 2014, we increased our holding in MyCSP to 51%, with employees holding 25% and the Government retaining a 24% stake. Employee ownership is a vital part of the model. Research shows that employee-owned companies outperform, with better productivity and engagement and lower staff turnover. In 2014, employees benefitted from a dividend of £2,600 each, as they shared in the value of the business improvements they had created.

Following MyCSP's creation in 2012, we embarked on a two-year transformation programme, investing in its technology, operations, service and culture. This has vastly improved processing accuracy, employee engagement and customer satisfaction.

The transformation included consolidating from 11 sites to four and completely upgrading the IT infrastructure. In September 2014, we completed the transfer of MyCSP's administration to our Compendia platform, a substantial project that required thousands of training days and long hours from more than 100 developers and testers.

As well as transforming the way MyCSP works, the mutual model allows it to bid for contracts to administer other pension schemes. Its enhanced offering is enabling it to showcase its capabilities, generating interest from employers across the public sector. This growth benefits us, provides greater rewards for employees and adds value for taxpayers.

MyCSP's success demonstrates what can be achieved by working together and using the best of public and private sector expertise to transform public services. It is now the model for mutualisations of other public services.

Investment Solutions

Registration Services, Retail Investment Services, International Payments and Employee Services, including executive share dealing and execution-only stockbroking.

Although revenue in the year declined by £12.3m (11.5%) to £94.9m (2013: £107.2m), mainly driven by a high level of corporate actions in 2013, significant progress has been made in building the foundations for future growth. Adjusted revenue, which excludes the Lloyds TSB Stockbroking contract that ended in 2013, was 5.6% lower. The acquisitions of Killik Employee Services on 1 October 2013 and JPM CDS on 1 September 2014 added an incremental £3.3m to 2014 revenue.

EBITDA fell by 27.3% to £29.3m (2013: £40.3m). Adjusted pre-exceptional EBITDA was 16.5% lower. This represented an adjusted pre-exceptional EBITDA margin of 30.9% (2013: 34.9%).

Registration Services, which supports around half of FTSE 100 companies, had a good year across most of its operations. It retained all its registration contracts that came up for renewal, gained 26 newly listed clients, including TSB, Just Eat, Zoopla, Jimmy Choo and Virgin Money, and won five contracts from established companies, including Old Mutual and SAB Miller. However, the lack of corporate actions by clients with sizeable shareholder bases resulted in a decline in revenue against a strong comparative for 2013, which included the flotation of Royal Mail and a major rights issue by Barclays.

The business began piloting a new service in partnership with Kings Court Trust, which will help bereaved families to obtain probate on their relatives' estates. We see opportunities to provide this directly to consumers and as a white-label service to large corporates, such as banks and financial services companies.

The quality of Registration Services' work was again reflected in the prestigious industry awards it won. Equiniti won all three "Best Registrar" awards in 2014, at the Investors Chronicle and FT Wealth Management Awards, the Shares Awards and at the UK Stock Market Awards.

Retail Investment Services delivered underlying revenue growth, after adjusting for the impact of the Lloyds TSB Stockbroking contract. The business has invested in developing its Xanite platform to meet the needs of wealth managers and announced its first wealth management customer, Money on Toast, in November. We will provide all investment administration and technology services to Money on Toast, reducing its costs while allowing it to scale up its business. Investment Services also signed a contract to provide white-label services to Saga, which will commence in 2015.

In the **International Payments** market, Investment Services signed a significant contract with MarTrust Corporation, to provide payment services for ships arriving at ports around the world. We also won a number of other international payments contracts, reflecting our ability to service medium-sized companies in this area.

Investment Services completed a major upgrade to Xanite and launched a new web and mobile platform to service Equiniti Selftrade – www.selftrade.co.uk. The acquisition of Selftrade was completed on 26 January 2015 and brings with it 104,000 new customers, adding to the existing 320,000 retail customers that Investment Solutions supports.

Employee Services had a solid year. Highlights included renewing important contracts with BT and Diageo, and winning a contract with TSB to provide employee share plans and flexible benefits. The business completed the integration of the Killik operations we acquired in 2013, which continued to meet our expectations. JPM CDS, which provides dealing services for executives in all forms of share-based remuneration schemes, further increases our UK market presence.

During 2014, we launched PeopleSpace, a unique portal that allows employees to review and manage their flexible benefits online, and which will improve employers' understanding of their employees' benefit use. Other developments included a global nominee product, which we will roll out in 2015.

As in previous years, Employee Services' clients won a number of prizes at the ifs Proshare annual awards. This year's winners included BT, TSB, Land Securities, DS Smith and TalkTalk.

We launched PeopleSpace, a unique portal that allows employees to review and manage their flexible benefits online

EQ PeopleSpace

WE GAINED

26

newly listed clients

Intelligent Solutions

Specialist technology and service solutions targeting complex or regulated processes, such as loan servicing and complaints management.

Intelligent Solutions grew revenue by 9.9% to £89.6m (2013: £81.5m). This partly reflected the acquisitions of Pancredit Systems, which we bought on 18 March 2014, and Invigia, which was consolidated from 1 September 2014. Together, they contributed revenue of £6.5m during the year. Revenue also benefited from higher complaints management activity, although a change in the mix of this work meant it was at a lower margin. This revenue growth was partially offset by a reduction in project income, with 2013 having included a large, one-off assignment.

Pre-exceptional EBITDA declined by 0.6% to £16.3m (2013: £16.4m). This was the result of the lower margin on complaints management work. Intelligent Solutions' pre-exceptional EBITDA margin was 18.2% (2013: 20.1%).

Pancredit provides innovative loan administration and origination software to banks, intermediaries and price comparison websites. We have already begun to leverage this technology to offer new services. During the year, we launched standby servicing, providing clients with a way to mitigate the risk of failure of their loan servicing arrangements. We also rolled out loan administration services, to collect repayments and resolve issues on behalf of our clients. In addition, Pancredit signed a new contract with a major telecoms provider, to deliver interest-free credit services for handsets and hardware.

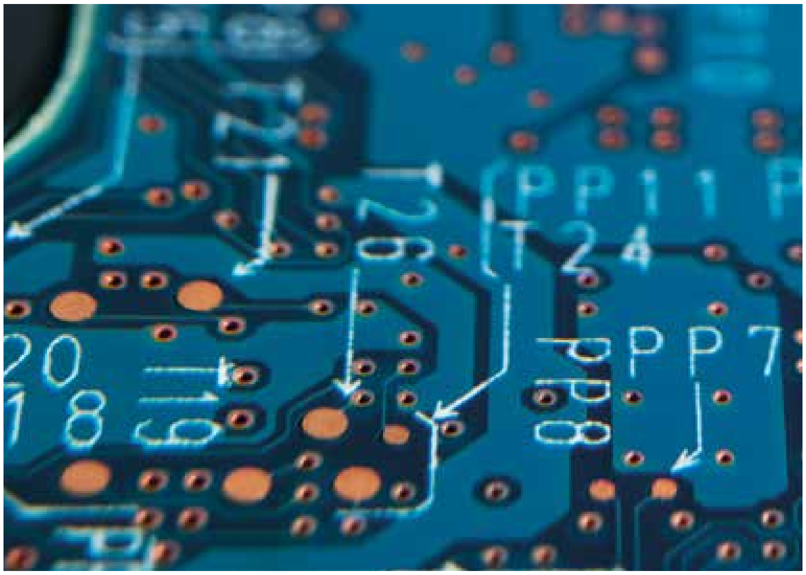
Invigia offers complaints, case and feedback management software and services to a wide range of financial services and public sector organisations. It broadens our range of solutions to help clients deal with regulation and change. It also opens up opportunities in new consumer-facing sectors, such as utilities and telecoms. Invigia's services include mycustomerfeedback.com, which allows us to provide customer feedback services to SMEs, in addition to our existing enterprise-scale platform.

Invigia's other division is responsible for gathering, storing and sharing highly sensitive information with authorised police force users. We work with circa 50% of the UK's police forces on this.

During the year, we launched People^{AX}, an HR and payroll solution based on the Microsoft Dynamics AX platform. It allows full integration of HR and payroll functions in one system, so organisations can work with complex data sets such as cross-departmental information on benefits packages, pensions and employee engagement. This is currently being implemented for the Royal National Lifeboat Institute, together with a number of small clients. Other new products included a data analysis platform, which can ingest large volumes of data from multiple sources, cleanse it and turn it into a single view of the customer, and a new 360-degree feedback tool for the healthcare industry.

Hazell Carr provides high-calibre resourcing and outsourcing expertise to regulated industries. It ended the year with 1,200 consultants deployed for clients, a record number for the company. It also won contracts with Barclays and HSBC, the only two major banks that were not already clients. We believe that the combination of Hazell Carr with several other Intelligent Solutions business units creates a disruptive and compelling proposition across people/process/technology/data, making it the 'one stop shop' solution for several different customer requirements.

As the business model evolves, with more clients looking for a total outsourced solution, we have invested in new premises in Cardiff. These have come on stream in February 2015, to ensure the capabilities are immediately available to support our clients' requirements.



WE WORK WITH AROUND
50%
of the UK's
Police Forces

Pension Solutions

Pension administration, insurance and payment technology and services for 8 million scheme members.

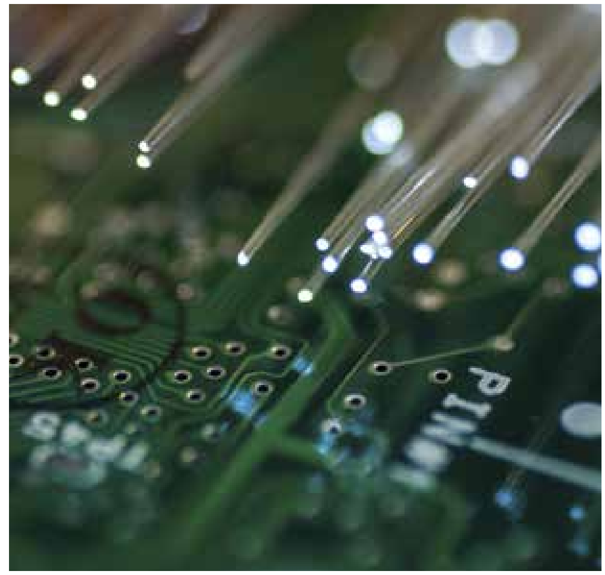
Pension Solutions had a strong year, growing revenue by 31.7% to £101.3m (2013: £76.9m). Organic revenue growth came largely from major projects with existing clients. Our acquisition of an additional 11% holding in MyCSP also meant that we consolidated this business as a subsidiary from 30 September 2014. This added £11.1m to Pension Solutions' revenue between that date and the year end.

Pre-exceptional EBITDA rose by 77.9% to £21.7m (2013: £12.2m), with revenue growth partially offset by higher costs associated with improving service levels in existing pension administration contracts. This represented an pre-exceptional EBITDA margin of 21.4% (2013: 15.9%).

We were recognised as Pensions Technology Firm of the Year in the recent Pensions Age awards. This resulted from our significant investment in our pension administration platform, Compendia, to make it more user friendly, intuitive and visually appealing. This included a smartphone app to help pension scheme members manage their retirement planning, reflecting the fact that member engagement is an increasingly important part of our service. Compendia was also the top ranked Pensions Administration Platform in the 2014 Professional Pensions survey.

As well as investing in our technology, we have invested in our people. We recruited experienced pensions people into our business development and client management teams, and appointed a new Pensions Strategy Director. This investment has started to deliver a significant number of opportunities to bid for new work, which we expect to continue into 2015.

MyCSP, with the ongoing support of the wider Equiniti Group, has continued to transform the administration of the Civil Service Pension Scheme. During 2014, we completed the implementation of Compendia and migrated the scheme's payroll administration from the previous provider. Work is well progressed to meet the requirements of the 2015 Pension Scheme reforms.



EQ Compendia

SINCE WE UPGRADED COMPENDIA IT HAS BEEN
SHORTLISTED FOR SIX TECHNOLOGY
AWARDS

FINANCIAL REVIEW

Adjusted revenue grew by 10.6%, through a combination of organic growth and earnings enhancing acquisitions in 2014.

OVERVIEW

Revenue grew by 6.4% to £292.3m (2013: £274.7m) and operating profit after exceptional items increased by 45.9% to £21.6m (2013: £14.8m). Adjusted revenue and pre-exceptional EBITDA increased by 10.6% and 3.7% respectively. The adjustments have been made to 2013 only and exclude the Lloyds TSB Stockbroking contract, which was discontinued in 2013, and adjusts for the impact of a step down in the interest rate hedge in the second half of 2013, resulting in a lower interest rate being earned. These adjustments reduce 2013 revenue and EBITDA by £10.3m and £8.8m respectively. The Group's free cash flow was £72.5m, resulting in a cash flow conversion of 104% as the Group has continued to focus on working capital management.

INCOME STATEMENT

The key lines of Equiniti's income statement for the year are summarised below and include analysis of revenue, pre-exceptional EBITDA, exceptional items, operating profit, net finance costs and profit before tax.

REVENUE

£m	2014	2013	Change
Adjusted revenue	**292.3**	264.4	10.6%
Adjustments	–	10.3	
Reported revenue	**292.3**	274.7	6.4%

Revenue increased by 6.4% to £292.3m. On an adjusted basis, revenue grew by 10.6%, principally attributable to the performance of the Pensions Solutions and Intelligent Solutions divisions (see below for further discussion of growth drivers by division).

EBITDA (PRE-EXCEPTIONAL)

£m	2014	2013	Change
Adjusted EBITDA (pre-exceptional)	**70.0**	67.5	3.7%
Adjustments	–	8.8	
Reported EBITDA (pre-exceptional)	**70.0**	76.3	(8.3%)

EBITDA pre-exceptional items is a key performance indicator. It reflects profit before finance costs, taxation, depreciation and amortisation and exceptional items. Adjusted pre-exceptional EBITDA of £70.0m represents a 3.7% increase compared to 2013, reflecting the impact of acquisitions made in the year and an increase in project work within Pensions Solutions. This represents a margin of 23.9%, which is a decrease of 1.6 percentage points compared to the prior year, as 2013 benefitted from significant corporate action activity.

REPORTABLE SEGMENTS

As a result of the management changes made during the year, the operating segments have been refined to better reflect the way that Group's activities are managed. The Group has identified four segments: Investment Solutions, Intelligent Solutions, Pension Solutions and Interest Income, supported by central functions. The comparative information has been restated to reflect the revised segments.

£m	2014	2013	Change
Adjusted revenue			
Investment Solutions	**94.9**	100.5	(5.6%)
Intelligent Solutions	**89.6**	81.5	9.9%
Pensions Solutions	**101.3**	76.9	31.7%
Interest	**6.5**	5.5	18.2%
Total adjusted revenue	**292.3**	264.4	10.6%

Adjusted EBITDA (pre-exceptional)			
Investment Solutions	**29.3**	35.1	(16.5%)
Intelligent Solutions	**16.3**	16.4	(0.6%)
Pensions Solutions	**21.7**	12.2	77.9%
Interest	**6.5**	5.5	18.2%
Central costs	**(3.8)**	(1.7)	123.5%
Total adjusted EBITDA (pre-exceptional)	**70.0**	67.5	3.7%

Investment Solutions

Adjusted revenue fell by 5.6% to £94.9m, compared to 2013, with significantly lower corporate action activity more than offsetting the contribution from acquisitions. Operating costs remained in line with the prior year, resulting in adjusted pre-exceptional EBITDA being £5.8m down.

Intelligent Solutions

Adjusted revenue increased by £8.1m to £89.6m, driven by the contribution from the Pancredit and Invigia acquisitions and increased complaints management placement contracts with financial service clients, offset by lower project income.

Adjusted pre-exceptional EBITDA for the year was £16.3m, broadly in line with 2013 (£16.4m), as the benefits from the Invigia and Pancredit acquisitions were offset by lower project income and a change in the mix of complaint management work.

Pension Solutions

Adjusted revenue increased by £24.4 million to £101.3m, primarily attributable to long-term project income and discontinuance remediation work plus the impact of the increased shareholding in MyCSP, which contributed £11.1m since 30 September 2014. Adjusted pre-exceptional EBITDA increased by £9.5m to £21.7m, as a result of this revenue growth.

Interest

Interest income represents interest earned on client balances. Revenue and pre-exceptional EBITDA have fallen to £6.5m in 2014 from £9.1m in 2013, due to a step down in our interest rate hedge in 2013. Adjusting for the interest rate hedge, adjusted revenue and pre-exceptional EBITDA increased by £1.0m (2013: £5.5m).

Central

Central costs are general overheads incurred by the Group. Costs have increased by £2.1m to £3.8m, representing additional investment in developing the Group's sales force.

OPERATING PROFIT

£m	2014	2013	Change
Reported EBITDA (pre-exceptional)	**70.0**	76.3	(8.3%)
Exceptional items	**(7.7)**	(25.0)	(69.2%)
Depreciation & amortisation	**(40.7)**	(36.5)	11.5%
Operating profit	**21.6**	14.8	45.9%

Operating profit remains a key performance indicator, reflecting profit before finance costs and taxation. For the year ended 31 December 2014, operating profit was up £6.8m compared to the prior year, primarily attributable to a £17.3m decrease in exceptional items.

Exceptional items		
£m	2014	2013
Set up costs	3.0	1.2
Restructuring costs	5.1	6.0
Acquisition related expenses	2.6	0.3
Property costs	1.9	–
Gain on investment	(4.9)	–
Refinancing costs	–	10.2
Integration project	–	2.9
Contract costs	–	4.4
	7.7	25.0

Exceptional items of £7.7m (2013: £25.0m) include costs incurred in respect of establishing the Indian off-shore facility, costs of restructuring the management team, onerous leases on properties and costs involved with the acquisitions recognised in the year. An exceptional gain of £4.9m was recognised on the Group's investment in Euroclear PLC. The significant exceptional items in 2013 related to the Group's refinancing exercise (£10.2m), costs incurred to integrate the Equiniti and Xafinity businesses (£2.9m), the restructure of the management team (£6.0m) and contract costs (£4.4m).

NET FINANCE COSTS

Net finance costs were £71.8m (2013: £78.1m). Of this, a net interest cost of £31.0m (2013: £29.9m excluding exceptional items) was paid in cash.

LOSS BEFORE TAX

£m	2014	2013	Change
Operating profit	21.6	14.8	45.9%
Net finance costs	(71.8)	(78.1)	(8.1%)
Gain on disposal of associate	9.8	–	
Share of profit in associate	1.7	1.6	6.3%
Loss before tax	(38.7)	(61.7)	(37.3%)

The Group made a loss for the year from continuing operations of £38.7m, compared to £61.7m in 2013. Acquiring a further 11% of MyCSP on 29 September 2014 resulted in an accounting, non-cash gain of £9.8m. Prior to this transaction, MyCSP was accounted for as an associate and the Group's share of profits up to 29 September totalled £1.7m. Since this date, the results of MyCSP have been fully consolidated into the Group's results with the recognition of a minority interest, being £1.4m for the three months to 31 December 2014.

CASH FLOW

On a pre-exceptional basis, the Group generated free cash flow of £72.5m (2013: £71.0m) representing a conversion of pre-exceptional EBITDA to free cash flow of 104% (2013: 93%). The main movements in cash flow are summarised below:

£m	2014	2013
EBITDA (pre-exceptional)	70.0	76.3
Working capital movement	2.5	(5.3)
Free cash flow	72.5	71.0
Cash flow conversion	**104%**	**93%**
Capital expenditure	(20.8)	(19.3)
Net interest costs	(31.0)	(29.9)
Free cash flow after interest	20.7	21.8
Net financing cash flows	45.2	(90.6)
Exceptional items - refinancing	–	(16.9)
Exceptional items	(18.7)	(17.2)
Investment in MyCSP	(2.5)	(4.0)
Dividend from investment	0.4	0.4
MyCSP dividend	1.7	0.5
Investment in current year acquisitions	(30.3)	(10.9)
Payment for prior year acquisitions	(0.7)	(1.6)
Taxes paid / received	(2.6)	1.8
Disposal of Xafinitiy Consulting	1.5	74.3
Net cash movement	14.7	(42.4)

Free cash flow

The movement in working capital of £2.5m excludes cash flows relating to exceptional items and is indicative of the Group's commitment to improve working capital management through, for example, automating invoice generation and improving payment terms.

Capital expenditure

Net expenditure on tangible and intangible assets was £20.8m (2013: £19.3m). This represents 7.1% of revenue (2013: 7.0%) demonstrating the Group's continued commitment to developing our industry leading technology platforms.

Net interest costs

Net interest paid increased by £1.1m to £31.0m (2013: £29.9m) as a result of drawing down on the Revolving Credit Facility ("RCF") to finance our strategic acquisitions. Interest on the PIK loan and preference shares is accrued and is a non-cash item.

Net financing cash flows

During the year, £45.5m was drawn on the RCF to fund the acquisitions made. £0.3m was repaid on finance leases.

Investment in MyCSP

Up until the Group took control of MyCSP in September 2014, £2.5m (2013: £4.0m) was paid in respect of the original investment in the associate.

Investment in current year acquisitions

During the year, £30.3m was paid as consideration to execute strategic and capability enhancing acquisitions (see below for a summary of these acquisitions).

Tax paid

Taxes paid relate to tax payable by MyCSP Limited and our business in India.

BANK BORROWINGS

At the end of December 2014, net bank borrowings were £458.2m (2013: £427.1m).

£m	2014	2013
Cash and cash equivalents	30.1	15.4
Senior debt	(440.0)	(440.0)
Revolving credit facility	(45.5)	–
Finance lease	(0.7)	(1.0)
Accrued interest	(2.1)	(1.5)
	(458.2)	(427.1)

Net debt has increased by £31.1m, primarily due to a net cash outflow on acquisitions of £30.3m.

ACQUISITIONS

During the year, the Group made a number of strategic capability enhancing acquisitions:

- On 18 March 2014, Pancredit Systems Limited was acquired. Pancredit supports software to manage unsecured loan administration. This company sits within the Investment Solutions segment.
- On 1 September 2014, J.P. Morgan's Corporate Dealing Services business was acquired. This business sits within the Intelligent Solutions segment.
- On 1 September 2014, Invigia Group Limited, a customer feedback and complaints management service provider was acquired. This company sits within the Intelligent Solutions segment.
- On 29 September 2014, an additional 11% of MyCSP Limited was acquired bringing the total shareholding to 51%. MyCSP is reported under the Pensions Solutions segment.

A summary of assets purchased during 2014, and associated cash flows, is shown below:

Acquisitions	2014
Goodwill	38.9
Intangible assets	51.3
Other net assets	15.4
Total consideration	105.6
Deferred consideration	(9.2)
Non-controlling interests	(16.3)
Total payable	80.1
Proceeds from disposal of associate	(26.6)
Cash acquired	(23.2)
Cash outflow	30.3

- On 23 January 2015, the Group completed the acquisition of the trade and assets of Selftrade, an online trading platform provider.

RETIREMENT BENEFITS

The Group's defined benefit schemes are the Paymaster Pension Scheme, the ICS Pension Scheme and, with effect from 29 September 2014, the MyCSP Limited Pension Scheme.

The movements in the pension scheme liability is shown below:

Defined benefit liability	2014	2013
At 1 January	10.0	6.3
Net DB assets acquired	(0.2)	–
Current service cost	1.2	0.8
Contributions received	(1.8)	(1.1)
Interest	0.5	0.3
Change in actuarial assumptions	5.8	3.6
At 31 December	15.5	10.0

The net defined benefit liability has increased by £5.5m during 2014. This is due to a change in actuarial assumptions, primarily as a result of a lower discount rate being used.

RISKS AND UNCERTAINTIES

Details of our approach to risk management can be found in the Corporate Governance Statement page 62 to 65.

We have a robust and well-embedded approach to identifying, managing and mitigating the risks facing our business.

OUR PRINCIPAL RISKS AND OUR MITIGATIONS FOR THEM ARE AS FOLLOWS:

RISK	MITIGATION
Regulatory We trade in regulated sectors. In particular, key parts of our business are regulated by the FCA. This means we must comply with all the regulations that apply to our operations and ensure we anticipate and adapt to any changes to regulation.	The regulated business undertakes regular assessments involving a comprehensive review of risks, in order to assess the level of capital required to support all relevant current and future risks under an internal capital adequacy assessment process ("ICAAP"). In addition, under the Client Asset Sourcebook ("CASS") regime, supervised by the FCA, the regulated businesses has comprehensive policies and procedures to allow the identification, assessment and mitigation of relevant risks, to ensure clients can be confident that their assets are held subject to client asset controls and a strong risk management culture.
Operational We may suffer direct or indirect losses resulting from inadequate or failed internal processes, people and systems, or from external events arising from our day-to-day operating activities.	We have invested in training and put in place processes and procedures to reduce the likelihood of these risks occurring. We also have tested mitigation plans, to minimise the impact if these risks occur. In addition, we maintain a comprehensive insurance programme, tailored to the demands of our business.
Contractual We have contractual arrangements with all of our clients. These last between one and five years and are essential to our business. We also develop key supplier partnerships, to support our long-term aims and those of our clients. It is therefore critical that we negotiate prices for these long-term contractual relationships appropriately, to deliver earnings growth.	We have established a Sales & Bid Committee, so we fully assess the opportunities and risks each contract presents. We establish trading arrangements with suppliers following open, non-discriminatory and competitive bidding processes.
Information technology infrastructure Our operations depend upon the continued availability and integrity of our IT systems, including our websites.	We have full back-up and business continuity procedures, comprising both internal and third-party resources, which we regularly review, test and update.
People Attracting and retaining the right people is key to delivering our objectives.	We have built talent pipelines, having undertaken a formal review of our talent pool in 2014, put in place competitive remuneration plans and expanded our development programmes to define career paths.
Other risks The nature of our services means that we can occasionally receive claims for professional service shortcomings, which could result in us having to pay compensation.	We maintain professional indemnity insurance across the Group.

CORPORATE RESPONSIBILITY

Equiniti is committed to being a responsible business. Our behaviour is based on sound business ethics and aligned with the expectations of our clients, investors, employees, suppliers, communities, regulators and society as a whole.

We recognise that being responsible protects our brand and reputation and helps us to win work. It also encourages staff loyalty and engagement.

Managing our impact on the world and the people around us is therefore a core part of our business. We define our responsibilities around four pillars, each supported by our business policies.

THE FOUR PILLARS ARE:

People

Environment

In managing our corporate responsibilities, we aim to ensure that we:

- comply with, and where practicable exceed, all applicable legislation, regulations and codes of practice;
- integrate corporate responsibility considerations into every business decision, where possible;
- make all staff fully aware of our corporate responsibility approach and our commitment to implementing and improving it;
- minimise the impact of our office activities and transport use;
- make clients and suppliers aware of our policies and encourage them to adopt sound and sustainable management practices; and
- review our performance, so we can continually improve.

Charity

Communities

People

People are at the heart of the sophisticated services we offer to clients. This means that our business success depends on attracting the best people and enabling them to reach their potential within Equiniti. We therefore need to effectively manage talent, succession and performance, drive engagement and ensure we share common values that inform our behaviour.

OUR PEOPLE STRATEGY

During 2014, we developed a people strategy that supports our overall business strategy. This people strategy has the following elements:

- becoming a high-performance organisation;
- assuring excellence;
- building capability; and
- leveraging talent.

Becoming a high-performance organisation

We are embedding a robust performance management approach throughout the Group, using a framework that assesses what people do and how they do it. This means measuring their performance against business objectives and assessing how their behaviours align to our values. We do this through observation by line managers, feedback from colleagues and discussion with the individual.

A key part of our approach is to ensure that we address issues identified during performance management and link them to the individual's development needs. Our approach will also allow us to strengthen the link between performance and reward, to ensure we appropriately recognise good performance.

Our approach will also allow us to strengthen the link between performance and reward…

During 2014, we moderated the performance of the top three levels of management using this framework, as well as other people eligible for the management bonus or sales incentive schemes. In 2015, we intend to roll this out to other levels of the organisation.

Assuring excellence

Assuring excellence means effectively managing costs and reward, and ensuring strong governance around HR. In 2015, we will move our HR function onto our People^{AX} platform (see page 32) for more details). Combined with manager and employee self-service, this will give us more visible and accurate people management information.

An important benefit will be to increase visibility of pay and grading across the Group, so we can ensure that people at similar levels are rewarded consistently and appropriately.

To drive operational efficiencies, we are moving more of our HR administration to Chennai. This will allow us to reinvest the cost savings in building our specialist HR capability in the UK. It will also give us a reference site for providing HR shared services to clients.

Building capability

We aim to enhance our capability through effective resourcing, learning and development. This means building our talent pipelines, for example through graduate recruitment, and providing the training and development opportunities our people need, for example through e-learning programmes. We are also considering graduate, sales and leadership academies. All of this will help us to articulate career paths within Equiniti, which is vital to employee engagement and retention, and will enable us to develop our people through the organisation.

Another important element is to recruit more people directly, rather than through agencies. By using social media, LinkedIn, job boards and other channels, we can find better people while substantially reducing our costs. We are currently building our recruitment team and will fully launch direct recruitment in 2015.

> We are also considering graduate, sales and leadership academies. All of this will help us to articulate career paths within Equiniti, which is vital to employee engagement and retention.

Leveraging talent

To reach our growth targets, we need to make the most of our talent. This means moving talent through the business, having the right leadership development and learning culture, and putting in place mentoring and coaching programmes.

During 2014, we carried out a talent review to identify our current talent. The review also informed our plan to build three talent pipelines over the next 12 to 18 months: exceptional talent, with the potential to become an executive team member; high potentials, who could run an Equiniti business; and talent further down the organisation, who can reach senior management positions.

Details of our People^AX platform can be found on page 32.

We also put succession planning in place for the executive team and its direct reports. This identified emergency cover for those roles, people who could fit those roles within 12 months, and people who need two or more years to develop. We provide specialised key skills development, which is specific to the regulated environment and technology. This includes working with employees to engage them in a self-discovery process, to identify their unique skills and competencies. We help employees prepare for success by providing training and development opportunities, including e-enabled skills development and self-managed learning.

The next stage is to create an action plan, which links to development programmes for these talent groups and helps us to address gaps in our talent pipelines.

Engagement

Employee engagement will be an important part of our 2015 agenda. Expanded development programmes and defined career paths will help us to engage and retain our people. We will work hard to communicate our business plan, so we enthuse our people about the Group's prospects and their part in achieving our goals.

We also know that engagement requires effective leadership, so we will provide our leaders with the tools and support they need to engage their teams. Our intention is to conduct a Group-wide employee survey during 2015, so we can understand what our employees value about working for Equiniti and where we can improve.

We are proud to have introduced the living wage during the year.

A living wage EMPLOYER

Human rights

Equiniti recognises the importance of protecting human rights but we do not believe it is a significant issue for our business. We ensure we protect the rights of our people by adopting suitable employment practices, as described in the Employees section of the Directors' report. We also aim to act ethically in all our business dealings.

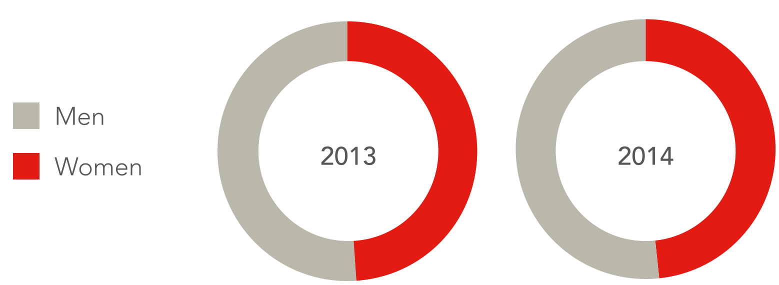
Diversity

We recognise the value of a diverse workforce and look to offer equal opportunities to everyone. Equiniti has a good gender balance across the Group, with 51% of our people being female and 49% male. However, women remain under-represented at senior levels and in certain parts of the business, notably Intelligent Solutions and our IT function.

We expect that our talent, development and recruitment programmes will help to address this, as well as our coaching and mentoring initiatives. Equiniti has also joined everywoman, an organisation that works with many blue-chip companies and provides development programmes and forums to help women progress in their careers.

The table below shows our current gender diversity.

	2013 (%)		2014 (%)	
	Men	Women	Men	Women
Board	100	0	82	18
Senior management	66	34	69	31
Other employees	47	53	50	50
Total	**49**	**51**	**52**	**48**



OUR VALUES

Trust

We act with integrity and openness in our dealings with others

Excellence

We work hard to get it right first time and keep our promises and commitments to others

Client focus

We add value and build true partnerships

Belief

We have passion and belief in what we do and who we are

People

We are positive, enthusiastic and supportive of one another

Environment

We recognise the importance of protecting the environment and the impact of commerce on environmental issues. This means we are committed to continual improvement in energy efficiency and preventing waste.

IN PARTICULAR, WE LOOK TO

Avoid travelling where practical alternatives are available, such as using teleconferencing or video conferencing

Reduce our energy consumption by purchasing energy efficient equipment, using motion-activated lighting, thermostatically controlling heating and hot water, and through good housekeeping

Minimise the use of paper and other office consumables, for example by introducing multi-functional devices which can print double-sided to save paper

Reduce water consumption, by fitting pneumatic taps in washrooms

Arrange for the reuse or recycling of office waste, including paper, computer supplies and redundant equipment

Equiniti has Carbon Trust accreditation

Charity

In 2013, we asked our people to select a national charity partner for us to support from 1 January 2014. They chose Winston's Wish, the UK's largest charity providing services to bereaved children, young people and their families. It helps young people re-adjust to life after the death of a parent or sibling. During the year, we raised in excess of £4,000 for Winston's Wish.

To support our culture of team working, we signed up to the UK Challenge. This is one of the UK's leading corporate team building events, for which our team of 18 volunteers went to Snowdonia to compete against 67 other teams. The Challenge combined physical adventure with strategic decision making and problem solving, helping our people to develop their skills and relationships.

As well as supporting our national charity partner, our people raise money for organisations that have personal relevance to them or their communities. While we do not always centrally record these local initiatives, we estimate that our offices around the country raised over £20,000 for causes ranging from primary schools to Children in Need.

We raised in excess of
£4,000
FOR WINSTON'S WISH

Our offices raised over
£20,000
FOR OTHER CHARITABLE CAUSES

Communities

We support local community projects and initiatives, including a number of schools.

We aim to promote economic and social wellbeing around all of our locations. This includes our commitment to providing equal and fair opportunity for all third-party suppliers. Where practicable, we therefore seek to work with small to medium enterprises (SMEs) that are local to our establishments. SMEs currently make up 30% of our top 50 suppliers by value.

IN ADDITION, WE BENEFIT OUR COMMUNITIES BY:

- Supporting community projects and initiatives, including a number of schools where our staff introduce students to professional and career choices and support their aspirations.
- Working with young people to engage them in business principles and functional expertise, with a focus on developing and investing in young talent, such as Young Enterprise.
- Providing work experience and work shadowing to young people through our links with schools and colleges, with a growing apprenticeship programme across Equiniti.
- Providing practical support to local charities and support groups.

As our approach to corporate responsibility evolves, we will also explore how we can support local communities in India.

STAFF INTRODUCE STUDENTS TO PROFESSIONAL AND CAREER CHOICES AND SUPPORT THEIR
ASPIRATIONS

The strategic report was approved by order of the Board

Guy Wakeley
Chief Executive
25 March 2015

Registered Number: 07090427

02 GOVERNANCE

Board of Directors

GUY WAKELEY
CHIEF EXECUTIVE OFFICER

Guy joined the Equiniti Board as Chief Executive Officer in January 2014.

Career
Guy joined from Morrison plc, the property services provider to the public and private sector, where he was CEO for five years. During his tenure, he transformed the level of client service and innovation, grew the business rapidly and delivered consistently strong cash generation.

Prior to this, Guy was Managing Director of the Built Environment division at Amey, the infrastructure services provider to the public and private sector. Guy previously worked for The Berkeley Group, General Electric and Rolls-Royce. He holds an MA in Engineering Science from the University of Cambridge, a PhD in applications of artificial intelligence, and is a Chartered Engineer. Guy sits on the CBI's Public Services Strategy Board, is a Fellow of the Royal Institution of Chartered Surveyors, and is a commercial pilot and flight instructor.

Committees
Guy is a member of the Operations Committee.

KEVIN BEESTON
CHAIRMAN

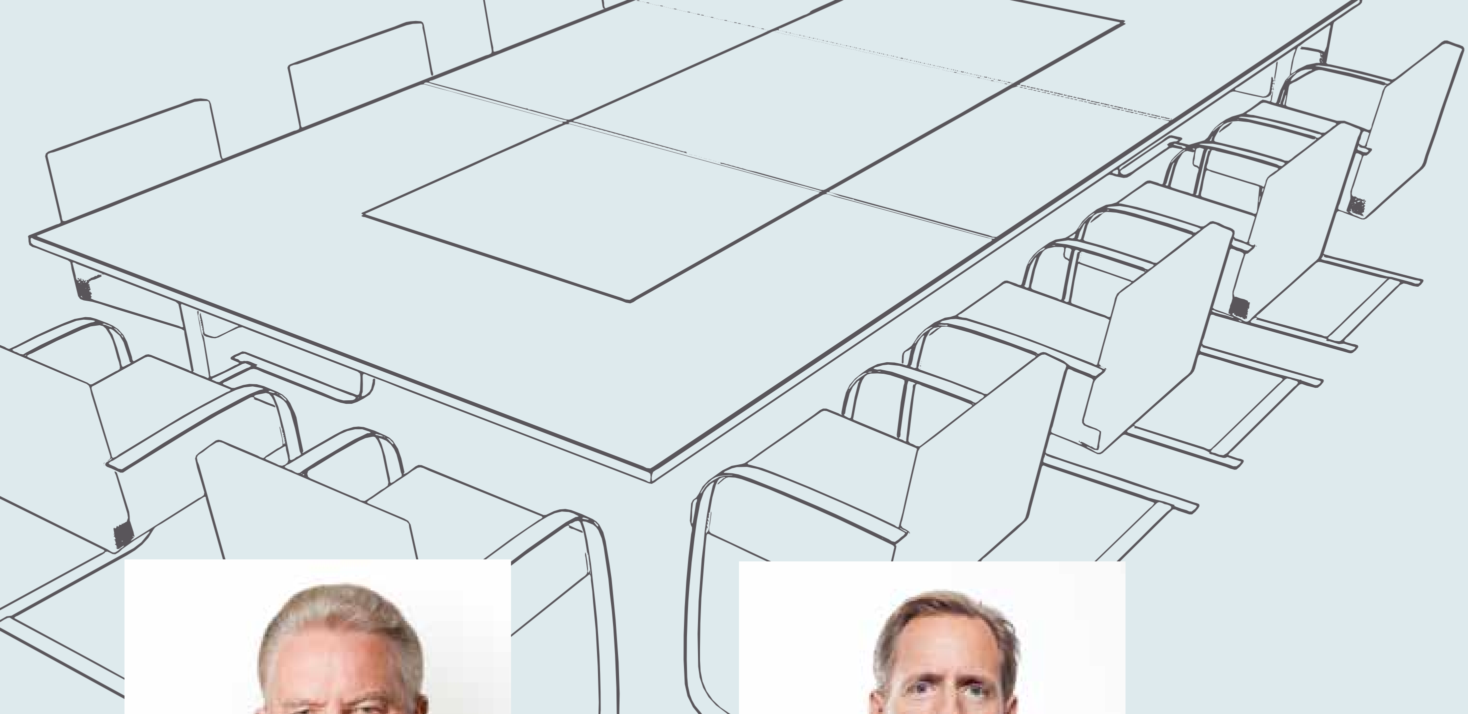
Kevin joined the Equiniti Board as Chairman in September 2011.

Career
Kevin is also Chairman of FTSE 100 developer and homebuilder Taylor Wimpey plc and of Domestic and General, the international provider of extended warranty services. In addition, Kevin is an Operating Partner of Equiniti's owner, Advent International.

From 2002 to 2010, Kevin was Chairman of Serco Group plc, having previously been Chief Executive and Finance Director during a 25-year career with Serco. He was a non-executive Director of engineering group IMI plc from 2005 to 2012, Chairman of Partnerships in Care, a specialist provider of secure mental health services from 2007 to 2014, and a Director of Ipswich Town Football Club from 2003 to 2008.

Kevin's other previous roles include Chairman of the CBI's Public Services Strategy Board, promoting the role of business in transforming the UK's public services. He was also a Commissioner for the TUC's Commission on Vulnerable Employment. Kevin is an accountant by background.

Committees
Kevin is Chairman of the Operations and Nomination & Governance Committees, and a member of the Remuneration and Audit Committees.



SIR RODNEY ALDRIDGE, OBE
NON-EXECUTIVE DIRECTOR

Sir Rod joined the Equiniti Board as a non-executive Director on 25 March 2010.

Career

Sir Rod was the founder of Capita Group and its Chairman until his retirement in 2006. During his tenure, he led the Group from its formation in 1984 within the Chartered Institute of Public Finance and Accountancy (CIPFA) to being a FTSE 100 company. Sir Rod was Chairman of the CBI's Public Services Strategy Board from its inception in 2003 until 2006. Prior to Capita, Sir Rod worked in local government for ten years, where he qualified as a chartered public accountant.

He joined CIPFA in 1974, ultimately becoming its Technical Director. In 2006, Sir Rod established the Aldridge Foundation to continue his work on public service reform and to focus on his charitable activities involving educational underachievement and social exclusion.

Sir Rod is a Patron of the Prince's Trust and was the inaugural chair of Vinspired, a charity launched by Government in May 2006 to encourage volunteering in the young and which now engages with over one million new youth volunteers. He is also Chair of The Lowry, the arts and entertainment venue in Salford and is a Director of Cornerstone, a company delivering property solutions to public bodies.

Committees

Sir Rod is a member of the Audit Committee.

JAMES BROCKLEBANK
NON-EXECUTIVE DIRECTOR (INVESTOR REPRESENTATIVE)

James joined the Equiniti Board as a non-executive Director on 8 December 2009.

Career

James joined Advent in 1997, moving from the London office of investment bank Baring Brothers, where he advised clients on various international mergers and acquisitions. James led or has participated in a number of Advent's investments including Equiniti, Worldpay, Nets Monext, Tertio Limited and MACH. James co-heads Advent's European activities and is head of Advent's European business and financial services sector team.

James has an MA in geography, specialising in economic and political geography, from Cambridge University. He is an non-executive Director of Worldpay and Nets.

Committees

James is a member of the Operations and Nomination & Governance Committees.

LUCY DIMES
CHIEF OPERATING OFFICER

Lucy joined Equiniti as Chief Operating Officer in 2014.

Career
Lucy joined Equiniti from Alcatel-Lucent, where she was Chief Executive UK & Ireland. Prior to that she had a 19 year career at BT, which culminated in the role of Managing Director Group & Openreach Operations.

She was awarded the Corporate Leader of the Year at the 2013 FDM Everywoman in Technology Awards and the 'First Woman' Award in Science & Technology at the 2013 CBI Awards.

Lucy is a non-executive Director of Berendsen PLC and a member of its Audit, Remuneration and Nomination Committees. She is also a Trustee for the Garden Bridge Trust.

Committees

Lucy is a member of the Operations Committee.

VICKY JARMAN
NON-EXECUTIVE DIRECTOR AND CHAIR OF THE AUDIT COMMITTEE

Vicky joined the Equiniti Board as a non-executive Director on 1 May 2014.

Career
Vicky is a qualified chartered accountant, with an early career at KPMG and latterly 11 years in corporate finance at Lazard, where she was Chief Operating Officer. During her time at Lazard, she successfully led the restructuring of its UK operations. She sat on the Lazard London Board and European Management Committee, and opened Lazard's Dubai office.

She holds non-executive directorships at De La Rue plc and Hays plc, where she chairs the audit committee, and holds a Mechanical Engineering degree from Leicester University.

Committees
Vicky is the Chairman of the Audit Committee and a member of the Risk and Nomination & Governance Committees.

TIM MILLER
NON-EXECUTIVE DIRECTOR AND CHAIRMAN OF THE REMUNERATION COMMITTEE

Tim joined the Equiniti Board as a non-executive Director on 1 February 2015.

Career
Tim has extensive experience as a Board-level executive across a range of sectors. During his 14 years at Standard Chartered Bank, he held a number of Director-level positions, with global responsibility for areas including human resources, compliance, audit, assurance, financial crime, and legal functions.

His non-executive Director roles include Chairman of the Girls Day School Trust, Chairman of the Governing Body of the School of Oriental and African Studies and Chairman of Optitune plc, a cleantech company.

He was previously a non-executive Director of recruitment services provider Michael Page Group plc. Tim is also visiting Professor of Business Management and Strategy at the Nottingham Business School and is the general secretary responsible for the London Society of Rugby Football Union Referees.

Committees
Tim is the Chairman of the Remuneration Committee and a member of the Risk Committee.

OLIVER NIEDERMAIER, PHD
NON-EXECUTIVE DIRECTOR

Oliver joined the Equiniti Board as a non-executive Director on 25 March 2010.

Career

Oliver is currently Chairman and CEO of Tau Investment Management, an investment firm he founded in 2012 focusing on turnaround and growth equity investments in the transformation of global supply chains. Prior to that, he was a member of the Computershare Global Executive Board and a founder and CEO of King Worldwide and earlier in his career of Pepper Technologies (acquired by Computershare).

Oliver graduated from Ludwig-Maximilians University, Munich, Germany, with a PhD in Strategic Management (magna cum laude). In 2010 he was honoured by the World Economic Forum as Young Global Leader and he serves on several non-profit boards, including the World Policy Institute and the National Museum of the American Indian in New York.

Committees

Oliver is a member of the Nomination & Governance and Remuneration Committees.

HARIS KYRIAKOPOULOS
NON-EXECUTIVE DIRECTOR (INVESTOR REPRESENTATIVE)

Haris joined the Equiniti Board as a non-executive Director on 1 August 2013.

Career

Haris joined Advent International in August 2008. Prior to Advent, he worked in investment banking in London with Goldman Sachs' UK Mergers and Acquisition team, in strategy consulting in New York with First Manhattan Consulting Group, and in Athens with Tellas, the fixed line telecom startup that was subsequently acquired by Wind Hellas.

Haris holds a BSc with honours in Electrical Engineering from the University of Pennsylvania, and an MBA.

Committees

Haris is a member of the Operations, Remuneration and Risk Committees.

JOHN PARKER
NON-EXECUTIVE DIRECTOR

John joined the Equiniti Board as a non-executive Director on 1 January 2014.

Career

John was Managing Director of Equiniti Shareholder Solutions, with responsibility for our share registration, employee benefits and investment services businesses. He joined the company in 1999 when it was Lloyds TSB Registrars and has held a number of senior positions during that period.

He was with Lloyds TSB Group for 30 years, holding a range of management roles in retail banking. He held senior positions as Head of Offshore Treasury and as National Sales Manager, Wealth Management before joining Lloyds TSB Registrars (now Equiniti). He is a fellow of the Chartered Institute of Bankers

Committees

John is Chairman of the Risk Committee.

John Stier will be joining the board as Chief Financial Officer on 1 June 2015.

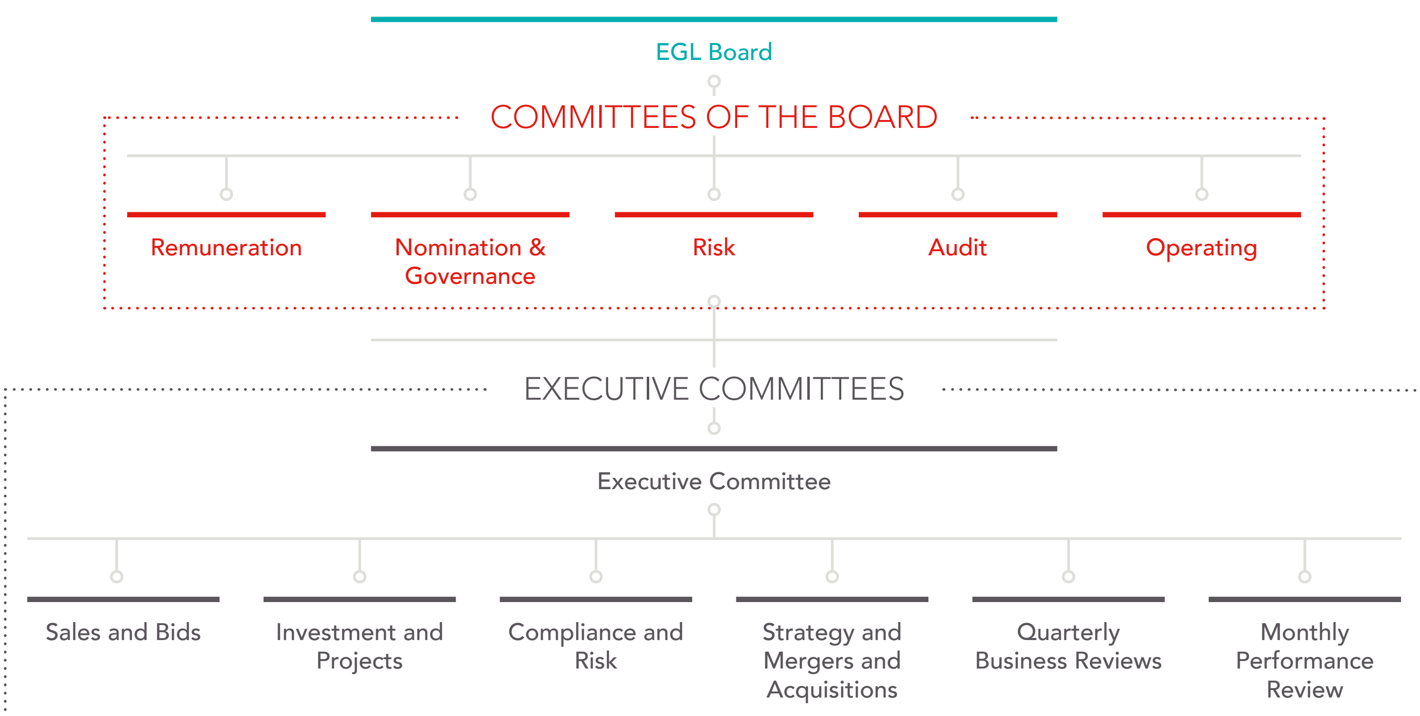
CORPORATE GOVERNANCE STATEMENT

THE BOARD'S ROLE

The Board provides leadership to the Group. It is responsible for strategy and oversees implementation, risk management, financial performance and corporate governance. It ensures that the right people and resources are in place to deliver long-term value to shareholders and benefits to our wider stakeholders.

The diagram below show our corporate governance structure, including our Board and Executive Committees.

EQUINITI'S CORPORATE GOVERNANCE STRUCTURE



BOARD COMMITTEES

To allow the Board to operate effectively, we have established a number of Board Committees. During the year, we replaced the Audit & Risk committee with the Audit Committee, which is chaired by Vicky Jarman, and the Risk Committee, chaired by John Parker. Summaries of each Board Committee's terms of reference are set out below.

Remuneration

The Committee reviews the Group's remuneration policy and makes recommendations to the Board, including the remuneration of the executive Directors and the Chairman. It also sets and monitors performance criteria for all incentive schemes. The non-executive Directors' remuneration is reserved to the Board as a whole. In addition to remuneration, the Committee oversees any major changes in employee benefits structures throughout the Group.

Nomination & Governance

The Committee reviews the structure, size and composition of the Board, Board Committees and subsidiary boards, including their balance of skills, knowledge, experience and diversity, and makes recommendations to the Board with regard to any changes. The Committee is also responsible for establishing and reviewing plans and policies covering succession plans for Directors and other senior executives, our Board diversity policy and our staff vetting policy.

Risk

The Committee exercises competent and independent judgement when making recommendations to the Board, to ensure that the Group establishes, implements and maintains effective, comprehensive and proportionate policies and processes to identify, manage, monitor and report the risks to which the Group is or might be exposed.

Audit

The Committee monitors the integrity of the Company's financial statements, including its annual reports, interim management statements and any other formal announcement relating to its financial performance. It also reviews and reports to the Board on significant financial reporting issues and judgements, having regard to matters communicated to it by the external auditor.

The Committee recommends to the Board the appointment, re-appointment and removal of the external auditor. If the external auditor were to resign, the Committee would investigate the issues leading to this and take action where required.

The Committee reviews the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems, including the manner in which management ensures and monitors the adequacy of the nature, extent and effectiveness of our internal controls.

The Committee reviews the Group's whistleblowing policy and the adequacy of arrangements to allow proportionate and independent investigation and follow up of any matters reported.

Operating

The Committee is the main day-to-day decision making forum, subordinate to the Board. Its principal duty is to create shareholder value, by overseeing implementation of our strategy. It has responsibility for the Group and for ensuring that the Company complies with all applicable statutory, regulatory and governance requirements. Members promote the Company's success by exercising prudent independent judgement with skill, care and diligence, while keeping in view the long-term consequences of their decisions.

BOARD COMPOSITION AND ROLES

At the date of this report, the Board comprised the Chairman, two executive Directors, four independent non-executive Directors and three other non-executive Directors, two of whom are investor representatives. Their key responsibilities are summarised below:

ROLE	INDIVIDUAL(S)	RESPONSIBILITIES
Chairman	Kevin Beeston	Responsible for leading the Board, its effectiveness and governance, setting the tone for the Company, and ensuring effective links between the shareholders, the Board and management
Chief Executive Officer	Guy Wakeley	Responsible for the day-to-day management of the Group's operations, for recommending the Group's strategy to the Board and for implementing the strategy agreed by the Board
Chief Operating Officer	Lucy Dimes	Supports the Chief Executive in devising and implementing strategy and in relation to the operations of the business
Non-executive Directors	Sir Rodney Aldridge, Olivier Niedermaier, Vicky Jarman, Tim Miller, James Brocklebank, Haris Kyriakopoulos and John Parker	Constructively challenge the executive Directors and monitor the delivery of the strategy within the risk and control framework set by the Board

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The table below shows the number of Board and committee meetings each director attended during the year. The number of meetings they were eligible to attend is shown in brackets.

		COMMITTEE MEETINGS				
Director	Board meetings	Remuneration	Nomination & Governance	Risk	Audit	Operating
Kevin Beeston	6 (6)	2 (2)	2 (2)		4 (4)	3 (3)
Guy Wakeley	6 (6)					3 (3)
Martyn Hindley†	6 (6)					3 (3)
Sir Rodney Aldridge	6 (6)				4 (4)	
Oliver Niedermaier	6 (6)	2 (2)	2 (2)			
James Brocklebank	5 (6)	2 (2)	2 (2)			3 (3)
Haris Kyriakopoulos	6 (6)	2 (2)	2 (2)	2 (2)		3 (3)
Nick Rose	2 (2)				1 (1)	
John Parker	6 (6)			2 (2)		
Vicky Jarman	4 (4)			2 (2)	3 (3)	

In addition to scheduled meetings, the Board met on a quorate basis four times, approving formal completion minutes and internal share transfers.

†Martyn Hindley resigned as Chief Finance Officer on the 20 February 2015.

Board activities

During the year, the Board considered and approved the acquisitions of:

- Pancredit Systems Limited – an innovative and fast growing software business, which supports banks, intermediaries and price comparison sites with intelligent loan administration and origination services.
- Selftrade's customer portfolio – the migration of its customers and their assets onto a new trading platform completed successfully in January 2015, involving the transfer of 104,000 customer records and approximately £3.9bn of client assets.
- J.P. Morgan's corporate dealing services business – the acquisition provides dealing services for participants in all forms of share based remuneration schemes and increased Equiniti's presence in the UK market.
- Invigia Ltd – a provider of complaints, case and feedback management software and services for a wide range of entities. The acquisition adds to the services offered through Hazell Carr, as well as existing technology solutions in case management, data analysis and reporting.
- A further 11% stake in MyCSP, increasing our holding to 51%. The acquisition will strengthen the partnership and help accelerate MyCSP's growth, in the interests of its clients, shareholders and employees.

The Board's activities also included:

- Approving appointments to the Board to strengthen the executive team and overall governance structure, through the appointments of Guy Wakeley as CEO, Lucy Dimes as COO and Paul Matthews to the executive team, together with John Parker, Vicky Jarman and Tim Miller as non-executive Directors.
- Overseeing a significant investment in IT infrastructure, by the insourcing of IT development and support services and creation and roll out of a Group-wide IT network to support all the Group's businesses.
- Introducing a key account programme, to underpin the Group's growth plans and provide an improved service offering to clients and their customers and investors.

Board training and induction

To ensure the Board keeps up to date with developments in the Group's business, its markets and corporate governance, the Directors received the following updates during the year:

- Sessions on directors' duties and responsibilities, under legislation and corporate governance best practice; and
- A site visit to our Belfast businesses.

When new Directors join the Board, we ensure they receive a full induction so that they have a thorough understanding of the business and their responsibilities as Directors.

Board process

The agenda for each Board meeting is prepared by the CEO, in conjunction with the Chairman and company secretary. Papers are collated centrally and accessible online using a Board portal. A typical Board pack comprises of executive summaries relating to business performance, risk and compliance, internal audit, HR and finance, together with appropriate supporting papers and other key information, such as details of any standalone special projects or proposed acquisitions. All directors have access to the company secretary. The Board is kept up to date on legal, regulatory and governance matters by regular papers and presentations from both internal subject matter experts and external advisers.

Conflicts of interest

The Board operates a policy to identify and, where appropriate, manage conflicts or potential conflicts of interest. Where any conflicts are notified or disclosed, these are considered by the remaining Directors on a case by case basis.

Relations with investors

The Company actively engages with its institutional debt investors and analysts. During the year:

- Our Chief Financial Officer held meetings with debt investors and analysts, to discuss our performance; and
- Our Chief Executive Officer and Chief Financial Officer made quarterly, half-year and full-year results presentations.

AUDIT COMMITTEE REPORT

Committee membership

Chair: Vicky Jarman

Members: Sir Rod Aldridge, Kevin Beeston, and Nick Rose (part of year only)

Meetings and agenda

The Audit Committee met four times during the year. The committee meetings are routinely attended by the CEO, CFO, COO and Group Director of compliance and risk, together with representatives of the external auditor and internal audit team by invitation.

The key agenda items that the Committee considered in 2014 included:

- Reviewing and approving the interim and full year results announcements and the annual report;
- Reviewing and approving internal and external audit plans for 2015;
- Reviewing the Group's Enterprise Wide Risk Management ("EWRM") risk assessment and risk appetite;
- Reviewing internal audit reports into a number of internal and external processes, including out of pocket expenses, security of third-party supplier bank details, pension administration payment processes, payroll administration and third-party print and mail processes; and
- Commissioning an external review into the structure and operation of the internal audit, compliance and risk function.

Significant judgements, assumptions and estimates

The Audit Committee's responsibilities include reviewing and approving significant judgements, assumptions and estimates made in preparing the financial statements. In 2014, these included:

- Treatment of exceptional items, including project costs, costs relating to the restructuring and refinancing in 2013.
- Impairment review of goodwill, using net present value of debt free cashflow projections.
- Review of the assessment of the going concern statement and the underlying assumptions considered in that review.

Whistleblowing

The Audit Committee oversees a whistleblowing facility to enable employees to raise issues on a confidential basis. All concerns about malpractice are treated seriously. The Group is committed to ensure that all reports are thoroughly investigated and appropriate action taken. Any investigations are conducted by an appropriate person or department not involved in the alleged malpractice. Investigations may be independently overseen by Compliance, to ensure a consistent approach. Where an employee feels unable to report any concerns internally, they are recommended to report their concerns to the independent charity Public Concern at Work, which is a recognised authority on whistleblowing.

RISK COMMITTEE REPORT

Committee membership

Chair: John Parker

Members: Vicky Jarman and Haris Kyriakopoulos

Meetings and agenda

The Risk Committee, which was established during the year, met twice. The committee meetings are routinely attended by the CEO, CFO, COO and Group Director of compliance and risk by invitation.

The key agenda items that the Committee considered in 2014 included:

- Reviewing routine updates of group policies relating to anti-bribery and gifts, whistleblowing and competition;
- Reviewing the 2015 internal audit and compliance testing plans;
- Reviewing and reviewing reports and follow up actions on the effectiveness of fraud mitigation controls and the risk control framework and EWRM structure;
- Review of reports from internal audit and follow up actions into complaint handling processes, data protection awareness, internal HR and payroll disciplines, and internal staff expenses; and
- Receiving reports relating to cyber risk exposure and future changes to EU data protection legislation which are likely to impact the Group's activities and in particular its big data initiative.

Risk management and internal control

During the year, we separated the Audit & Risk Committee into two committees. With the Group's growth generally, and in particular the growth of the regulated business, we felt it was important to separate the oversight of the risk function, the assessment of risk and the development of operational procedures from the internal audit and compliance functions, which monitor the effectiveness of those risk mitigation and operational processes.

Having restructured audit and risk oversight in this way, our external auditor performed a formal review of our internal audit, risk and compliance functions. This has shown us where we perform well and also highlighted areas for further improvement, which we will implement in the coming months.

The Group has established risk management policies and the Audit and Risk Committees oversee how management monitors our compliance. With these policies and procedures, we review the adequacy of our risk management framework in relation to the risks the Group faces.

The CEO and CFO form part of the Group's first line of defence and attend Audit and Risk Committee meetings, to respond to any matters that arise. They are responsible for taking forward actions that the Committees delegate to them. The Compliance & Risk Director oversees the closure of these actions.

The Audit Committee is assisted in its oversight role by Internal Audit and Compliance Monitoring functions. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, while Compliance Monitoring undertakes themed regulatory reviews and reports the results to the Audit and Risk Committees.

Various aspects of our activities are regulated, either directly or indirectly. As such, the Group's risk management systems are longstanding, standardised and robust. We have a strong risk management framework, which uses a "three lines of defence" model, namely:

- operational management's application of systems and controls;
- the development and deployment of business conduct rules and regulatory policies; and
- the independent assessment of these two defences by the Group's independent Internal Audit and Compliance Monitoring functions.

The Group assesses its risk and risk profile using an EWRM model, which covers strategy, change, customer treatment, financial soundness, market and credit exposure, legal and regulatory compliance, internal and external fraud exposure, change and operations.The combination of these risk assessments supports our formulation of our risk assessment.

In addition, we have a well-established business continuity management ("BCM") framework, which determines how business critical each activity is to clients, their customers, other external stakeholders and the Group. Once assessed and independently challenged, we require each business unit to apply a range of business continuity tests, which increase in line with the level of critical activity undertaken. We actively track our compliance with this BCM testing programme.

Our principal risks and our mitigations for them are discussed in the Strategic Report on page 41. The Group's approach to financial risk management is discussed below.

Financial risk management

Our operations expose the Group to a variety of financial risks, including credit risk, liquidity risk and the effects of changes in interest rates on debt. We have a risk management programme that seeks to limit the adverse effects on our financial performance, by monitoring levels of debt finance and the related finance costs.

The Group's principal financial instruments comprise sterling cash and bank deposits, bank loan and overdrafts and other loans, together with trade debtors and trade creditors that arise directly from our operations.

Cash flow interest rate risk

The Group is exposed to interest rate risk in three main respects. First, floating rates are generally earned on client and corporate balances, which are mitigated by an interest rate derivative which runs to October 2016. Commencing in early 2015, we will enhance this interest rate derivative and ultimately replace it with a rolling interest rate hedging strategy. Second, expense relating to the UK Sharesave (SAYE) product and ultimately payable to savers at fixed rates is protected by fixed rate income agreements. Third, we mitigate interest expense arising on the floating rate notes via an interest rate derivative, which runs to October 2018.

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations to us. Our principal financial assets are bank balances, cash and trade debtors. These represent our maximum exposure to credit risk in relation to financial assets.

We have strict controls around, and regularly monitor, the credit ratings of institutions with which we enter transactions, either on our own behalf or for clients. Although our credit risk arises mainly from our receivables from clients, this risk is not significant because it is spread across a large and diverse client base and the majority of our trade receivables are with FTSE 350 companies and public sector organisations. The amounts presented in the consolidated statement of financial position are net of allowances for doubtful debts, which are estimated by management based on prior experience and an assessment of the current economic environment. Losses have only occurred infrequently in previous years.

Foreign currency risk

The Group is exposed to foreign currency risk. Our policy is to hedge against material currency fluctuations, where we feel this is advantageous.

Price risk

Price risks result from changes in market prices such as interest rates, foreign exchange rates and equity dealing prices, which impact the Group's income or the value of its financial instruments.

Our financial instruments are mainly in sterling, which means that foreign exchange movements do not have a material effect on the Group's performance. We do not hold positions in traded securities and are only involved in receiving and transmitting transactions on behalf of clients.

The Group earns income in relation to client and investor deposits, as well as interest on its own deposits. The Group is therefore exposed to movements in the interest rate in both its intermediary fee revenue and net finance costs. Intermediary fee revenue is linked to bank base rate, while both the Group's senior debt and the PIK loan rates of the Group are linked to Libor.

In 2011, the Company hedged the monthly intermediary fee income at existing market rates by receiving a fixed rate against base rate that continues until 2016. This was against an underlying level of £400m of assets, reducing by £80m over the term.

As a result of the 2013 re-financing, a swap was taken out, matching the terms of the new £190m floating rate notes.

We continually review these risks and identify suitable instruments where applicable.

Capital risk management

In common with other private equity portfolio companies, the Group carries a high level of net debt compared to equity. Total capital is calculated as total equity, as shown in the consolidated statement of financial position, plus net debt. Net debt is calculated as the total of "other interest bearing loans and borrowings", as shown in the consolidated statement of financial position, less cash and cash equivalents.

Our objectives when managing capital are to maximise shareholder value while safeguarding the Group's ability to continue as a going concern. We will continue to proactively manage our capital structure, while maintaining flexibility to take advantage of opportunities to grow our business. One element of our strategy is to make targeted, value-enhancing acquisitions. The availability of suitable acquisitions, at acceptable prices is, however, unpredictable.

Prudential Capital Risk

Two Group entities are subject to FCA regulatory capital requirements where each is required, as set against its regulated trading permissions, to maintain minimum levels of capital in order to manage its affairs. Equiniti Financial Services Limited (EFSL) is categorised as a P2 prudentially significant firm, which means that its disorderly failure would have a significant impact on the functioning of the market in which it operates. Paymaster (1836) Limited ("P(1836)L")is categorised as a P3 prudentially non-significant firm, which means that its failure, even if disorderly, would be unlikely to have a significant impact.

As an IFPRU MiFID qualifying firm, ("EFSL") must comply with the Capital Requirements Directive and does so under the FCA framework consisting of its three "Pillars" approach, where EFSL assesses its minimum capital requirement for its credit, market and operational risk and whether its minimum capital is adequate to meet its risks, and discloses specific information relating to underlying risk management controls, capital position and remuneration at equiniti.com.

As a MiFID exempt firm, P(1836)L must comply with the Capital Requirements Directive. The firm does, however, assess its capital requirements and is subject to the Group's EWRM and three lines of defence risk management model.

Liquidity risk and going concern

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they fall due. Our approach to managing liquidity is to ensure, as far as is possible, that the Group will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

We have used our five-year business plan as the basis for projecting cash flows and measured the resulting outcomes on cash availability and bank covenant test points. The Group has a very high level of client retention, which gives us a high degree of comfort about the certainty of our revenue income.

The Group's principal uncertainties about its income relate to activities that are more difficult to predict, such as corporate action income. These depend on the specific activities of corporate clients, which may in turn be influenced by underlying market conditions.

During the planned period, the Group expect to remain compliant with all covenants. As such, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in the preparation of these accounts.

NOMINATIONS & GOVERNANCE COMMITTEE REPORT

Committee membership

Chair: Kevin Beeston

Members: James Brocklebank, Haris Kyriakopolous, and Oliver Neidermaeir

Meetings and agenda

The Committee meets as required. During the year, it met twice. The CEO attended both the meetings at the request of the Committee.

The key agenda items that the Committee considered in 2014 included:

- The Board's composition and its balance of skills and experience; and
- The requirements for new independent non-executive Directors, and the subsequent identification and recommendation of suitable candidates.

Board appointments and resignations

Appointments

There were a number of appointments to the Board during the year and since the year end:

- Guy Wakeley joined the Board as Chief Executive Officer in January 2014;
- John Parker joined the Board as a non-executive Director in January 2014;
- Vicky Jarman joined the Board as an independent non-executive Director and chair of the Audit Committee in May 2014;
- Lucy Dimes, who joined us in March 2014 as Chief Operating Officer, was appointed to the Board in February 2015; and
- Tim Miller joined the Board as an independent non-executive Director and chair of the Remuneration Committee in February 2015.

The appointments of Guy Wakeley and John Parker were set out in our annual report for 2013.

Vicky Jarman and Tim Miller bring additional independent oversight to the Board and have significant experience in a range of critical areas, such as finance, human resources and compliance, which will be valuable to Equiniti as the business continues to grow.

Lucy Dimes brings a wealth of director-level experience across a range of operational and control functions, adding to the Board's strength in depth

Resignations

Nick Rose, who was an investor representative, resigned as a non-executive Director in May 2014. Martyn Hindley resigned from the Board and his role as Chief Financial Officer in February 2015.

Board diversity

We believe that diversity among Directors contributes towards a high performing, effective Board. The Board therefore works hard to ensure that it is able to recruit Directors from different backgrounds, with diverse experience, perspectives, personalities, skills and knowledge.

REMUNERATION COMMITTEE REPORT

Committee membership

Chair: James Brocklebank

Members: Kevin Beeston, Oliver Neidermaeir and Haris Kyriakopolous.

Meetings and agenda

The Remuneration Committee met twice during the year. The CEO attended both the meetings at the request of the Committee.

The key matters reviewed by the Committee were

- The scheme parameters and performance criteria for bonus and incentive programmes and the individual remuneration, including bonus payments, to senior executives and the top earners within the business; and
- The general pay policy across the Group and the general pay increase.

Directors' report

The Directors present their Directors' report and financial statements for the year ended 31 December 2014. The Group's performance for the year is discussed in the Strategic Report on pages 7 to 50.

PRINCIPAL ACTIVITIES OF THE GROUP

The principal activities of Equiniti Group Limited and its subsidiaries ("the Group") comprise the provision of complex administration, processing and payment services, supported by leading technology to assure delivery to the Group's clients, their employees, pensioners and consumers. The Company acts as a holding company for the Group.

DIRECTORS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Sir Rodney Aldridge	
Kevin Beeston	
James Brocklebank	
Lucy Dimes	Appointed 1 February 2015
Martyn Hindley	Resigned 20 February 2015
Victoria Jarman	Appointed 1 May 2014
Tim Miller	Appointed 1 February 2015
Oliver Niedermaier	
Nick Rose	Resigned 6 May 2014
Haris Kyriakopoulos	
John Parker	
Guy Wakeley	Appointed 20 January 2014

The Directors have the benefit of an indemnity, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Group also purchased and maintained throughout the financial year Directors and Officers' liability insurance in respect of itself and its Directors and Officers.

PROPOSED DIVIDEND

The Directors do not recommend the payment of a dividend on ordinary shares but there are amounts accruing on preference shares included in finance expenses.

EMPLOYEES

The Equiniti Group is committed to providing an environment which fosters involvement by all our employees. Regular briefings through meetings and publications keep all employees up to date with employment practices, health and safety as well as the business objectives of the Equiniti Group. The Equiniti 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 Equiniti 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.

GOING CONCERN

The directors are satisfied that the Equiniti Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the accounts.

POLITICAL DONATIONS

The Equiniti Group did not make any political donations or incur any political expenditure during the year.

FUTURE DEVELOPMENTS

The Group's expected future developments are discussed in the Chief Executive's statement in the Strategic Report, on page 22.

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 Equiniti Group's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Equiniti Group's auditors are aware of that information.

DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

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 IFRSs as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board ("IASB"), 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.

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 and, as regards the Group financial statements, Article 4 of IAS Regulation. 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.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Guy Wakeley
Chief Executive
25 March 2015

Registered Number: 07090427

Future developments are discussed in the Strategic Report on page 22.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP LIMITED

REPORT ON THE GROUP FINANCIAL STATEMENTS

Our opinion

In our opinion, Equiniti Group Limited's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 31 December 2014 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Equiniti Group Limited's financial statements comprise:

- the consolidated statement of financial position as at 31 December 2014;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cashflows for the year then ended;
- the consolidated statement of changes in equity for the year then 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 the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of 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. We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities set out on page 67, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and 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.

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 group'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.

We primarily focus our work in these areas by assessing the directors' 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 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.

OTHER MATTER

We have reported separately on the company financial statements of Equiniti Group Limited's for the year ended 31 December 2014.

Graham Lambert (Senior Statutory Auditor) for and on behalf of PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors.

Gatwick
March 2015


ONE POUND

03 FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £m	*2013 £m*
CONTINUING OPERATIONS			
Revenue	5,7	292.3	*274.7*
Operating costs before exceptional costs, depreciation and amortisation		(222.3)	*(198.4)*
Earnings before interest, tax, depreciation and amortisation (EBITDA) prior to exceptional items	7	70.0	*76.3*
Operating costs – exceptional items	6	(7.7)	*(25.0)*
Earnings before interest, tax, depreciation and amortisation (EBITDA)	7	62.3	*51.3*
Depreciation of property, plant and equipment	14	(3.8)	*(4.0)*
Amortisation of intangible assets	15	(36.9)	*(32.5)*
Total operating costs	8	(270.7)	*(259.9)*
Profit from operating activities		21.6	*14.8*
Finance income	11	0.6	*1.0*
Finance costs before exceptional items	11	(72.4)	*(66.7)*
Finance costs – exceptional items	11	–	*(12.4)*
Net finance costs		(71.8)	*(78.1)*
Gain on disposal of associates	12	9.8	*–*
Share of profit of associates	12	1.7	*1.6*
Loss before income tax		(38.7)	*(61.7)*
Income tax credit	13	1.7	*4.3*
Loss for the year from continuing operations		(37.0)	*(57.4)*
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations (attributable to owners of the parent)	22	–	*3.7*
Loss for the year		(37.0)	*(53.7)*
Loss attributable to:			
– Owners of the parent		(39.1)	*(53.7)*
– Non-controlling interests		2.1	*–*
		(37.0)	*(53.7)*

The notes on pages 78 to 123 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £m	2013 £m
Loss for the year		(37.0)	(53.7)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Fair value movement through hedging reserve		1.5	1.7
Share of other comprehensive income of associates		–	(0.2)
		1.5	1.5
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial loss	25	(5.8)	(3.8)
Deferred tax credit on other comprehensive income		1.0	0.8
		(4.8)	(3.0)
Other comprehensive loss for the year		(3.3)	(1.5)
Total comprehensive loss for the year		(40.3)	(55.2)
Loss attributable to:			
– Owners of the parent		(42.4)	(29.5)
– Non-controlling interests		2.1	–
		(40.3)	(29.5)

The notes on pages 78 to 123 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	2014 £m	2013 £m
ASSETS			
Non-current assets			
Property, plant and equipment	14	12.6	*10.7*
Intangible assets	15	681.4	*605.7*
Investments in associates	12	–	*14.3*
Other financial assets	17	11.0	*6.1*
		705.0	*636.8*
CURRENT ASSETS			
Trade and other receivables	20	64.7	*56.7*
Agency broker		19.5	*8.2*
Other financial assets	17	0.2	*1.6*
Cash and cash equivalents	21	30.1	*15.4*
		114.5	*81.9*
Total assets		819.5	*718.7*
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	27	5.0	*5.0*
Share premium	27	3.5	*3.5*
Hedging reserve		(0.2)	*(1.7)*
Accumulated deficit		(234.7)	*(190.8)*
		(226.4)	*(184.0)*
Non-controlling interest		17.7	*–*
Total equity		(208.7)	*(184.0)*
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	23	901.5	*816.3*
Deferred consideration		4.0	*–*
Employee benefits	25	15.5	*10.1*
Provisions for other liabilities and charges	26	5.8	*7.0*
Other financial liabilities	18	0.3	*0.6*
Deferred income tax liabilities	19	7.7	*3.5*
		934.8	*837.5*

	Note	2014 £m	2013 £m
CURRENT LIABILITIES			
Trade and other payables	24	68.5	*49.0*
Agency broker		19.5	*8.2*
Employee benefits	25	0.4	*0.4*
Income tax payable		0.8	*–*
Provisions for other liabilities and charges	26	3.4	*3.9*
Other financial liabilities	18	0.8	*3.7*
		93.4	*65.2*
Total liabilities		1,028.2	*902.7*
Total equity and liabilities		819.5	*718.7*

The notes on pages 78 to 123 form part of these financial statements.

The financial statements on pages 72 to 123 were approved by the Board of directors on and were signed on its behalf by:

G Wakeley
Chief Executive

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Share capital £m	Share premium £m	Hedging reserve £m	Accumulated deficit £m	Non-controlling interest £m	Total equity £m
Balance at 1 January 2013	*5.0*	*3.5*	*(3.4)*	*(133.9)*	–	*(128.8)*
Comprehensive income						
Loss for the year per the statement of comprehensive income	–	–	–	*(53.7)*	–	*(53.7)*
Other comprehensive income						
Changes in fair value of cash flow hedges	–	–	*1.7*	–	–	*1.7*
Share of other commprehensive income of associates				*(0.2)*		*(0.2)*
Actuarial losses on defined benefit pension plans	–	–	–	*(3.8)*	–	*(3.8)*
Deferred tax on defined benefit pension plans	–	–	–	*0.8*	–	*0.8*
Total comprehensive income	–	–	*1.7*	*(56.9)*	–	*(55.2)*
Balance at 31 December 2013	*5.0*	*3.5*	*(1.7)*	*(190.8)*	–	*(184.0)*
Balance at 1 January 2014	5.0	3.5	(1.7)	190.8	–	(184.0)
Comprehensive income						
(Loss) / profit for the year per the statement of comprehensive income	–	–	–	(39.1)	2.1	(37.0)
Other comprehensive income						
Changes in fair value of cash flow hedges	–	–	1.5	–	–	1.5
Actuarial losses on defined benefit pension plans	–	–	–	(5.8)	–	(5.8)
Deferred tax on defined benefit pension plans	–	–	–	1.0	–	1.0
Total comprehensive income	–	–	1.5	(43.9)	2.1	(40.3)
Non-controlling interest arising on business combination	–	–	–	–	16.3	16.3
Transactions with non-controlling interests	–	–	–	–	(0.7)	(0.7)
Transaction with owners	–	–	–	–	15.6	15.6
Balance at 31 December 2014	5.0	3.5	(0.2)	(234.7)	17.7	(208.7)

The notes on pages 78 to 123 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £m	2013 £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33	51.2	59.6
Net cash inflow from operating activities		51.2	59.6
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		0.2	0.6
Dividends from investment		0.4	0.4
Dividends from associate		1.7	0.5
Business acquisitions net of cash acquired	4	(30.3)	(10.9)
Proceeds from disposal of a business		1.5	74.3
Acquisition of an associate	12	(2.5)	(4.0)
Payment relating to prior year acquisition		(0.7)	(1.6)
Acquisition of property, plant and equipment		(3.8)	(3.9)
Acquisition of software		(17.0)	(15.4)
Net cash (outflow)/inflow from investing activities		(50.5)	40.0
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans		–	(530.7)
Increase in borrowings		45.5	440.0
Payment of finance lease liabilities		(0.3)	–
Interest paid		(29.3)	(30.5)
Loan fees paid and other finance costs		(1.9)	(5.8)
Refinancing fees paid		–	(15.0)
Net cash inflow/(outflow) from financing activities		14.0	(142.0)
Net increase / (decrease) in cash and cash equivalents		14.7	(42.4)
Cash and cash equivalents at 1 January		15.4	57.8
Cash and cash equivalents at 31 December		30.1	15.4

The notes on pages 78 to 123 form part of these financial statements.

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

1. ACCOUNTING POLICIES

Equiniti Group Limited (the "Company") is a limited company incorporated and domiciled in the UK. The principal activity of the Company is that of a holding company. The registered office is Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH. The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group").

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRS – IC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the going concern basis.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this section.

Accounting policies have been consistently applied and disclosed in the financial statements.

Measurement convention

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

Basis of consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Going Concern

The Group refinanced its bank facilities in June 2013 following the sale of Xafinity Consulting Limited for £74.3m, issuing £440m of fixed and floating rate notes repayable in 2018. This removed all maintenance covenants and extended the repayment date on the Group's debt. The Group also raised a £75m revolving credit facility of which £45.5m has been drawn at the year end date.

Whilst a total comprehensive loss of £40.3m arose increasing net liabilities to £208.7m during the course of the year, the Group traded strongly, generating £51.2m of cash inflow from operating activities in the year. This current level of cash generation, combined with the three year business plan assessment provides the Directors with the comfort and expectation that the Group will be able to meet all of its commitments as they fall due both during the year and in the three year business plan and, as such, allow the financial statements to be presented on a going concern basis.

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements.

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 Group 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 Group; and

(b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group'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.

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

Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the instruments at the statement of financial position date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Third party valuations are used to fair value the Group derivatives. The valuation techniques use inputs such as interest rate yield curves and currency prices/yields, volatilities of underlying instruments and correlations between inputs.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income within finance costs.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the statement of comprehensive income within finance costs. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity until the hedged item occurs.

Investments in subsidiaries

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

When there is a step acquisition, moving an investment in an associate to a subsidiary, the cost of investment is made up of the fair value of the investment of associate plus the price paid for any additional shareholding.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. For items acquired as part of a business combination, 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 statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

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

Intangible assets and goodwill

IFRS 3 (revised), 'Business combinations' is effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

Goodwill represents amounts arising on acquisition, 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 for the purposes of impairment testing and is not amortised. It is tested annually for impairment.

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

1. ACCOUNTING POLICIES (CONTINUED)

Software is valued based on replacement costs valuations where identifiable or where this has not been ascertainable, using relief from royalty valuation over the estimated useful life.

Customer relationships are valued based on the net present value of the excess earnings generated by the revenue streams over their estimated useful lives.

Order books are valued based on expected revenue generation and Brand valuation is based on net present value of estimated royalty returns.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets. 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	3 – 10 years
• Customer relationships	4 – 20 years
• Brands	5 – 10 years

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready for use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Other financial assets

Other financial assets include loans and receivables, derivatives and investment in shares. Derivatives are explained above. Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment and are included in non-current assets as their maturity is greater than 12 months after the end of the reporting period. Investment in shares are non-derivative available for sale financial assets recognised initially at fair value with any subsequent changes in fair value being recognised through other comprehensive income. They are included in non-current assets as management do not intend to dispose of them within 12 months of the end of the reporting date.

Trade receivables

Trade receivables are stated initially at fair value then measured at amortised cost less provisions for impairment. Provisions for impairment are recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The impairment recorded is the difference between the carrying value of the receivables and the estimated future cash flows discounted where appropriate. Any impairment required is recorded in the statement of comprehensive income within operating costs.

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 statement of financial position and the statement of cash flows.

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 statement of comprehensive income over the period of the borrowings on an effective interest basis. On borrowings extinguished, any difference between the cash paid and the carrying value is recognised in the statement of comprehensive income.

Trade payables

Trade payables represent liabilities for goods and services received by the Group prior to the end of the financial year which are unpaid. The amounts within trade payables are unsecured.

Agency broker deposits

Where the Company acts as an agency broker for retail investors, balances owed by or to the retail investor and the market maker are recognised within other receivables and other payables until the settlement date when these balances are eliminated.

Employee benefits

Defined contribution plans

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

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The liability discount rate is the yield at the statement of financial position date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income.

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 statement of comprehensive income.

1. ACCOUNTING POLICIES (CONTINUED)

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax risk-free rate.

Dilapidations provisions relate to estimated cost to put leased premises back to required condition expected under the terms of the lease. These include provisions for wear and tear along with provisions where leasehold improvements have been made that would require reinstatement back to original status on exit. These are uncertain in timing as leases may be terminated early or extended. To the extent that exits of premises are expected within 12 months of the end of the year they are shown as current.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Revenue

Revenue, which excludes value added tax, represents the invoiced value of services and software supplied and is almost entirely attributable to the United Kingdom. The Group is one of the largest providers of outsourced financial services in the UK, covering pension administration, pensions payroll, annuity services, complaints handling and resourcing services. Professional services revenue is recognised when earned.

Sales of software licences are recognised when goods and licences are delivered. Technical support revenues are recognised rateably over the term of the maintenance agreement.

Amounts recognised as revenue but not yet billed are reflected in the statement of financial position as accrued income. Amounts billed in advance of work performed are deferred in the statement of financial position as deferred income.

In the case of long term contracts, revenue is recognised proportionately as the contract is performed. Total costs incurred under contracts in progress net of amounts transferred to the statement of comprehensive income, are stated less foreseeable losses and payments on account. The statement of comprehensive income reflects the proportion of the work carried out at the accounting date.

Revenues also comprise fixed periodic administration fees, transaction processing fees, fees for managing corporate actions, fees for professional and IT services 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 as they accrue.

Revenues includes variable margin fee income earned on funds under administration of the Group.

Out of pocket expenses recharged to clients are recognised in revenue when they are recoverable from the client, net of the related expense.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's chief executive officer.

Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss in the statement of comprehensive income in the same periods in which the expenses are recognised. Grants relating to employment are recognised in profit and loss in the statement of comprehensive income as they are earned. Grants relating to intangible assets are netted against the related expenditure prior to capitalisation and amortisation over the useful life of the asset.

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

Expenses

Operating lease payments

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

Exceptional items

Exceptional items are items which due to their size, incidence and non-recurring nature have been classified separately in order to draw them to the attention of the reader of the financial statements and, in management's judgement, to show more accurately the underlying profits of the group. Such items are included within the statement of comprehensive income caption to which they relate, and are separately disclosed either in the notes to the consolidated financial statements or on the face of the consolidated statement of comprehensive income. This includes costs in relation to business integration / reorganisation as well as potential and aborted acquisitions and includes all costs incurred against investigated and completed acquisitions.

Net finance costs

Net finance costs comprise interest payable, interest receivable on own funds, dividend income and foreign exchange gains and losses that are recognised in the statement of comprehensive income and the interest cost of defined pension scheme liabilities net of the expected return on plan assets.

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

Taxation

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

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

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

A deferred tax asset 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) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning 1 January 2014 and have a material impact on the Group:

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting.

1. ACCOUNTING POLICIES (CONTINUED)

The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The group has applied the amendment and there has been no significant impact on the group financial statements as a result.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the group.

b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement. The Group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted subject to EU endorsement. The Group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRS – IC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Accounting estimates and judgements

Equity-settled share based payments

Measured as the higher of amount subscribed plus the attributable share or the fair value of the business on an exit event, over the expected vesting period. The valuation at the date of grant and the probability of an exit event are therefore key judgements.

The value is based on an estimate of a multiple of adjusted EBITDA, based on an equivalent market value for a "debt free" private company.

Fair values of intangible assets

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.

Third party valuations are used to fair value the Group's derivatives. The valuation techniques use inputs such as interest rate yield curves and currency prices / yields, volatilities of underlying instruments and correlations between inputs.

Exceptional items

Exceptional items are recognised to the extent that they meet the definition outlined in the accounting policy above. This requires a certain amount of judgement that is applied consistently by management.

Provisions

Dilapidations provisions have been made for properties which the Group currently lease based upon the cost to make good the property in accordance with lease terms where applicable, if we were to vacate at 31 December 2014 as assessed by a chartered surveyor with reference to current market rates.

The constructive compliance provision is management's best estimate of the cost of meeting the change in requirement of payment systems of which the Group is contractually required. The exact requirements are uncertain as to the timing and so could require additional or less cost.

Provisions for deferred consideration has been made in relation to acquisitions the Group has made. There are various criteria that need to be satisfied in order for a payment to be made, the Group have made provisions as appropriate based on the relevant accounting standards and management's best estimate of the criteria for settlement being fulfilled.

Provisions for contract costs have been made for the exceptional irrecoverable costs associated with a complex long-term contract that has been terminated by mutual agreement.

Deferred tax

Under IAS 12 "Income taxes" 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 consider that the IAS 12 recognition criteria are satisfied.

Pension assumptions

Assumptions used in calculating the net defined benefit pension obligation are set out in note 25, Employee benefits. The calculation of the defined benefit obligation is sensitive to the mortality assumptions set out in that note. As the actuarial estimates of mortality continue to be refined, an increase of one year in the lives shown in note 25 is considered possible in the next financial year. The effect of this change would be to increase the employee benefit liability by £1.8m (2013: £1.5m). A 0.5% decrease in the discount rate used would increase the employee benefit liability by £5.4m (2013: £4.1m).

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

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 Group 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 and Compliance Monitoring. Internal Audit and Compliance Monitoring undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

Credit risk

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.

Due to the nature of the business the majority of the trade receivables are with large institutions, including many FTSE 350 companies and losses have occurred infrequently over previous years.

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 affect 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 intermediary fee revenue and its net finance costs. Intermediary fee revenue is linked to Bank Base Rate, whilst both the senior variable loan notes 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.

Exposure to interest rate fluctuations are partly managed through the use of interest rate swaps. Objectives are established by the board so as to seek to reduce the impact of variations in interest rates on the group's profit and cash flow.

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

During the year a significant proportion of the group's bank debt was covered by fixed interest rates for varying periods up to three years, achieved by way of a financial instrument (interest rate swap). The balance of bank debt interest is at current market rates.

The group does not engage in holding speculative financial instruments or derivatives. Further quantitative disclosures are included throughout these consolidated financial statements.

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

3. CAPITAL RISK MANAGEMENT

The Group is focused on delivering value for its shareholders whilst ensuring the Group is able to continue effectively as a going concern. Value adding opportunities to grow the business are continually assessed, although strict and careful criteria are applied.

As is common with many other private equity portfolio companies, the Group carries a high level of net debt to total equity; total capital comprises total equity plus net debt, as shown in the consolidated statement of financial positions. Net debt equates to the total of other interest bearing loans, less cash and cash equivalents, as shown in the consolidated statement of financial position.

The policies for managing capital are to increase shareholder value by maximising profits and cash. The policy is to set budgets and forecasts in to the short and medium term that the Group ensures are achievable. The process for managing capital are regular reviews of financial data to ensure that the Group is tracking the targets set and to reforecast as necessary based on the most up to date information whilst checking that future covenant test points are met.

The revolving credit facility requires the Group to comply with one covenant; the maintenance of a minimum level of earnings before interest, taxes, depreciation and amortisation. The loan notes issued do not contain any maintenance covenants.

4. ACQUISITIONS OF BUSINESSES

Pancredit

On 18 March 2014, the Group purchased the entire issued share capital of Pancredit Systems Limited for £14.7m, with £12.0m payable in cash on completion and the balance one year later. The company had net assets of £2.6m on that date with a cash balance of £2.9m. Since the date of acquisition the company has contributed revenue of £4.1m and net profit of £1.3m. If the company had been acquired on 1 January 2014 it would have contributed an additional £1.1m of revenue and £nil net profit to the Group's reported results. The company sells and supports software to manage unsecured loan administration. The acquisition has been funded by drawing on the revolving credit facility.

On acquisition intangible assets have been recognised relating to customer contracts and related relationships as well as software with a combined attributable value of £9.0m with a corresponding deferred tax liability of £1.8m. The amounts relating to the intangible assets and goodwill are provisional and subject to further evaluation and adjustment, in accordance with accounting standards.

Recognised amounts of identifiable assets acquired and liabilities assumed	£m
Property, plant and equipment	0.1
Intangible assets	9.0
Cash	2.9
Trade and other receivables	1.5
Trade and other payables	(2.0)
Deferred tax	(1.7)
Net identifiable assets and liabilities	9.8
Goodwill on acquisition	4.9
Total consideration	14.7
Cash acquired	(2.9)
Deferred consideration	(2.7)
Net cash outflow in the period	9.1

J.P. Morgan's Corporate Dealing Services

On 1 July 2014, the Group announced the acquisition of the assets of J.P. Morgan's Corporate Dealing Services business. The acquisition completed on 1 September 2014. Consideration of £13.0m was paid on completion with £3.0m (discounted to £2.5m at Group's WACC) payable two years later. Since the date of acquisition the business has contributed revenue of £0.8m and net profit of £0.3m. If the business had been acquired on 1 January 2014 it would have contributed an additional £3.0m of revenue to the Group results. As this was a trade and asset acquisition, it is impracticable to calculate the impact on net profit from this acquisition.

On acquisition intangible assets have been recognised relating to customer contracts and related relationships with a combined attributable value of £9.8m. The amounts relating to the intangible assets and goodwill are provisional and subject to further evaluation and adjustment, in accordance with accounting standards.

Recognised amounts of identifiable assets acquired and liabilities assumed	£m
Intangible assets	9.8
Net identifiable assets and liabilities	9.8
Goodwill on acquisition	5.7
Total consideration	15.5
Contingent consideration	(2.5)
Net cash outflow in the period	13.0

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

4. ACQUISITIONS OF BUSINESSES (CONTINUED)

MyCSP Limited

On 29 September 2014, the Group acquired an additional 11% of the share capital of MyCSP Limited for £8.0m, £4.0m of which has been deferred until June 2016, increasing the shareholding from 40% to 51%. The additional shareholding and resulting control of the business has meant that the investment is consolidated in the Group's results as a subsidiary from 30 September 2014, in accordance with IFRS10.

On the date of acquisition, the business had net assets of £16.9m with a cash balance of £13.5m. Since the date of acquisition the business has contributed revenue of £11.1m and net profit of £3.8m. If the company had been acquired on 1 January 2014 it would have contributed an additional £30.6m of revenue and £4.9m net profit to the Group's reported results.

On acquisition intangible assets have been recognised relating to customer contracts and related relationships as well as software with a combined attributable value of £20.2m. The amounts relating to the intangible assets and goodwill are provisional and subject to further evaluation and adjustment, in accordance with accounting standards.

Recognised amounts of identifiable assets acquired and liabilities assumed	£m
Property, plant and equipment	0.5
Software	5.2
Intangible assets	20.2
Cash	13.5
Trade and other receivables	15.7
Provisions	(0.4)
Employee benefits asset	0.2
Trade and other payables	(17.8)
Deferred tax	4.0
Net identifiable assets and liabilities	33.1
Non-controlling interest	(16.3)
Goodwill on acquisition	17.8
Total consideration	34.6
Proceeds from disposal of associate	(26.6)
Net consideration*	8.0
Cash acquired	(13.5)
Deferred consideration	4.0
Net cash outflow in the period	(9.5)

*Net consideration is the amount payable to acquire an additional 11% in MyCSP Limited

4. ACQUISITIONS OF BUSINESSES (CONTINUED)

Invigia Group Limited

On 16 October 2014, the Group purchased the entire issued share capital of Invigia Group Limited and its subsidiaries for £24.5m. However, the Group effectively took control of the Invigia Group on 1 September 2014 and therefore the results have been consolidated from this date. The business had net assets of £4.2m on that date with a cash balance of £6.8m. Since the date of acquisition the company and its subsidiaries have contributed £2.3m of revenue and £0.7m of net profit. If it had been acquired on 1 January 2014 it would have contributed an additional £6.4m of revenue and £1.2m net profit to the Group's reported results. The business provides customer complaints and feedback management services. The acquisition has been funded by drawing on the revolving credit facility.

On acquisition intangible assets have been recognised relating to customer contracts and related relationships as well as software with a combined attributable value of £12.3m with a corresponding deferred tax liability of £2.6m. The amounts relating to the intangible assets and goodwill are provisional and subject to further evaluation and adjustment, in accordance with accounting standards.

Recognised amounts of identifiable assets acquired and liabilities assumed	£m
Property, plant and equipment	0.3
Intangible assets	12.3
Cash	6.8
Trade and other receivables	1.6
Trade and other payables	(4.6)
Deferred tax	(2.4)
Net identifiable assets and liabilities	14.0
Goodwill on acquisition	10.5
Total consideration	24.5
Cash acquired	(6.8)
Net cash inflow in the period	17.7

Selftrade

On 3 June 2014, the Group announced the intention to acquire the trade and assets of Selftrade, an online execution-only stockbroker. The acquisition completed on 23 January 2015. See note 32 for further details.

The value of goodwill on each acquisition reflects the expectation of the ability to generate new streams of revenue, expected synergies, future market development and the assembled workforces of the companies and businesses acquired.

5. REVENUE

Included in the loss for the year are the following:

	2014 £m	*2013 £m*
Revenue from continuing operations:		
Rendering of services	292.3	*274.7*
Revenue from discontinued operations	–	*3.2*
Total revenue	292.3	*277.9*

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

6. EXCEPTIONAL ITEMS

Included in the loss for year are the following:	2014 £m	2013 £m
Set up costs	3.0	1.2
Restructuring costs	5.1	6.0
Acquisition related expenses	2.6	0.3
Property costs	1.9	–
Gain on investment	(4.9)	–
Integration project costs	–	2.9
Refinancing costs	–	10.2
Contract costs	–	4.4
Total exceptional costs	7.7	25.0

Set up costs relate to the establishment of the Indian offshore facility.

Restructuring costs relate to the restructuring of the management team.

Acquisition related expenses represent fees paid to third party advisors and transaction fees in respect of acquisitions completed in the period, as well as costs incurred on further potential acquisitions and disposals not completed.

Property costs relate to the provision for rent and related expenses on onerous leases.

A gain on investment has been recognised on the revaluation of the Group's investment in Euroclear plc. The shares have been revalued based on the trade price of recent market transactions.

Integration project costs included costs incurred by the Group relating to resources applied in a major Group programme of integration activities between Equiniti and Xafinity businesses. These principally comprised consulting, property and IT rationalisation and severance costs, together with rationalisation of off shore activities.

Refinancing costs were expenses incurred in connection with the Group's refinancing which completed in June 2013. These included incremental staff costs and advisor fees that were not capitalised or treated as finance costs.

Contract costs were in relation to a complex long-term contract to provide new services in the UK pensions market that was terminated by mutual agreement. A provision had been made for the exceptional irrecoverable costs associated with that contract.

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

7. OPERATING SEGMENTS

In accordance with IFRS 8 'Operating Segments', an operating segment is defined as a business activity whose operating results are reviewed by the chief operating decision maker ('CODM') and for which discrete information is available. The Group's CODM is the Board of Directors.

The Group's operating segments have been identified as Investment Solutions, Intelligent Solutions, Pension Solutions, Interest and Central. Central costs principally includes corporate overheads. The EBITDA of each segment is reported after charging relevant corporate costs based on the business segments' usage of corporate facilities and services.

Revenue	2014 £m	*2013 £m*
Investment Solutions	94.9	*107.2*
Intelligent Solutions	89.6	*81.5*
Pensions Solutions	101.3	*76.9*
Interest	6.5	*9.1*
	292.3	*274.7*

Pre-Exceptional EBITDA	2014 £m	*2013 £m*
Investment Solutions	29.3	*40.3*
Intelligent Solutions	16.3	*16.4*
Pensions Solutions	21.7	*12.2*
Interest	6.5	*9.1*
Central	(3.8)	*(1.7)*
Pre-Exceptional EBITDA	70.0	*76.3*

Reconciliation to loss before tax and discontinued operations	2014 £m	*2013 £m*
Pre-Exceptional EBITDA	70.0	*76.3*
Exceptional items	(7.7)	*(25.0)*
EBITDA	62.3	*51.3*
Depreciation	(3.8)	*(4.0)*
Amortisation	(36.9)	*(32.5)*
Finance costs – net	(71.8)	*(78.1)*
Gain on disposal of associates	9.8	*–*
Share of profits from associates	1.7	*1.6*
Loss before tax and discontinued operations	(38.7)	*(61.7)*

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

7. OPERATING SEGMENTS (CONTINUED)

Segmental assets and liabilities	31 December 2014 Assets £m	31 December 2014 Liabilities £m	31 December 2013 *Assets £m*	31 December 2013 *Liabilities £m*
Investment Solutions	496.0	(76.9)	*497.5*	*(33.4)*
Intelligent Solutions	33.6	(21.1)	*14.8*	*(6.8)*
Pensions Solutions	79.4	(47.8)	*57.1*	*(32.5)*
Central	210.5	(882.4)	*149.3*	*(830.0)*
Total	819.5	(1,028.2)	*718.7*	*(902.7)*

Other profit and loss disclosures

31 December 2014	Depreciation and amortisation £m	Exceptional items £m	Share of profit on associates £m	Capital expenditure £m
Investment Solutions	3.6	(8.6)	–	3.2
Intelligent Solutions	1.6	(0.1)	–	2.5
Pensions Solutions	5.6	(2.5)	1.7	6.9
Central	29.9	3.5	–	9.4
Total	40.7	(7.7)	1.7	22.0

31 December 2013	*Depreciation and amortisation £m*	*Exceptional items £m*	*Share of profit on associates £m*	*Capital expenditure £m*
Investment Solutions	*1.6*	*(4.5)*	*–*	*10.6*
Intelligent Solutions	*1.2*	*(0.6)*	*–*	*2.1*
Pensions Solutions	*4.5*	*(5.9)*	*1.6*	*6.5*
Central	*29.2*	*(14.0)*	*–*	*0.4*
Total	*36.5*	*(25.0)*	*1.6*	*19.6*

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

8. SUMMARY RESULTS AND OPERATING COSTS

Included in the loss for year are the following:

Expenses by nature	2014 £m	2013 £m
Employee benefit expense (note 9)	113.4	98.7
Depreciation and amortisation (notes 14 and 15)	40.7	36.5
Direct costs	54.6	46.9
Bought in services	7.7	12.7
Premises costs	14.2	12.3
Other general business costs	32.4	27.8
Exceptional items (note 6)	7.7	25.0
Total operating costs for continuing operations	270.7	259.9

Auditors' remuneration	2014 £m	2013 £m
Audit of the Company and its subsidiaries	0.4	0.3
Tax services	0.2	0.3
All other services	0.3	0.7
	0.9	1.3

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

9. STAFF NUMBERS AND COSTS

The average monthly number of persons employed by the Group (including directors) during the year was 3,289 (2013: 2,736).

	Number of employees	
By function*	2014	*2013*
Operations	2,799	*2,396*
Administration	408	*281*
Sales and marketing	82	*59*
	3,289	*2,736*

	Number of employees	
By business type*	2014	*2013*
Shareholder Solutions	1,186	*1,141*
Intelligent Solutions	388	*367*
Pensions Solutions	1.163	*1,043*
Central	552	*185*
	3,289	*2,736*

Within the central segment 314 employees (2013: 90 employees) are employed in India. 550 employees have joined the Group by way of acqusitions.

* The number of colleagues quoted in the Strategic Report section of the annual report are the number of employees as at 31 December 2014, as stated, the figures above are the monthly average.

The aggregate payroll costs of these persons were as follows:

	2014 £m	*2013 £m*
Wages and salaries	98.9	*85.2*
Social security costs	9.1	*8.8*
Other pension costs	5.4	*4.7*
	113.4	*98.7*

10. DIRECTORS' REMUNERATION

The following costs are either paid by the subsidiary Equiniti Limited, Equiniti Holdings Limited or Equiniti Services Limited;

	2014 £m	*2013 £m*
Directors' emoluments (including compensation for loss of office)	1.6	*4.0*
Company contributions to money purchase pension plans	–	*0.1*

Retirement benefits are accrued under money purchase schemes to 1 of the directors (2013: 2 of the directors).

The emoluments of the highest paid director was £0.6m (2013: £2.2m). Company contributions to defined contribution pension schemes for the highest paid director amounted to £nil (2013: £0.1m).

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

11. FINANCE INCOME AND COSTS

	2014 £m	*2013* *£m*
Interest income	0.2	*0.6*
Dividend income	0.4	*0.4*
Finance income	0.6	*1.0*
Amortised fees	2.9	*3.1*
Other fees and interest	1.1	*0.8*
Interest cost on loans from related parties	5.6	*5.2*
Interest cost on senior secured loan notes	29.9	*16.4*
Interest cost on revolving credit facility	0.8	*–*
Interest cost on senior secured borrowings	–	*10.3*
Interest cost on payment in kind ("PIK") loan	15.4	*13.3*
Interest on preference shares classified as liabilities	15.1	*14.0*
Finance cost relating to pension scheme	0.5	*0.2*
Unwinding of discounted amount in provisions	0.4	*0.4*
Cost of interest rate swap against financial liabilities	0.7	*3.0*
Finance costs – ordinary	72.4	*66.7*
Exceptional finance costs		
Write off of unamortised fees of previous finance arrangement	–	*6.6*
Other fees and interest	–	*5.3*
Interest cost on senior secured borrowings	–	*0.5*
Finance costs – exceptional	–	*12.4*
Finance costs – total	72.4	*79.1*

Exceptional finance costs were expenses incurred in connection with the Group's refinancing exercise that completed in June 2013. The charge for the prior year included the write off of unamortised fees under the previous finance arrangement plus noncapitalised fees and interest associated with the set up of the new finance arrangement.

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

12. INVESTMENTS IN ASSOCIATES

	2014 £m	2013 £m
At 1 January	14.3	9.4
Additions	2.5	4.0
Share of profit	1.7	1.6
Other comprehensive income	–	1.6
Dividend received	(17.7)	(0.5)
Deemed disposal of associate	(16.8)	–
At 31 December	–	14.3

Associate investments are initially recorded at cost which is the fair value of the consideration paid.

On 29 September 2014, the Group increased its investment in MyCSP Limited from 40% to 51%. In accordance with IFRS10 MyCSP Limited is now consolidated as a subsidary and the investment in associate has been treated as a disposal, creating a non-cash accounting gain of £9.8m.

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

13. INCOME TAX CREDIT

Recognised in the statement of comprehensive income

	2014 £m	*2013 £m*
Current tax charge for the Group		
Current year	1.0	*–*
Prior year	0.1	*–*
Deferred tax credit		
Origination and reversal of temporary differences	(0.3)	*(0.4)*
Adjustment for prior years	(2.5)	*(0.3)*
Total income tax credit	(1.7)	*(4.3)*
Represented by:		
Continuing operations per the statement of comprehensive income	(1.7)	*(4.3)*
	(1.7)	*(4.3)*

Reconciliation of effective tax rate

	2014 £m	*2013 £m*
Loss for the year	(37.0)	*(53.7)*
Total tax credit	(1.7)	*(4.3)*
Loss excluding taxation	(38.7)	*(58.0)*
Tax using the UK corporation tax rate of 21.5% (2013: 23.25%)	(8.3)	*(13.5)*
Non-deductible expenses	4.8	*2.0*
Non taxable income	(3.8)	*–*
Unrecognised tax assets	8.1	*8.1*
Adjustment for prior years	(2.5)	*(0.3)*
Effect of tax rate change	–	*(0.6)*
Total income tax credit	(1.7)	*(4.3)*

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly the Group's profits for this accounting year are taxed at an effective rate of 21.5%.

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

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £m	Office equipment £m	Fixtures & fittings £m	Total £m
Cost				
Balance at 1 January 2013	5.1	18.0	4.2	27.3
Acquisition of business	–	–	0.1	0.1
Additions	0.3	3.4	0.2	3.9
Balance at 31 December 2013	5.4	21.4	4.5	31.3
Balance at 1 January 2014	5.4	21.4	4.5	**31.3**
Acquisition of business	0.2	0.2	0.5	**0.9**
Additions	0.5	4.1	0.2	**4.8**
Disposals	–	(3.6)	(0.4)	**(4.0)**
Balance at 31 December 2014	**6.1**	**22.1**	**4.8**	**33.0**
Accumulated depreciation				
Balance at 1 January 2013	2.3	12.5	1.8	16.6
Depreciation charge for the year	0.6	2.8	0.6	4.0
Balance at 31 December 2013	2.9	15.3	2.4	20.6
Balance at 1 January 2014	2.9	15.3	2.4	**20.6**
Depreciation charge for the year	0.8	2.6	0.4	**3.8**
Disposals	–	(3.6)	(0.4)	**(4.0)**
Balance at 31 December 2014	**3.7**	**14.3**	**2.4**	**20.4**
Net book value				
Balance at 31 December 2013	2.5	6.2	2.1	10.8
Balance at 31 December 2014	**2.4**	**7.8**	**2.4**	**12.6**

Included within office equipment are assets held under finance lease with a cost of £1.8m (2013: £1.8m). As at the year end these assets had a net book value of £0.7m (2013: £1.0m).

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

15. INTANGIBLE ASSETS

	Goodwill £m	Software development £m	Other intangible assets £m	Total £m
Cost				
Balance at 1 January 2013	354.8	127.6	253.2	735.6
Acquisition of business	8.2	–	2.6	10.8
Additions	–	15.7	–	15.7
Balance at 31 December 2013	363.0	143.3	255.8	762.1
Balance at 1 January 2014	363.0	143.3	255.8	**762.1**
Acquisition of business	38.9	16.1	40.4	**95.4**
Additions	–	17.2	–	**17.2**
Balance at 31 December 2014	**401.9**	**176.6**	**296.2**	**874.7**
Accumulated depreciation				
Balance at 1 January 2013	–	49.7	74.2	123.9
Amortisation for the year	–	14.7	17.8	32.5
Balance at 31 December 2013	–	64.4	92.0	156.4
Balance at 1 January 2014	–	64.4	92.0	**156.4**
Amortisation for the year	–	16.0	20.9	**36.9**
Balance at 31 December 2014	**–**	**80.4**	**112.9**	**193.3**
Net book value				
Balance at 31 December 2013	*363.0*	*78.9*	*163.8*	*605.7*
Balance at 31 December 2014	**401.9**	**96.2**	**183.3**	**681.4**

Other intangible assets relates to the fair value of assets acquired including customer relationships and brands. The amortisation charge is shown as a separate line item in the statement of comprehensive income.

Impairment testing

Goodwill initially arose on the acquisition of the Lloyds TSB Registrars business and subsequent equity and trade and asset acquisitions in prior years. For goodwill on current year acquisitions, see note 4. Goodwill is tested annually for impairment, the recoverable amount of cash-generating units for the above periods has been determined in accordance with IAS 36 "Intangible assets". 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.

The recoverable amounts of the cash generating units ("CGUs") are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates and growth rates. The Group derives cash flows from its most recent business plans over a three year period. The projected cash flows are discounted using a weighted average cost of capital, reflecting current market assessments on debt/equity ratios of similar businesses and risks specific in the CGUs. The outcome of the impairment assessment has been that the directors do not consider that the goodwill has been impaired, given that the fair value less costs to sell is greater than the carrying value of goodwill.

	2014	*2013*
Period on which management approved forecasts are based	3 years	3 years
Growth rate applied beyond approved forecast period	3.0%	3.0%
Discount rate pre tax	9.0%	9.0%

In the opinion of the Directors there are no reasonably possible changes to key assumptions which would cause the carrying value to exceed the recoverable amounts.

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

16. INVESTMENTS IN SUBSIDIARIES

The directors consider the value of the investments to be supported by their underlying assets. The Group has the following investments in subsidiaries:

Name of controlled entity	Country of Incorporation	Class of shares held	Principal activities	Ownership 2014 %	*Ownership 2013 %*
Direct Investments					
Equiniti Enterprises Limited	UK	Ordinary	Holding company	100	*100*
Equiniti X2 Enterprises Limited	UK	Ordinary	Holding company	100	*100*
Indirect Investments					
Equiniti X2 Mezz Cleanco Limited	UK	Ordinary	Holding company	100	*100*
Equiniti X2 Holdings Limited	UK	Ordinary	Holding company	100	*100*
Equiniti PIK Cleanco Limited	UK	Ordinary	Holding company	100	*100*
Equiniti PIKco Limited	UK	Ordinary	Holding company	100	*100*
Equiniti Cleanco Limited	UK	Ordinary	Holding company	100	*100*
Equiniti Debtco Limited	UK	Ordinary	Holding company	100	*100*
Equiniti Holdings Limited	UK	Ordinary	Holding company	100	*100*
Equiniti Limited	UK	Ordinary	Registrars	100	*100*
Equiniti Financial Services Limited	UK	Ordinary	Financial services	100	*100*
Equiniti Jersey Limited	Channel Islands	Ordinary	Registrars	100	*100*
Prosearch Asset Solutions Limited	UK	Ordinary	Asset recovery	100	*100*
Equiniti Share Plan Trustees Limited	UK	Ordinary	Trustee company	100	*100*
Equiniti David Venus Limited	UK	Ordinary	Company secretarial	100	*100*
Equiniti ICS Limited	UK	Ordinary	Business process outsourcing	100	*100*
Equiniti ICS India (Private) Limited	India	Ordinary	Technology enabled services	100	*100*
Equiniti 360 Clinical Limited	UK	Ordinary	Business process outsourcing	100	*100*
CES 2011 Limited	UK	Ordinary	Non trading	100	*100*
Equiniti Registrars Nominees Limited	UK	Ordinary	Non trading	100	*100*
Trust Research Services Limited	UK	Ordinary	Non trading	100	*100*
Equiniti ISA Nominees Limited	UK	Ordinary	Non trading	100	*100*
Equiniti Nominees Limited	UK	Ordinary	Non trading	100	*100*
Equiniti Savings Nominees Limited	UK	Ordinary	Non trading	100	*100*
Equiniti Corporate Nominees Limited	UK	Ordinary	Non trading	100	*100*
Wealth Nominees Limited	UK	Ordinary	Non trading	100	*100*
LR Nominees Limited	UK	Ordinary	Non trading	100	*100*
Equiniti Shareview Limited	UK	Ordinary	Non trading	100	*100*

16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of controlled entity	Country of Incorporation	Class of shares held	Principal activities	Ownership 2014 %	*Ownership 2013 %*
Indirect Investments					
SLC Registrars Limited	UK	Ordinary	Non trading	100	*100*
SLC Corporate Services Limited	UK	Ordinary	Non trading	100	*100*
Connaught Secretaries Limited	UK	Ordinary	Non trading	100	*100*
Peter Evans Limited	UK	Ordinary	Holding company	100	*100*
Peter Evans & Associates Limited	UK	Ordinary	Business process outsourcing	100	*100*
Prism Communications & Management Limited	UK	Ordinary	Company secretarial	100	*100*
Prism Cosec Limited	UK	Ordinary	Non trading	100	*100*
David Venus (Health & Safety) Limited	UK	Ordinary	Non trading	100	*100*
Equiniti Services Limited	UK	Ordinary	Holding company	100	*100*
Paymaster (1836) Limited	UK	Ordinary	Pensions administration	100	*100*
Claybrook Computing Limited	UK	Ordinary	Computer software consultancy	100	*100*
Equiniti Software Limited	UK	Ordinary	Dormant	100	*100*
Equiniti Solutions Limited	UK	Ordinary	Pensions administration	100	*100*
Hazell Carr Software Services Limited	UK	Ordinary	Dormant	100	*100*
InformationLog.com Limited	UK	Ordinary	Dormant	100	*100*
Equiniti Global Incentive Solutions Limited	UK	Ordinary	Non trading	100	*100*
Killik Employee Services (PTY) Limited	South Africa	Ordinary	Computer software development	100	*100*
Custodian Nominees Limited	UK	Ordinary	Holding company	100	*100*
Equiniti NewCo 2 Plc	UK	Ordinary	Holding company	100	*100*
Pancredit Systems Limited	UK	Ordinary	Business process outsourcing	100	*0*
Invigia Limited	UK	Ordinary	Software service provider	100	*0*
Charter Systems Limited	UK	Ordinary	Software service provider	100	*0*
Charter UK Limited	UK	Ordinary	Software service provider	100	*0*
MyCustomerFeedback.com Limited	UK	Ordinary	Software service provider	100	*0*
MyCSP Limited *	UK	Ordinary	Pensions administration	51	*40*

* MyCSP Limited was an associate at the end of the prior year.

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

17. OTHER FINANCIAL ASSETS

Non-current	2014 £m	2013 £m
Shares held in Euroclear plc	11.0	6.1
	11.0	6.1

The investment in Euroclear plc has been revalued at the year end date. Shares in Euroclear plc are unquoted and therefore the valuation has been based on the trade price of recent transactions.

Current	2014 £m	2013 £m
Derivatives used for hedging (note 28)	0.2	1.6
	0.2	1.6

18. OTHER FINANCIAL LIABILITIES

Non-current	2014 £m	2013 £m
Finance lease liabilities	0.3	0.6
	0.3	0.6

Current	2014 £m	2013 £m
Derivatives used for hedging (note 28)	0.4	3.3
Finance lease liabilities	0.4	0.4
	0.8	3.7

19. DEFERRED INCOME TAX ASSETS AND LIABILITIES

Recognised liabilities

Deferred income tax liabilities are attributable to the following:

Non-current	Liabilities 2014 £m	*Liabilities 2013 £m*
Intangible assets	24.0	*21.8*
Tax liabilities	24.0	*21.8*
Net of tax assets	(16.3)	*(18.3)*
Net tax liabilities	7.7	*3.5*

Recognised assets

Deferred income tax assets are attributable to the following:

Non-current	Assets 2014 £m	*Assets 2013 £m*
Property, plant and equipment	2.9	*8.1*
Employee benefits	2.9	*2.0*
Tax value of loss carry-forwards	10.5	*8.2*
Tax assets	16.3	*18.3*
Net of tax liabilities	(16.3)	*(18.3)*
Net tax assets	–	*–*

Deferred income tax assets amounting to £21.6m (2013: £18.8m) arising on temporary timing differences of £107.8m (2013: £93.9m) in respect of unrecognised deferred tax assets have not been recognised as their future economic benefit is uncertain.

31 December 2013	*1 January 2013 £m*	*Acquisitions / disposals £m*	*Recognised in income £m*	*Recognised in equity £m*	*31 December 2013 £m*
Property, plant and equipment	*6.3*	*–*	*1.9*	*–*	*8.2*
Intangible assets	*(25.8)*	*–*	*4.0*	*–*	*(21.8)*
Employee benefits	*1.4*	*–*	*(0.3)*	*0.8*	*1.9*
Tax value of loss carry-forwards	*9.5*	*–*	*(1.3)*	*–*	*8.2*
	(8.6)	*–*	*4.3*	*0.8*	*(3.5)*

31 December 2014	1 January 2014 £m	Acquisitions / disposals £m	Recognised in income £m	Recognised in equity £m	31 December 2014 £m
Property, plant and equipment	8.2	–	(5.3)	–	2.9
Intangible assets	(21.8)	(8.1)	5.9	–	(24.0)
Employee benefits	1.9	–	–	1.0	2.9
Tax value of loss carry-forwards	8.2	–	2.3	–	10.5
	(3.5)	(8.1)	2.9	1.0	(7.7)

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

20. TRADE AND OTHER RECEIVABLES

	2014 £m	2013 £m
Trade receivables	36.1	24.3
Other receivables and prepayments	28.6	32.4
	64.7	56.7

At 31 December 2014 trade receivables are shown net of an allowance for doubtful debts of £0.1m (2013: £0.3m). The impairment loss recognised in the year was £nil (2013: £0.2m).

21. CASH AND CASH EQUIVALENTS

	2014 £m	2013 £m
Cash and cash equivalents per statement of financial position	30.1	15.4
Cash and cash equivalents per statement of cash flows	30.1	15.4

The Group holds certain balances with banks in a number of segregated accounts. These balances are appropriately not included in the Group's consolidated balance sheet. The number of accounts and balances held vary significantly throughout the year.

22. DISPOSALS AND DISCONTINUED OPERATIONS

Discontinued operations relates to the disposal of the Xafinity Consulting business in February 2013.

Analysis of the result of discontinued operations, and the result recognised on the re-measurement of assets or disposal group is as follows:

	2014 £m	2013 £m
Revenue	–	3.2
Expenses	–	(2.8)
Profit before tax of discontinued operations	–	0.4
Tax	–	–
Profit after tax of discontinued operations	–	0.4
Profit on disposal of Group companies	–	3.3
Profit for the year from discontinued operations	–	3.7

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

23. INTEREST-BEARING LOANS AND BORROWINGS

	2014 £m	*2013 £m*
Non-current liabilities		
Senior secured notes	440.0	*440.0*
Revolving credit facility	45.5	*–*
Equiniti Enterprises payment in kind ("PIK") facility	151.1	*135.0*
Unamortised cost of raising finance	(14.9)	*(17.8)*
Shares classified as debt	204.0	*188.9*
Non secured loan from related party	73.8	*68.3*
Non secured loan	2.0	*1.9*
	901.5	*816.3*

Costs of raising finance are being amortised over a period between 5 and 6 years. In the year £2.9m (2013: £9.7m) has been recognised in finance expenses – amortised fees.

Terms and debt repayment schedule	Amount £m	Currency	Nominal interest rate	Year of maturity
Senior Secured Notes	250.0	Sterling	7.125%	2018
Senior Secured Floating Rate Notes	190.0	Sterling	Libor + 5.75%	2018
Revolving credit facility	45.5	Sterling	Libor + 3.5%	2018
Equiniti Enterprises payment in kind ("PIK") facility	151.1	Sterling	Libor + 10.4%	2019
Shares classified as debt	204.0	Sterling	8.0%	–
Non secured loan from related party	73.8	Sterling	8.0%	2020
Non secured loan	2.0	Sterling	8.0%	2020
	916.4			

24. TRADE AND OTHER PAYABLES

	2014 £m	*2013 £m*
Trade payables	9.1	*2.8*
Accruals and deferred income	50.9	*38.1*
Other payables	8.5	*8.1*
	68.5	*49.0*

The Group is subject to regulatory supervision by the Financial Conduct Authority, and in the ordinary course of business is subject to regulatory reviews with its regulator. All matters arising from these discussions are evaluated on a regular basis. At the date of these accounts the Directors do not believe there are any matters in progress which would have a material impact on the Group's financial position or operations.

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

25. EMPLOYEE BENEFITS

Management equity plan

A number of the Group's senior management team have been granted 'B' shares in the Group's intermediary holding company, Knight Cayman Limited. On 1 July 2014, 9,500 shares were issued and none have been forfeited by the year end.

These shares are recognised as equity-settled share options under IFRS2. The fair value of the scheme has been estimated using the Monte Carlo model. The charge relating to the arrangement in the year is not material and as such no charge has been recognised.

Employee co-investment plan

Prior to October 2007 all employees in Equiniti Enterprises Limited had the opportunity to purchase units under the co-investment plan. A unit was defined as a notional unit share equal in proportion to the ordinary share and preference shares held by Advent International Corporation.

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 and preference shares at that time. The proportion of ordinary shares and preference shares is 5% and 95% respectively. Unpaid dividends on preference shares accrue at 8% per annum and compounded annually.

A unit shall lapse on the earlier of the tenth anniversary of the scheme, an exit, the cessation of a persons employment, a participants 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.

	No of units	Carrying amount	*Nominal interest rate*	*Carrying amount*
	2014 In millions	2014 £m	*2013* *In millions*	*2013* *£m*
As at 1 January	0.4	0.4	*0.4*	*0.4*
As at 31 December	0.4	0.4	*0.4*	*0.4*

At the balance sheet date the units have been valued at £1 which, in the opinion of the Directors, is the higher of the subscription amount and the fair value of the units.

Management share scheme

A number of the Group's senior management are entitled to subscribe for a combination of B, C, D and E ordinary shares. Since the inception of the scheme a total of 250,910 B ordinary shares have been issued at a price of £1.43, 15,738 C ordinary shares at price of £3.33, 144,943 D ordinary shares at a price of £3.33 and £1.00 and 155,005 E ordinary shares at a price of £3.33. In total at 31 December 2014 566,596 shares had been issued for a consideration of £1,271,000.

The terms of the investment define "Good" and "Bad" leavers. A Bad leaver is an employee leaving the Group by dismissal. A Good leaver receives the value of the market value or subscription price.

During the year 34,395 E ordinary shares (2013: 45,040), 62,500 D ordinary shares (2013: 22,537), nil C ordinary shares (2013: 5,348) and 17,500 B ordinary shares (2013: 52,500) were disposed of by leavers at the subscription amount of £0.2m (2013: £0.3), and acquired by Appleby Trust Jersey Limited. This company holds shares temporarily pending their purchase by authorised senior management. At 31 December 2014 the Appleby Trust held approximately 70,000 B ordinary shares, 6,000 C ordinary shares, 129,000 D ordinary shares and 137,000 E Ordinary shares at a consideration of £0.9m.

During the year no shares were acquired (2013: 12,000) by senior management, for a consideration of £nil (2013: £nil), from shares held by the Appleby Trust.

The charge relating to the arrangement in the year and the prior year is not material and as such no charge has been recognised in the period, nor the prior year.

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

25. EMPLOYEE BENEFITS (CONTINUED)

Defined contribution plans

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the year was £4.5m (2013: £4.7m).

Defined benefit plan – Summary of schemes

	2014 £m	*2013 £m*
Equiniti ICS Limited	2.0	*0.9*
Paymaster (1836) Limited	13.4	*9.2*
MyCSP Limited	0.1	*–*
Total of defined benefit plans liability as at 31 December	15.5	*10.1*

Defined benefit plan – Equiniti ICS Limited

The Group operates a defined benefit pension plan in the UK in its subsidiary Equiniti ICS Limited. A full actuarial valuation was carried out at 30 November 2012 and updated to 31 December 2014 by a qualified independent actuary.

	2014 £m	*2013 £m*
Present value of obligations (funded)	(11.1)	*(9.9)*
Fair value of plan assets	9.1	*9.0*
Recognised liability for defined benefit obligations	(2.0)	*(0.9)*

Plan assets

The weighted average asset allocations at year end were as follows:	2014	*2013*
Equities	87%	*85%*
Corporate bonds	9%	*8%*
Cash	4%	*7%*
	100%	*100%*

	2014 £m	*2013 £m*
Actual return on plan assets	0.4	*1.3*

Movement in present value of defined benefit obligation

	2014 £m	*2013 £m*
Defined benefit obligation at 1 January	9.9	*8.7*
Current service cost	0.1	*0.1*
Interest expense	0.4	*0.4*
Plan participants' contributions	–	*0.1*
Actuarial loss	1.2	*0.8*
Benefits paid	(0.5)	*(0.2)*
Defined benefit obligation at 31 December	11.1	*9.9*

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

25. EMPLOYEE BENEFITS (CONTINUED)

Movement in fair value of plan assets

	2014 £m	2013 £m
Fair value of plan assets at 1 January	9.0	7.6
Interest income	0.4	0.3
Actuarial gain	–	1.0
Employer contribution	0.2	0.2
Member contributions	–	0.1
Benefits paid	(0.5)	(0.2)
Fair value of plan assets at 31 December	9.1	9.0

Expense recognised in statement of comprehensive income

	2014 £m	2013 £m
Current service cost	0.1	0.1
Interest cost	0.4	0.4
Interest income	(0.4)	(0.3)
	0.1	0.2

The current service cost is recognised in administrative expenses in the statement of comprehensive income. Interest costs and interest income are recognised in other finance charges in the statement of comprehensive income.

Actuarial gains and losses recognised in other comprehensive income

	2014 £m	2013 £m
Cumulative loss at beginning of the year	(2.3)	(2.5)
Actuarial gains recognised in other comprehensive income	(1.2)	0.2
Cumulative loss at end of the year	(3.5)	(2.3)

Weighted average assumptions used to determine benefit obligations at:	2014	2013
Discount rate	3.60%	4.55%
Rate of compensation increase	3.90%	4.30%
Rate of increase in payment of currently accruing pensions (Post 6.4.06)	2.10%	2.20%
Rate of increase in payment of currently accruing pensions (Pre 6.4.06)	2.90%	3.20%
Rate of increase in pensions in deferment	2.20%	2.50%
Inflation	2.90%	3.30%

Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 December 2014:

	Male	Female
Member age 65 (current life expectancy)	87.1	89.5
Member age 45 (life expectancy at 65)	88.3	90.8

Contributions

Equiniti ICS Limited expects to contribute £0.2m to its pension plan in 2015.

25. EMPLOYEE BENEFITS (CONTINUED)

Defined benefit plan – Paymaster (1836) Limited

The Group operates a defined benefit pension plan in the UK in its subsidiary Paymaster (1836) Limited. A full actuarial valuation was carried out at 6 April 2012 and updated to 31 December 2014 by a qualified independent actuary.

	2014 £m	*2013 £m*
Present value of obligations	(47.9)	*(40.6)*
Fair value of plan assets	34.5	*31.4*
Recognised liability for defined benefit obligations	(13.4)	*(9.2)*

Plan assets

The weighted average asset allocations at year end were as follows:	2014	*2013*
Equities	67%	*63%*
Corporate bonds	21%	*26%*
Cash	12%	*11%*
	100%	*100%*

	2014 £m	*2013 £m*
Actual return on plan assets	2.9	*1.5*

Movement in present value of defined benefit obligation

	2014 £m	*2013 £m*
Defined benefit obligation at 1 January	40.6	*35.2*
Current service cost	0.7	*0.7*
Interest expense	1.9	*1.6*
Benefits paid	(1.1)	*(1.0)*
Actuarial loss – experience losses	0.2	*0.1*
Actuarial loss – change in financial assumptions	5.6	*4.0*
Defined benefit obligation at 31 December	47.9	*40.6*

Movement in fair value of plan assets

	2014 £m	*2013 £m*
Fair value of plan assets at 1 January	31.4	*30.0*
Interest income	1.4	*1.4*
Actuarial gain – return on plan assets	1.5	*0.1*
Employer contribution	1.3	*0.9*
Benefits paid	(1.1)	*(1.0)*
Fair value of plan assets at 31 December	34.5	*31.4*

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

25. EMPLOYEE BENEFITS (CONTINUED)

Expense recognised in statement of comprehensive income

	2014 £m	2013 £m
Current service cost	0.7	0.7
Interest cost	1.9	1.6
Interest income	(1.4)	(1.4)
	1.2	0.9

The current service cost is recognised within operating costs in the statement of comprehensive income. Interest costs and interest income are recognised in other finance charges in the statement of comprehensive income.

Actuarial gains and losses recognised in other comprehensive income

	2014 £m	2013 £m
Cumulative loss at beginning of the year	(10.2)	(6.2)
Actuarial loss recognised in other comprehensive income	(4.3)	(4.0)
Cumulative loss at end of the year	(14.5)	(10.2)

Weighted average assumptions used to determine benefit obligations at:	2014	2013
Discount rate	3.60%	4.60%
Rate of compensation increase	1.75%	1.75%
Rate of increase in payment of currently accruing pensions	3.05%	3.40%
Rate of increase in pensions in deferment (Pre 6.4.09 service)	3.05%	3.40%
Rate of increase in pensions in deferment (Post 6.4.09 service)	2.50%	3.40%
Inflation assumption	3.05%	3.40%

Weighted average life expectancy for mortality tables (101% SAPS S1PMA, 88% SAPS S1PFA, 1% long term trend) used to determine benefit obligations at 31 December 2014 and 31 December 2013:

	Male	Female
Member age 65 (current life expectancy)	86.5	90.1
Member age 45 (life expectancy at 65)	88.0	91.7

Contributions

Paymaster (1836) Limited expects to contribute £1.2m to its pension plan in 2015.

25. EMPLOYEE BENEFITS (CONTINUED)

Defined benefit plan – MyCSP Limited

The Group operates a defined benefit pension plan in the UK in its subsidiary MyCSP Limited. A full actuarial valuation was carried out at 31 December 2012 and updated to 31 December 2014 by a qualified independent actuary.

	2014 £m	*2013 £m*
Present value of obligations	(8.5)	–
Fair value of plan assets	8.4	–
Recognised liability for defined benefit obligations	(0.1)	–

Plan assets

The weighted average asset allocations at year end were as follows:	2014	*2013*
UK Equities	17%	–
Overseas Equities	17%	–
Bonds	40%	–
Diversified Growth Fund	24%	–
Cash	2%	–
	100%	*100%*

	2014 £m	*2013 £m*
Actual return on plan assets	0.4	–

Movement in present value of defined benefit obligation

	2014 £m	*2013 £m*
Defined benefit obligation at 1 January	–	–
Defined benefit obligation acquired	7.4	–
Current service cost	0.4	–
Interest expense	0.1	–
Actuarial loss – change in financial assumptions	0.6	–
Defined benefit obligation at 31 December	8.5	–

Movement in fair value of plan assets

	2014 £m	*2013 £m*
Fair value of plan assets at 1 January	–	–
Assets acquired	7.6	–
Interest income	0.1	–
Actuarial gain – return on plan assets	0.3	–
Employer contribution	0.4	–
Fair value of plan assets at 31 December	8.4	–

25. EMPLOYEE BENEFITS (CONTINUED)

Expense recognised in statement of comprehensive income

	2014 £m	*2013* *£m*
Current service cost	0.4	–
Interest cost	0.1	–
Interest income	(1.1)	–
	0.4	–

The current service cost is recognised within operating costs in the statement of comprehensive income. Interest costs and interest income are recognised in other finance charges in the statement of comprehensive income.

Actuarial gains and losses recognised in other comprehensive income

	2014 £m	*2013* *£m*
Cumulative loss at beginning of the year	–	–
Actuarial loss recognised in other comprehensive income	(0.3)	–
Cumulative loss at end of the year	(0.3)	–

Weighted average assumptions used to determine benefit obligations at:	2014	*2013*
Discount rate	3.60%	–
Rate of compensation increase	3.60%	–
Rate of increase in payment of currently accruing pensions	2.40%	–
Rate of increase in pensions in deferment	2.40%	–
Inflation assumption	2.40%	–

Weighted average life expectancy for mortality tables (101% SAPS S1PMA, 88% SAPS S1PFA, 1% long term trend) used to determine benefit obligations at 31 December 2014:

	Male	*Female*
Member age 65 (current life expectancy)	87.3	*89.6*
Member age 45 (life expectancy at 65)	88.6	*91.1*

Contributions

MyCSP Limited expects to contribute £1.6m to its pension plan in 2015.

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

26. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Contingent consideration £m	Property provisions £m	Other provisions £m	Total provisions £m
Balance at 1 January 2014	2.6	3.0	5.3	**10.9**
Provisions made during the year	2.8	1.9	–	**4.7**
Amounts arising from acquisitions	–	0.4	–	**0.4**
Provisions used during the year	(0.7)	(0.5)	(1.9)	**(3.1)**
Provisions reversed during the year	–	(1.0)	(3.1)	**(4.1)**
Unwinding of discounted amount	0.3	0.1	–	**0.4**
Balance at 31 December 2014	**5.0**	**3.9**	**0.3**	**9.2**
Non-current	3.1	2.7	–	**5.8**
Current	1.9	1.2	0.3	**3.4**
	5.0	**3.9**	**0.3**	**9.2**

Contingent consideration of £5.0m (2013: £2.6m) relates to various requirements to be met following the Group's acquisitions. The minimum value of these provisions could be £nil up to a maximum of £5.0m. These were discounted at an appropriate discount rate at the time of the acquisitions, 9%, and are provided within provisions due to their uncertainty. Management regularly reconsider the appropriateness of the discount rate used and update when appropriate. These are expected to be utilised over periods up to 2016.

Property provisions includes £2.0m (2013: £3.0m) in respect of dilapidations. £1.0m was reversed during the year. A provision for onerous leases for unused property space on operating leases of £1.9m was created during the year. £0.5m of this provision has subsequently been utilised. In addition, an onerous lease provision of £0.4m was aquired with the acquisition of MyCSP.

Other provisions include:

- A provision of £2.2m brought forward at 1 January 2014 for exceptional irrecoverable costs incurred on a complex long term contract. £1.9m has been utilised during the period. The remainder is expected to be utilised during the year.
- A provision related to constructive compliance obligations in existence on the acquisition of the LTSB registrars business in 2007 for £2.5m was reversed during the year.
- A provision of £0.6m relating to the remaining potential balances payable on an acquisition in 2010 was reversed during the year.

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

27. SHARE CAPITAL AND SHARE PREMIUM

	Ordinary shares 2014	*Ordinary shares 2013*
In millions of shares		
On issue at 1 January – fully paid	5.0	5.0
On issue at 31 December – fully paid	5.0	5.0

	Share capital 2014 £m	Share premium 2014 £m	Total 2014 £m
Allotted, called up and fully paid			
Shares of £1 each	5.0	3.5	8.5
	5.0	3.5	8.5

Share capital comprises A, B, C, D and E ordinary share of £1 each. The A ordinary shares are primarily held by the holding company. The B, C, D and E shares are primarily held by senior management.

The B, C, D and E shares are entitled to share in the proceeds of a sale or a listing of the Group.

Each share has equal voting rights.

All shares are entitled to receive dividends from profits available for distribution pro rata to the nominal value of each share.

28. FINANCIAL INSTRUMENTS

Credit risk

The maximum exposure to credit risk at the reporting date was:

	Note	2014 £m	*2013 £m*
Derivatives used for hedging	17	0.2	*1.6*
Trade and other receivables	20	64.7	*56.7*
Cash and cash equivalents	21	30.1	*15.4*
		95.0	*73.7*

Credit risk mitigation

Trade and other receivables are due from primarily FTSE listed companies, their pension funds and major UK public bodies both of which historically have few occurrences of defaults in the past.

For cash, cash equivalents and derivative financial instruments, only banks and financial institutions with a minimum rating of A are accepted.

The ageing of trade receivables at the reporting date was:	2014 £m	*2013 £m*
Not past due	26.0	*16.5*
Past due 0–30 days	7.2	*5.6*
Past due 31–90 days	1.9	*1.6*
Past due more than 90 days	1.0	*0.6*
	36.1	*24.3*

Trade receivables not past due of £26.0m (2013: £16.5m) are all existing customers with no defaults in the past.

Based on historic performance of these contracts, the Group has made an impairment allowance of £0.1m (2013: £0.3m) in respect of trade receivables. Where impairment allowances are made these are for the full value of the impaired debt.

Group impairment losses	2014 £m	*2013 £m*
Balance at 1 January	0.3	*0.6*
New provisions made in year	0.1	*0.2*
Release against receivables written off	(0.3)	*(0.5)*
Balance at 31 December	0.1	*0.3*

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

28 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

The maximum exposure to liquidity risk at the reporting date was:

	Note	Carrying Amount 2014 £m	2013 £m
Trade and other payables	24	68.5	*49.0*
Employee benefits	25	0.4	*0.4*
Other financial liabilities	18	0.7	*1.0*
Derivatives used for hedging	18	0.4	*3.3*
Senior secured notes	23	440.0	*440.0*
Revolving credit facility	23	45.5	*–*
Equiniti Enterprises payment in kind ("PIK") facility	23	151.1	*135.0*
Unamortised cost of raising finance	23	(14.9)	*(17.8)*
Shares classified as debt	23	204.0	*188.9*
Non secured loan from related party	23	73.8	*68.3*
Non secured loan	23	2.0	*1.9*
		971.5	*870.0*

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 25.

The contractual cash flows including interest payments for the interest-bearing loans and borrowings and derivatives are shown in the table in this note 28, under interest rate risk below.

Liquidity risk mitigation

The Group regularly updates forecasts for cash flow and covenants to ensure it has sufficient funding available. The Group also has revolving credit facilities of an additional £29.5m available.

Capital risk

The Group's objectives when managing capital is to maximise shareholder value whilst safeguarding the Group's ability to continue as a going concern. Total capital is calculated as total equity as shown in the balance sheet, plus net debt. Net debt is calculated as the total of interest bearing loans and borrowings as shown in the balance sheet, less cash and cash equivalents.

Management of capital	2014 £m	2013 £m
Equity	(208.7)	*(184.0)*
Interest-bearing loans and borrowings	901.5	*816.3*
Cash and cash equivalents	(30.1)	*(15.4)*
	662.7	*616.9*

Interest rate risk

Interest bearing assets comprise cash and bank deposits, all of which earn interest at a variable rate.

£250m of the senior secured notes were issued at fixed interest rates. £190m are senior secured floating rate notes. Where the interest rate is variable at a margin over LIBOR, a swap has been taken out to fix this rate until October 2016. For the payment in kind facilities interest accrues at a variable rate at a margin over Libor and the Group policy is not to fix these as there is no cash flow in the immediate term.

The Group's policy is to maintain other borrowings at fixed rates to fix the amount of future interest cash flows.

Interest rate risk is managed across the Group's companies by monitoring its interest linked revenues.

The directors monitor the overall level of borrowings, leverage ratio and interest costs to limit any adverse effects on financial performance of the Group.

28. FINANCIAL INSTRUMENTS (CONTINUED)

Effective interest rates and repricing analysis

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

31 December 2013

Amount in £m's	Senior Secured Notes	Senior Secured Floating Rate Notes	Equiniti Enterprises PIK loan	Shares classified as Debt *	Total
Effective interest rate %	7.125%	6.25%	10.9%	8.0%	
Carrying amount	250.0	190.0	135.0	188.9	763.9
0–1 years	(17.0)	(11.4)	–	–	(28.4)
1–2 years	(17.8)	(11.9)	–	–	(29.7)
2–5 years	(303.5)	(225.7)	–	–	(529.2)
5 years and over	–	–	(239.3)	(249.9)	(489.2)
Total contracted cash flows	(338.3)	(249.0)	(239.3)	(249.9)	(1,076.5)

31 December 2014

Amount in £m's	**Senior Secured Notes**	**Senior Secured Floating Rate Notes**	**Equiniti Enterprises PIK loan**	**Shares classified as Debt ***	**Total**
Effective interest rate %	7.125%	6.25%	10.9%	8.0%	
Carrying amount	250.0	190.0	151.1	204.0	795.1
0–1 years	(17.0)	(11.4)	–	–	(28.4)
1–2 years	(17.9)	(11.9)	–	–	(29.8)
2–5 years	(285.6)	(213.8)	(239.3)	–	(738.7)
5 years and over*	–	–	–	(249.9)	(249.9)
Total contracted cash flows	(320.5)	(237.1)	(239.3)	(249.9)	(1,046.8)

* The shares classified as debt are redeemable on a change of control of the business but do not confer any rights of redemption nor any right to vote. They have the right to a fixed dividend of 8%. Unpaid dividends accrue and are compounded annually.

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

28. FINANCIAL INSTRUMENTS (CONTINUED)

The Equiniti Enterprises PIK loan is repayable in 2019 and has an interest rate of Libor plus 10.4%. Interest accrues and is compounded annually.

In addition, non current non secured loans with a carrying value of £58.5m (2013: £54.1m) including a loan to related parties of £56.4m (2013: £52.3m) with an interest rate of 8% are repayable on exit with a contracted cash flow of £85.9m (2013: £85.9m). Current non secured loans due to related parties of £17.3m (2013: £16.0m) with an interest rate of 8% are repayable on demand and have a contracted cash flow of £25.5m (2013: £25.5m).

The following tables indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur and are expected to impact the profit and loss;

31 December 2013		*Interest rate swaps*	
Amount in £m's	Assets	Liabilities	Total
Carrying Amount	1.6	(3.3)	**(1.7)**
Expected cash flows	1.5	(3.4)	**(1.9)**
6 months or less	(0.4)	0.3	**(0.1)**
6–12 months	(0.2)	0.2	**–**
1–2 years	0.5	(1.0)	**(0.5)**
2–5 years	1.6	(2.9)	**(1.3)**
Total contracted cash flows	**1.5**	**(3.4)**	**(1.9)**

		Interest rate swaps	
31 December 2014	Assets	Liabilities	Total
Carrying Amount	0.3	(0.5)	**(0.2)**
Expected cash flows	0.2	(0.5)	**(0.3)**
6 months or less	0.3	(0.6)	**(0.3)**
6–12 months	0.2	0.1	**0.3**
1–2 years	(0.3)	–	**(0.3)**
Total contracted cash flows	**0.2**	**(0.5)**	**(0.3)**

Interest rate liabilities relate to two separate swaps. The first hedges monthly interest payable on secured bank loans based on Libor against a fixed rate, the second hedges monthly fee income earned on funds under the administration of the group on bank base rate against a fixed rate which runs through to October 2016.

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 £1.7m, of which £1.4m is payable in kind on the PIK facility per annum and £0.2m is payable on the RCF, and give rise to an estimated increase in revenue across the Group of £0.8m, yielding a net reduction to equity of £0.7m after tax.

The sensitivity analysis above is calculated after taking account of the effect of the interest rate swaps the Group holds.

28. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2014.

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Derivatives used for hedging	–	0.2	–	0.2
Total assets	–	0.2	–	0.2
Liabilities				
Derivatives used for hedging		0.4	–	0.4
Total liabilities		0.4	–	0.4

There were no transfers between Levels during the year.

Valuation techniques used to derive Level 2 fair values

Level 2 hedging derivatives comprise solely interest rate swaps. These interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no changes in valuation techniques during the year.

The valuation technique used is a discounted cash flow model.

Group's valuation processes

The Group's finance department includes a team that monitors and obtains the valuations of financial assets and liabilities required for financial reporting purposes. This team ultimately reports to the Chief Financial Officer and the Audit Committee. Valuations are reviewed at least once every quarter, in line with the Group's quarterly reporting dates.

Fair value of financial assets and liabilities

There are no material differences between the carrying value of assets and liabilities and their fair value. The only financial instrument measured at fair value is the interest rate swap.

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

29. OPERATING LEASES

Future aggregate minimum lease payments relate primarily to the Group's premises and are payable as follows:

	2014 £m	*2013 £m*
Less than one year	4.6	*4.7*
Between one and five years	12.2	*10.7*
More than five years	8.0	*6.1*
	24.8	*21.5*

During the year £5.6m (2013: £5.4m) was recognised as an expense in the statement of comprehensive income in respect of operating leases.

30. RELATED PARTY TRANSACTIONS

During the year interest of £5.5m (2013: £5.1m) accrued on a loan bearing interest at 8% from Equiniti (Luxembourg) Sarl, leaving a balance outstanding at the year end of £74.4m (2013: £68.9m).

During the year interest of £0.1m (2013: £0.1m) accrued on a loan bearing interest at 8% from key management personnel, leaving a balance outstanding at the year end of £1.4m (2013: £1.3m).

Transactions with key management personnel

The compensation of key management personnel (including the directors) is as follows:	2014 £m	*2013 £m*
Key management emoluments including social security costs	2.8	*5.6*
Company contributions to money purchase pension plans	0.1	*0.1*
Compensation for loss of office	–	*2.0*
	2.9	*7.7*

Key management are the directors of the Group (includes non-executives), as well as the senior non-statutory director of each of the major subsidiaries, who have authority and responsibility to control, direct or plan the major activities within the Group.

As detailed in note 25, key management are entitled to subscribe for a combination of B, C, D and E ordinary shares. The value of shares held is as follows;

	2014 £m	*2013 £m*
Opening balance	0.3	*0.4*
Sales by key management	(0.2)	*(0.1)*
Closing balance	0.1	*0.3*

Advent International plc

See page 5 for information about the ultimate controlling party, Advent International plc. £0.1m (2013: £0.1m) has been paid to various companies of the ultimate parent company for services received.

31. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

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

32. POST BALANCE SHEET EVENTS

On 23 January 2015, the Group purchased the trade and assets of Selftrade for £17.7m in cash. The business provides an online share dealing platform for over 100,000 customers. The acquisition has been funded by drawing on the revolving credit facility.

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

33. RECONCILIATION OF (LOSS) / PROFIT TO CASH GENERATED FROM OPERATIONS

	2014 £m	2013 £m
Continuing operations		
Adjustments for:		
Loss before income tax	(38.7)	(61.7)
Depreciation and amortisation	40.7	36.5
Gain on disposal of associate	(9.8)	–
Share of profit of associates	(1.7)	(1.6)
Revaluation gain on investment	(4.9)	–
Finance income	(0.6)	(1.0)
Finance costs	72.4	79.1
Changes in working capital		
Increase in trade and other receivables	(1.2)	(7.7)
Increase in trade and other payables	0.4	13.9
(Decrease) / increase in provisions	(2.8)	0.3
Income tax (paid) / received	(2.6)	1.8
	51.2	59.6

	2014 £m	2013 £m
Discontinued operations		
Adjustments for:		
Profit for the year	–	3.7
Profit on disposal of subsidiaries	–	(3.7)
	–	–
	51.2	59.6

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP LIMITED

REPORT ON THE COMPANY FINANCIAL STATEMENTS

Our opinion

In our opinion, Equiniti Group Limited's Company 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 cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Equiniti Group Limited's financial statements comprise:

- the Company statement of financial position as at 31 December 2014;
- the Company statement of cashflows for the year then ended;
- the Company statement of changes in equity for the year then 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 the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union, and as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the directors have 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

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.

Directors' remuneration

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINITI GROUP LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the directors' responsibilities set out on page 67, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and 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.

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 directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' 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 Annual Report of the directors and Financial statements 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.

Other matter

We have reported seperately on the group financial statements of Equiniti Group Limited for the year ended 31 December 2014

Graham Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Gatwick
25 March 2015

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	2014 £m	2013 £m
Assets			
Non-current assets			
Investments in subsidiaries	8	8.5	8.5
Investments	9	11.0	6.1
Other financial assets	10	2.8	1.0
		22.3	15.6
Current assets			
Tax receivable		0.3	–
Other financial assets	10	–	7.8
Trade and other receivables	12	0.5	0.5
Cash and cash equivalents	13	2.6	3.0
		3.4	11.3
Total assets		25.7	26.9
Equity and liabilities			
Equity			
Share capital	14	5.0	5.0
Share premium	14	3.5	3.5
Retained earnings		3.3	(0.7)
Total equity		11.8	7.8
Liabilities			
Non-current liabilities			
Other financial liabilities	11	13.7	19.0
		13.7	19.0
Current liabilities			
Other financial liabilities	11	0.2	0.1
		0.2	0.1
Total liabilities		13.9	19.1
Total equity and liabilities		25.7	26.9

The notes on pages 129 to 136 form part of these financial statements.

These financial statements on pages 126 to 136 were approved by the board of directors on and were signed on its behalf by:

G Wakeley
Chief Executive

COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2014

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 January 2013	*5.0*	*3.5*	*–*	*8.5*
Loss after tax and total comprehensive income for the year	*–*	*–*	*(0.7)*	*(0.7)*
Balance at 31 December 2013	*5.0*	*3.5*	*(0.7)*	*(0.7)*
Balance at 1 January 2014	5.0	3.5	(0.7)	7.8
Profit after tax and total comprehensive income for the year	–	–	4.0	4.0
Balance at 31 December 2014	**5.0**	**3.5**	**3.3**	**11.8**

The notes on pages 129 to 136 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2014

	Note	2014 £m	*2013 £m*
Cash flows from operating activities			
Loss before tax		4.0	*(0.7)*
Adjustments for:			
Finance income		(5.5)	*(0.4)*
Financial expense		0.9	*1.1*
		(0.6)	*–*
Increase in trade and other receivables		–	*(0.3)*
Increase in other financial assets		(0.2)	*–*
		(0.8)	*(0.3*
Group relief paid		–	*0.1*
Net cash outflow from operating activities		(0.8)	*(0.2)*
Cash flows from investing activities			
Dividends received		0.4	*–*
Net cash inflow from investing activities		0.4	*–*
Cash flows from financing activities			
Loans from related parties		–	*(0.1)*
Loans to related parties		–	*(0.9)*
Net cash outflow from financing activities		–	*(1.0)*
Net decrease in cash and cash equivalents		(0.4)	*(1.2)*
Cash and cash equivalents at 1 January		3.0	*4.2*
Cash and cash equivalents at 31 December	13	2.6	*3.0*

The notes on pages 129 to 136 form part of these financial statements.

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

1 Accounting policies

Equiniti Group Limited (the "Company") is a limited company incorporated and domiciled in the UK. The principal activity of the Company is that of a holding company. The registered office is Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the going concern basis.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 19.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual statement of comprehensive income and related notes. The profit for the year was £4.0m (2013: loss of £0.7m).

Measurement convention

The financial statements are prepared on the historical cost basis.

Investments in subsidiaries

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

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 Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of financial position and the statement of cash flows.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Net finance costs

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

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 statement of comprehensive income on the date the entity's right to receive payments is established.

Taxation

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

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

1 Accounting policies (continued)

Taxation (continued)

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

A deferred tax asset 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) New and amended standards adopted by the company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2014 that would be expected to have a material impact on the company.

b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the company.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

2 Financial risk management

The Company 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 Group Limited group of companies (the "Group") including Equiniti Group Limited 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 Company. The Group Audit Committee is assisted in its oversight role by Internal Audit and Compliance Monitoring. Internal Audit and Compliance Monitoring undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty, including brokers, to a financial instrument fails to meet its contractual obligations.

Liquidity risk

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

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 Company's income or the value of its financial instruments.

The Company does not engage in holding speculative financial instruments or their derivatives. Further details in relation to financial risk management are contained in note 15 to these financial statements.

3 Capital risk management

Equiniti Group Limited is focused on delivering value for its shareholders whilst ensuring the Company is able to continue effectively as a going concern. Value adding opportunities to grow the business are continually assessed, although strict and careful criteria are applied.

4 Auditors' remuneration

Auditors' remuneration of £1,250 (2013: £1,250) was borne by a subsidiary company.

5 Staff numbers and costs

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

6 Directors' remuneration

The costs of the directors are borne by subsidiaries of the Company. There are no costs to the Company for their services.

7 Income tax credit

Recognised in the statement of comprehensive income

	2014 £m	*2013 £m*
Current tax credit for the Company		
Current year	(0.3)	*–*
Total tax in the statement of comprehensive income	(0.3)	*–*

Reconciliation of effective tax rate

	2014 £m	*2013 £m*
Profit / (loss) for the year	4.0	*(0.7)*
Total tax credit	(0.3)	*–*
Profit / (loss) excluding taxation	3.7	*–*
Tax using the UK corporation tax rate of 21.5% (2013: 23.25%)	0.8	*(0.2)*
Non-deductible expenses	(1.1)	*0.2*
Total tax credit	(0.3)	*–*

The standard rate of Corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly the Company's profits for this accounting year are taxed at an effective rate of 21.5%.

8 Investments in subsidiaries

The Company has the following investments in subsidiaries:

	2014 £m	*2013 £m*
Cost and net book value		
At beginning of year	8.5	*8.5*
At end of year	8.5	*8.5*

The directors consider the value of the investments to be supported by their underlying assets.
The Company has the following direct investments in subsidiaries:

Name of controlled entity	Country of Incorporation	Class shares held	Principal activities	Ownership 2014 %	Ownership 2013 %
Equiniti Enterprises Limited	UK	Ordinary	Holding company	100	*100*
Equiniti X2 Enterprises Limited	UK	Ordinary	Holding company	100	*100*

A more comprehensive listing of indirectly owned subsidiaries is provided in the consolidated financial statements of Equiniti Group Limited.

9 Investments

The Company has the following investments

	2014 £m	*2013 £m*
Shares held in Euroclear plc	11.0	*6.1*
	11.0	*6.1*

The shares were revaluaed at the end of 2014 to reflect the price paid by other shareholders of Euroclear plc in recent transactions.

10 Other financial assets

	2014 £m	2013 £m
Non-current		
Intercompany loan due from related parties	2.6	1.0
Accrued interest on loan due from related parties	0.2	–
	2.8	1.0

Interest on intercompany loans is charged at a rate equivalent to the average rate charged on the underlying loans in Equiniti NewCo 2 plc. The intercompany interest rate is currently 7.125% (2013: 7.125%). Amounts owed from group undertakings are unsecured and have no fixed date of repayment but will not be called upon in the next twelve months.

	2014 £m	2013 £m
Current		
Receivables due from related parties	–	7.8
	–	7.8

11 Other financial liabilities

	2014 £m	2013 £m
Non-current		
Intercompany loan due from related parties	12.2	18.3
Accrued interest on loan due from related parties	1.5	0.7
	13.7	19.0

Interest on intercompany loans is charged at a rate equivalent to the average rate charged on the underlying loans in Equiniti NewCo 2 plc. The intercompany interest rate is currently 7.125% (2013: 7.125%). Amounts owed to group undertakings are unsecured and have no fixed date of repayment but will not be called upon in the next twelve months.

	2014 £m	2013 £m
Current		
Amounts classified as other financial liabilities due to related parties	0.2	0.1
	0.2	0.1

12 Trade and other receivables

	2014 £m	*2013 £m*
Other receivables and prepayments	0.5	*0.5*
	0.5	*0.5*

13 Cash and cash equivalents

	2014 £m	*2013 £m*
Cash and cash equivalents per statement of financial position	2.6	*0.3*
Cash and cash equivalents per statement of cash flows	2.6	*0.3*

14 Share capital and reserves

In millions of shares	Ordinary shares 2014	*Ordinary shares 2013*
On issue at beginning of year	5.0	*5.0*
On issue at 31 December – fully paid	5.0	*5.0*

	Share capital 2014 £m	Share premium 2014 £m	Total 2014 £m	*Total 2014 £m*
Allotted, called up and fully paid				
Shares of £1 each	5.0	3.5	8.5	*8.5*
	5.0	3.5	8.5	*8.5*

15 Financial instruments

Credit risk

The maximum exposure to credit risk at the reporting date was:

In millions of shares	Note	Carrying amount 2014 £m	*Carrying amount 2013 £m*
Loans and receivables due from related parties	10	–	*7.8*
Trade and other receivables	12	0.5	*0.5*
Cash and cash equivalents	13	2.6	*3.0*
		3.1	*11.3*

Credit risk mitigation

No amounts were past due, the company holds no collateral as security. For cash and cash equivalents, only banks and financial institutions with a minimum rating of A are accepted.

Liquidity risk

The maximum exposure to liquidity risk at the reporting date was:

In millions of shares	Note	Carrying amount 2014 £m	*Carrying amount 2013 £m*
Payables to related parties	11	0.2	*0.1*
		0.2	*0.1*

Loans from related parties are repayable on demand.

Capital risk

The Company's objectives when managing capital is to maximise shareholder value whilst safeguarding the Company's ability to continue as a going concern. Total capital is calculated as total equity as shown in the balance sheet.

Management of capital	2014 £m	*2013 £m*
Equity	11.8	*7.8*
	11.8	*7.8*

16 Related party transactions

	2014 £m	*2013 £m*
Interest receivable from related parties during the year		
Company's subsidiaries	0.2	*0.3*
Interest payable to related parties during the year		
Company's subsidiaries	0.9	*1.1*
Amounts receivable from related parties at the balance sheet date		
Company's subsidiaries	2.8	*8.8*
Amounts payable to related parties at the balance sheet date		
Company's subsidiaries	13.9	*19.1*

17 Ultimate parent company and controlling party

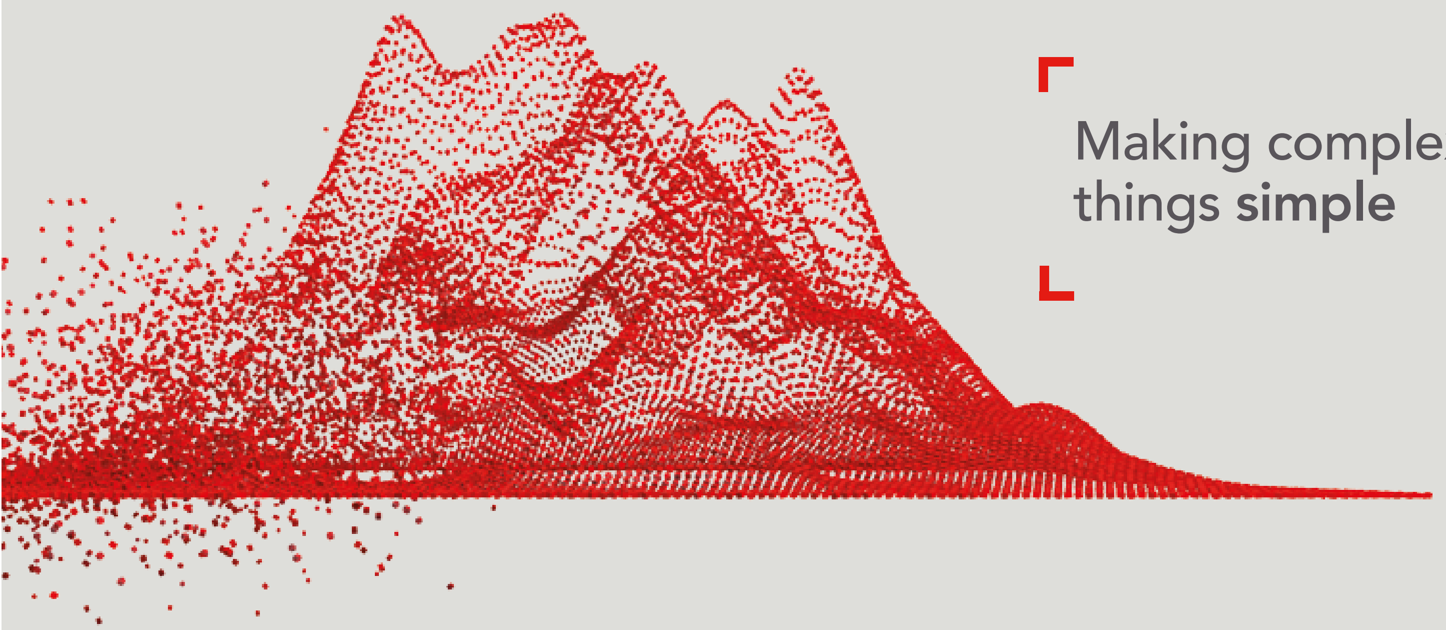
The Company is a wholly owned subsidiary of Equiniti (Luxemburg) Sarl, a company incorporated in Luxemburg. The ultimate controlling party relationship lies with the funds managed by Advent International Corporation, a group incorporated in the United States of America.

18 Post balance sheet event

There have been no events subsequent to the balance sheet date which require disclosure in, or adjustment to, the financial statements.

19 Accounting estimates and judgements

There are no accounting policies where the use of assumptions and estimates are determined to be significant to the financial statements.



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