

**Broadridge City Networks
(UK) Limited**

Report and Accounts
for the year ended

30th June 2010

Company number 2027256

THURSDAY



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COMPANIES HOUSE

BROADRIDGE CITY NETWORKS (UK) LIMITED**Directors**

A D Amsterdam
T P Carey
D J Kelly

Company secretary

TMF Corporate Administration Services Limited

Auditors

Rees Pollock
35 New Bridge Street
London
EC4V 6BW

Bankers

HSBC Bank plc
126 High Road
Ilford
Essex
IG1 1DA

Registered office

386 Salisbury House
London Wall
London
EC2M 5UP

BROADRIDGE CITY NETWORKS (UK) LIMITED**DIRECTORS' REPORT**

The directors present their report and accounts for the year ended 30th June 2010

Review of the business and future developments

The board is pleased to report another successful year. Turnover was £15,305,000 up by 4% on the previous year. The company is profitable and cash generative. At the year-end cash balances were £8,750,000.

The company was acquired by Broadridge Financial Solutions Limited and will form part of the Broadridge Securities Processing Solutions business going forward.

The group's principal activity during the year was the provision of computer software and services to the financial market place. The group intends to continue with its current activities and seek cross selling opportunities where possible.

Results and dividends

The group operating profit for the year ended 30th June 2010 was £1,024,000 (2009 *(restated)* £2,322,000).

The group reported a profit on ordinary activities after taxation for the year of £1,634,000 (2009 *(restated)* £1,692,000).

The directors do not recommend a final dividend for the year (2009 £0 23p per share, £238,000).

Name change

The company changed its name from City Networks Limited with effect from 22nd June 2010.

Overseas activities

The Broadridge City Networks (UK) Limited group includes subsidiaries which are incorporated in the United States, Singapore, Hong Kong and Japan together with branches in Australia and South Africa. Further details are given in note 8 to the accounts.

Financial risk management objectives and policies

The group has operations and clients in overseas countries and is exposed to foreign exchange risks on its assets, liabilities and trade. The group does not currently use derivative financial instruments to manage its foreign exchange risk.

The group is exposed to credit risk on its trade debtors and cash balances.

Trade debt is monitored on a monthly basis by local management.

Cash balances are placed on a short-term basis with institutions that the group board has approved with a view to maximising interest having regard to the security of the investment.

Directors' and officers insurance

The company maintains directors' and officers' insurance which provides an indemnity against liabilities incurred by the directors and officers in connection with claims made by third parties against the directors or officers in their capacity as directors and officers.

Research and development

Expenditure on developing the group's software products was £2,660,000 (2009 *(restated)* £2,424,000).

BROADRIDGE CITY NETWORKS (UK) LIMITED**DIRECTORS' REPORT**

(continued)

Directors

R Hill, P F A Nash, M J W Dutton, A M Herrtage, A F Howlin, P C Little, M J W Potter and J A Zimmerman resigned and A D Amsterdam, T P Carey and D J Kelly were appointed as directors of the company on 19th June 2010

M J W Potter resigned as company secretary and TMF Corporate Administration Services Limited were appointed on the same date

Charitable and political donations

The group made charitable donations amounting to £1,000 (2009 £1,801) during the year

Auditors

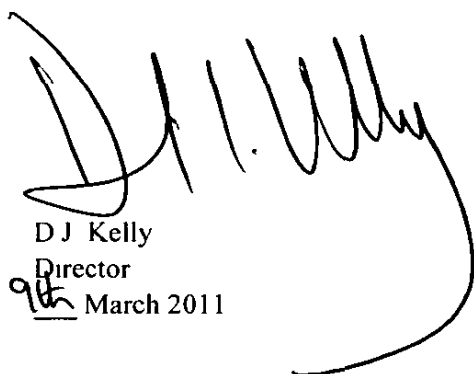
Each of the persons who is a director at the date of approval of this annual report confirms that

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- The director has taken all steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Rees Pollock will resign as auditors at the end of their term of office and Grant Thornton will be appointed in succession

ON BEHALF OF THE BOARD



DJ Kelly
Director
9th March 2011

BROADRIDGE CITY NETWORKS (UK) LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the group and parent company accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied they give a true and fair view of the state of the affairs of the company and of the group and of the profit or loss of the group for that year.

In preparing these accounts, the directors are required to

- Select suitable accounting policies, as described on pages 9 to 11, and then apply them consistently,
- Make judgements and accounting estimates that are reasonable and prudent,
- State whether applicable UK Accounting Standards have been followed,
- Prepare the accounts on the going concern basis unless it is inappropriate to presume 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 to enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REES POLLOCK***Chartered Accountants*

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London EC4V 6BW
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BROADRIDGE CITY NETWORKS (UK) LIMITED**

We have audited the group and parent company financial statements ('the financial statements') of Broadridge City Networks (UK) Limited for the year ended 30th June 2010 on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's and Group's affairs as at 30th June 2010 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Jonathan Munday (Senior statutory auditor)
for and on behalf of Rees Pollock, Statutory Auditor

9 March 2011

BROADRIDGE CITY NETWORKS (UK) LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30th JUNE 2010

	Notes	2010 £'000	2009 (as restated) £'000
Turnover	1(d)	15,305	14,730
Operating expenses		<u>(14,281)</u>	<u>(12,408)</u>
Operating profit	2	1,024	2,322
Share of profit/(loss) of associate less amortisation of goodwill	9	23	(32)
Interest receivable		<u>93</u>	<u>219</u>
Profit on ordinary activities before tax		1,140	2,509
Tax on ordinary activities	4	<u>494</u>	<u>(817)</u>
Profit on ordinary activities after taxation		<u>1,634</u>	<u>1,692</u>

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		2010 £'000	2009 £'000
Profit for the financial year attributable to members of the parent company		1,634	1,692
Foreign currency transaction differences		<u>186</u>	<u>(89)</u>
Total recognised gains and losses relating to the year		1,820	<u>1,603</u>
Prior year adjustments	19	<u>(415)</u>	
Total gains and losses recognised since the last annual report and financial statements		<u>1,405</u>	

There is no difference between the results as shown above and the results on an unmodified historical cost basis

The results for the year reflect the continuing activities of the group

The notes on pages 9 to 22 form part of these accounts

BROADRIDGE CITY NETWORKS (UK) LIMITED

BALANCE SHEET AT 30th JUNE 2010

	Notes	The Group		The Company	
		2010	2009 (as restated)	2010	2009 (as restated)
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7	159	173	103	144
Investment in subsidiary undertakings	8	—	—	140	140
Investment in associate undertaking	9	204	181	250	250
		363	354	493	534
Current assets					
Debtors	10	4,084	2,071	3,506	1,530
Cash at bank and in hand		8,750	6,432	7,300	5,102
		12,834	8,503	10,806	6,632
Creditors: amounts falling due within one year	11	(6,409)	(5,483)	(9,811)	(7,442)
Net current assets/(liabilities)		6,425	3,020	995	(810)
Total assets less current liabilities		6,788	3,374	1,488	(276)
Capital and reserves					
Called up share capital	12	13	13	13	13
Capital redemption reserve	13	13	13	13	13
Other reserve	13	(4,033)	(4,033)	(4,033)	(4,033)
Own shares	13	—	(3,089)	—	(3,089)
Profit and loss account	13	10,795	10,470	5,495	6,820
Equity shareholders' funds	13	6,788	3,374	1,488	(276)

The accounts on pages 6 to 22 were approved on behalf of the board of directors on 9th March 2011 and are signed on its behalf by


DJ Kelly
Director

Broadridge City Networks (UK) Limited (Registered No 2027256)

The notes on pages 9 to 22 form part of these accounts

BROADRIDGE CITY NETWORKS (UK) LIMITED**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30th JUNE 2010**

	Notes	2010 £'000	2009 £'000
Net cash inflow from operating activities	17	1,825	3,684
Returns on investments and servicing of finance			
Interest received		93	219
Taxation		(909)	(973)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(110)	(428)
Equity dividends paid		<u>(238)</u>	<u>(195)</u>
Net cash inflow before financing		661	2,307
Financing			
Proceeds from exercise of options and sale of shares		<u>1,471</u>	<u>—</u>
Increase in cash in the year	18	<u>2,132</u>	<u>2,307</u>

The notes on pages 9 to 22 form part of these accounts

BROADRIDGE CITY NETWORKS (UK) LIMITED**NOTES TO THE ACCOUNTS AT 30th JUNE 2010****1. Accounting policies**

A summary of the principal accounting policies, which have been applied consistently, is set out below

(a) Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom

The group policy on research and development was changed during the year (see notes 1(e) and note 19) In all cases, development expenditure is now written off as incurred

(b) Basis of consolidation

The group accounts consolidate the accounts of Broadridge City Networks (UK) Limited and all its subsidiary undertakings made up to 30th June each year No profit and loss account is presented for Broadridge City Networks (UK) Limited as provided by s 408 of the Companies Act 2006

In the group accounts investments in associates are accounted for using the equity method The consolidated profit and loss account includes the share of the group's share of associates' profits less losses while the group's share of the net assets of the associates is shown in the consolidated balance sheet Goodwill arising on the acquisition of associates, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised as part of the carrying value of investments in associates in the consolidated balance sheet The goodwill is written off on a straight-line basis over its useful economic life, which the directors assess to be twenty years No amortisation is charged in the year of acquisition

The carrying value of goodwill arising on the acquisition of associates is reviewed for impairment where events or changes in circumstances indicate that the carrying value may not be recoverable

(c) Going concern

The company's business activities and principal risks are set out in the directors' report on page 2

A high proportion of the company's revenue is recurring revenue from rentals or maintenance of software licensed to well-established clients in the financial sector The directors believe that the company is well placed to manage its business risks despite the current economic uncertainty and has adequate financial resources to continue in operational existence for the foreseeable future

The directors have therefore continued to apply the going concern basis of accounting in the preparation of the report and accounts

BROADRIDGE CITY NETWORKS (UK) LIMITED**NOTES TO THE ACCOUNTS AT 30th JUNE 2010****1. Accounting policies (continued)****(d) Turnover**

Revenue on the sale of software rights is recognised as turnover when the installation of the related system is complete and accepted by the client. Prior to completion, deposits paid or payable by customers are treated as deferred income.

Revenue in respect of maintenance contracts is recognised on a straight-line basis over the life of the contract. Unrecognised revenue is included in deferred income.

No segmental analysis has been provided as, in the opinion of the directors, its disclosure would be seriously prejudicial to the interests of the company.

(e) Research and development

The group has changed its policy on research and development. In all cases, expenditure on research and development is written off as incurred. Previously, any identifiable expenditure where the directors were satisfied as to the technical commercial and financial viability of individual projects was deferred and then amortised once the project was available for sale.

(f) Foreign currencies*Company*

Transactions in foreign currencies during the year are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Group

The results for the year of overseas subsidiary undertakings are translated into sterling at average rates for the year. Exchange differences arising on the translation into sterling at year-end rates of the opening net assets and results of overseas subsidiary undertakings are reported in the statement of total recognised gains and losses and taken to reserves. All other exchange differences are taken to the profit and loss account.

(g) Share based payments

The group has awarded share options to certain employees. These share-based payments have been measured at fair value at the date of grant and the fair value has been expensed on a straight-line basis over the vesting period allowing for an estimated number of leavers in each year. Fair value has been estimated using the Black Scholes option-pricing model, taking into account the exercise price of the option, an estimated market price for the shares, risk-free interest rates at the date of grant and the expected volatility of the company's share price over the life of the option.

BROADRIDGE CITY NETWORKS (UK) LIMITED**NOTES TO THE ACCOUNTS AT 30th JUNE 2010****1. Accounting policies (continued)****(h) Dividends**

Interim and final dividends are recognised in the year in which they are paid. Approval of the report and accounts by the board of directors will, in the absence of an Annual General Meeting, be approval of the payment of any dividend.

(i) Tangible fixed assets

All tangible fixed assets are reported at original cost less aggregate depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

Software – third party products	–	over 3 years
Plant and machinery	–	over 3 years
Furniture and fittings	–	over 3 years
Refurbishment	–	over 5 years

The company has written off all previously capitalised software in compliance with the accounting policies of the Broadridge group (see notes 1(e) and 19).

(j) Taxation

The charge for taxation is based on the results for the year and takes into account deferred taxation. Deferred tax is provided in full, without discounting, on all timing differences except those expressly excluded by FRS 19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recoverable.

(k) Pensions

The company operates two defined contribution pension schemes. Contributions to these schemes are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

(l) Investments in subsidiary undertakings

In the company balance sheet, investments in subsidiary and associated undertakings are carried at historical cost less provision for permanent diminution in value.

(m) Leasing commitments

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

BROADRIDGE CITY NETWORKS (UK) LIMITED**NOTES TO THE ACCOUNTS AT 30th JUNE 2010****2. Operating profit**

This is stated after charging

	2010	The Group
	£'000	2009
		<i>(as restated)</i>
Research and development expenditure written off	2,660	2,424
Auditors' remuneration (see below)	77	79
Depreciation of owned fixed assets	126	161
Operating lease rentals – land and buildings	645	742
Share based payments	361	32
Goodwill amortisation	14	14

	2010	The Group
	£'000	2009
		£'000
Directors' remuneration		
Aggregate emoluments	1,024	877
Company pension contributions to money purchase schemes	35	40
Highest paid director		
Aggregate emoluments	222	174
Company pension contributions to money purchase schemes	6	20

Retirement benefits are accruing to the five UK-based executive directors under money purchase pension schemes. The directors exercised all of their share options during the year (2009 nil)

No emoluments were waived during this or the previous year

	2010	The Group
	£'000	2009
		£'000
Auditors' remuneration		
Fees payable to the company's auditors for the audit of the company's annual accounts	28	24
Fees payable to the company's auditors for other services to the group		
– tax services	4	4
– other services	6	–
	38	28
Fees payable to audit firms unconnected with the company's auditors for other services to the group		
– the audit of the company's subsidiaries pursuant to legislation	28	31
– taxation services	10	12
– other services	1	8
	39	51
Aggregate consolidated auditors' remuneration	77	79

BROADRIDGE CITY NETWORKS (UK) LIMITED**NOTES TO THE ACCOUNTS AT 30th JUNE 2010****3. Staff costs**

	2010	The Group
	£'000	2009
		£'000
Salaries	7,507	6,939
Social security costs	726	658
Other pension costs	472	428
	<u>8,705</u>	<u>8,025</u>

The average number of employees during the year was as follows

United Kingdom	94	98
United States	13	12
Singapore	11	11
Australia	5	5
Hong Kong	4	5
Japan	6	6
	<u>133</u>	<u>137</u>

4. Tax on profit on ordinary activities**(a) Analysis of the tax (credit)/charge for the year on the profit on ordinary activities**

	2010	The Group
	£'000	2009
		£'000
Current tax		
UK corporation tax on profit for the year	–	252
Foreign tax		
Foreign tax on profit for the year	417	565
Tax overprovided in previous years		
– UK corporation tax	(121)	–
– Foreign tax	(76)	–
	<u>220</u>	<u>817</u>
Total current tax		
Deferred tax	(714)	–
	<u>(494)</u>	<u>817</u>
Current tax charge		

BROADRIDGE CITY NETWORKS (UK) LIMITED**NOTES TO THE ACCOUNTS AT 30th JUNE 2010****4. Tax on profit on ordinary activities (continued)****(b) Factors affecting tax charge for the year**

The tax assessed for the year is greater than that expected at the standard rate of UK corporation tax of 28%. The differences are explained below

	2010	The Group
	£'000	2009
		£'000
		<i>(as restated)</i>
Profit on ordinary activities before tax	1,140	2,509
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	319	703
Expenses not deductible for tax purposes	42	(15)
Effect of share option exercise	(688)	–
Tax over provided in prior years	(197)	(48)
Profits taxed at rates other than the UK standard rate	(56)	93
Taxable losses carried forward	855	–
Other temporary timing differences	(55)	–
Effect of prior year adjustment	–	84
Current tax charge 4(a)	220	817

The Group taxes its profits primarily in the United Kingdom. Therefore the tax rate used for tax on ordinary activities is the standard rate of UK corporation tax, currently 28%. The Group's overseas tax rates differ from those in the UK primarily due to profits in Singapore and Hong Kong being taxed at rates of 9% and 16% respectively.

5. Dividend

	2010	The Group
	£'000	2009
		£'000
<i>Amounts recognised as distributions to equity holders in the period</i>		
Final dividend for the year ended 30 June 2009 of 23 pence (2008 19 pence) per share	238	195
<i>Recommended dividends not recognised as a liability</i>		
Proposed final dividend for the year ended 30 th June 2010 of nil (2009 23 pence) per share	–	238

Dividends in respect of those shares held by the ESOP trust will be waived

6. Post balance sheet events

With effect from 1st July 2010, the company sold its entire interest in Broadridge City Networks (US) Inc to Broadridge Securities Processing Solutions Inc, a fellow group company.

BROADRIDGE CITY NETWORKS (UK) LIMITED

NOTES TO THE ACCOUNTS AT 30th JUNE 2010

7. Tangible fixed assets

Group	Software £'000	Plant & machinery £'000	Furniture & fittings £'000	Refurbishment £'000	Total £'000
Cost					
At 1 st July 2009, <i>as restated</i>	461	879	258	236	1,834
Exchange	6	59	15	—	80
Additions	22	57	28	—	107
Disposals	(4)	(76)	—	—	(80)
At 30 th June 2010	485	919	301	236	1,941
Depreciation					
At 1 st July 2009	413	807	232	209	1,661
Exchange	5	57	13	—	75
Provided in the year	24	60	15	27	126
Disposals	(4)	(76)	—	—	(80)
At 30 th June 2010	438	848	260	236	1,782
Net book value					
At 30 th June 2010	47	71	41	—	159
At 30 th June 2009, <i>as restated</i>	48	72	26	27	173
Company	Software £'000	Plant & machinery £'000	Furniture & fittings £'000	Refurbishment £'000	Total £'000
Cost					
At 1 st July 2009, <i>as restated</i>	427	525	167	236	1,355
Additions	22	30	3	—	55
At 30 th June 2010	449	555	170	236	1,410
Depreciation					
At 1 st July 2009	389	460	154	208	1,211
Provided in the year	21	41	6	28	96
At 30 th June 2010	410	501	160	236	1,307
Net book value					
At 30 th June 2010	39	54	10	—	103
At 30 th June 2009, <i>as restated</i>	38	65	13	28	144

BROADRIDGE CITY NETWORKS (UK) LIMITED**NOTES TO THE ACCOUNTS AT 30th JUNE 2010****8. Investments in subsidiary undertakings**

	The Company	
	2010	2009
	£'000	£'000
Cost of subsidiary undertakings	140	140

Name of subsidiary	Activity	Country of incorporation	% Owned
Broadridge City Networks (Europe) Limited	Dormant	United Kingdom	100
Broadridge City Networks (Trustees) Limited	Dormant	United Kingdom	100
Broadridge City Networks (US) Inc	Computer software	United States	100
Broadridge City Networks Asia Pacific (Singapore) Limited	Computer software	Singapore	100
Broadridge City Networks Asia Pacific (Hong Kong) Limited	Computer software	Hong Kong	100
Broadridge City Networks Asia Pacific (Japan) Limited	Computer software	Japan	100

All the above subsidiary undertakings have share capital consisting solely of ordinary shares

After the year end, Broadridge City Networks (US) Inc was sold to another group company (see note 6)

9. Investment in associate undertaking

	Goodwill	The Group Share of net assets	Total
	£'000	£'000	£'000
At 1 st July 2009	257	(76)	181
Amortisation	(14)	—	(14)
Share of profit for the year	—	37	37
At 30 th June 2010	243	(39)	204

	The Company Cost
	£'000
At 1 st July 2009 and 30 th June 2010	250

The company holds 25% of the issued ordinary share capital of Message Automation Limited, a company incorporated in the United Kingdom. The Group's share of the position and results of Message Automation Limited was

	2010	2009
	£'000	£'000
Turnover	261	164
Profit/(loss) before tax	37	(18)
Fixed assets	1	1
Current assets	78	38
Liabilities due within one year	56	53

BROADRIDGE CITY NETWORKS (UK) LIMITED**NOTES TO THE ACCOUNTS AT 30th JUNE 2010****10. Debtors**

	The Group		The Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Trade debtors	2,389	1,420	2,160	1,091
Corporation tax	398	—	245	—
Deferred tax	714	—	714	—
Other debtors and prepayments	583	651	387	439
	4,084	2,071	3,506	1,530

Deferred tax is provided as follows

Group and company	Tax losses available £'000
At 1 st July 2009	—
Credited to profit and loss account (note 4)	714
At 30 th June 2010	714

11. Creditors: amounts falling due within one year

	The Group		The Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Trade creditors	575	392	557	389
Corporation tax	200	490	4	247
Other taxes and social security costs	675	216	579	189
Other creditors and accruals	1,725	1,010	1,101	786
Deferred income	3,234	3,375	2,589	2,491
Amounts due to group companies	—	—	4,981	3,340
	6,409	5,483	9,811	7,442

12. Called up share capital

All shares are ordinary shares with a nominal value of 1p

The company	Number	Nominal value	Number	Nominal value
	2010	2010	2009	2009
		£'000		£'000
Authorised	50,000,000	500	50,000,000	500
Allotted, called up and fully paid	1,311,361	13	1,311,361	13

Details of options over issued share capital are given in note 13

BROADRIDGE CITY NETWORKS (UK) LIMITED

NOTES TO THE ACCOUNTS AT 30th JUNE 2010

13. Reconciliation of shareholders' funds and movements on reserves

a. The Group	Share capital £'000	Capital redemption reserve £'000	Other reserve £'000	Own shares reserve £'000	Profit and loss account £'000	Total £'000
At 1 st July 2009, <i>as previously stated</i>	13	13	(4,033)	(3,089)	10,885	3,789
Prior year adjustment (note 19)	—	—	—	—	(415)	(415)
At 1 st July 2009, <i>as restated</i>	13	13	(4,033)	(3,089)	10,470	3,374
Exercise of options and sale of shares	—	—	—	3,089	(1,618)	1,471
Profit for the year	—	—	—	—	1,634	1,634
Equity dividends paid (note 6)	—	—	—	—	(238)	(238)
Exchange difference	—	—	—	—	186	186
Share based payments	—	—	—	—	361	361
At 30 th June 2010	13	13	(4,033)	—	10,795	6,788

	Share capital £'000	Capital redemption reserve £'000	Other reserve £'000	Own shares reserve £'000	Profit and loss account £'000	Total £'000
At 1 st July 2008, <i>as previously stated</i>	13	13	(4,033)	(3,089)	9,143	2,047
Prior year adjustment (note 19)	—	—	—	—	(113)	(113)
At 1 st July 2008, <i>as restated</i>	13	13	(4,033)	(3,089)	9,030	1,934
Profit for the year, <i>as restated</i>	—	—	—	—	1,692	1,692
Equity dividends paid (note 6)	—	—	—	—	(195)	(195)
Share based payments	—	—	—	—	32	32
Exchange difference	—	—	—	—	(89)	(89)
At 30 th June 2009, <i>as restated</i>	13	13	(4,033)	(3,089)	10,470	3,374

BROADRIDGE CITY NETWORKS (UK) LIMITED

NOTES TO THE ACCOUNTS AT 30th JUNE 2010

13. Reconciliation of shareholders' funds and movements on reserves (continued)

b The Company	Share capital £'000	Capital redemption reserve £'000	Other reserve £'000	Own shares reserve £'000	Profit and loss account £'000	Total £'000
At 1 st July 2009, <i>as previously stated</i>	13	13	(4,033)	(3,089)	7,235	139
Prior year adjustment (note 19)	—	—	—	—	(415)	(415)
At 1 st July 2009, <i>as restated</i>	13	13	(4,033)	(3,089)	6,820	(276)
Exercise of options and sale of shares	—	—	—	3,089	(1,618)	1,471
Profit for the year	—	—	—	—	170	170
Share based payments	—	—	—	—	361	361
Equity dividends paid (note 6)	—	—	—	—	(238)	(238)
At 30 th June 2010	13	13	(4,033)	—	5,495	1,488
	Share capital £'000	Capital redemption reserve £'000	Other reserve £'000	Own shares reserve £'000	Profit and loss account £'000	Total £'000
At 1 st July 2008, <i>as previously stated</i>	13	13	(4,033)	(3,089)	7,060	(36)
Prior year adjustment (note 19)	—	—	—	—	(113)	(113)
At 1 st July 2008, <i>as restated</i>	13	13	(4,033)	(3,089)	6,947	(149)
Profit for the year, <i>as restated</i>	—	—	—	—	36	36
Equity dividends paid (note 6)	—	—	—	—	(195)	(195)
Share based payments	—	—	—	—	32	32
At 30 th June 2009, <i>as restated</i>	13	13	(4,033)	(3,089)	6,820	(276)

The profit dealt with in the accounts of the parent company is £170,000 (2009 *restated*) £36,000)

The other reserve represents the excess payment from capital over distributable reserves resulting from the MBO which took place in 2001

BROADRIDGE CITY NETWORKS (UK) LIMITED

NOTES TO THE ACCOUNTS AT 30th JUNE 2010

14. Own shares reserve

	2010 £'000	The Group 2009 £'000	2010 £'000	The Company 2009 £'000
Cost of shares	—	3,089	—	3,089

On 19th June 2010 the group was acquired by Broadridge Financial Solutions Limited. In prior years the group's own shares reserve represented shares held in Broadridge City Networks (UK) Limited by Praxis Trustees Limited as trustee for Broadridge City Networks (UK) Limited ESOP trust.

Dates exercisable	Exercise price	No of shares at 1 st July 2009	Cancellations	Shares sold	Options exercised	No of shares at 30 th June 2010
May 2005 – May 2011	£4 00	56,384	—	—	(56,384)	—
February 2006 – February 2012	£5 50	37,000	—	—	(37,000)	—
September 2007 – September 2013	£5 50	45,000	—	—	(45,000)	—
December 2008 – December 2014	£6 00	14,000	—	—	(14,000)	—
September 2009 – September 2015	£5 75	22,000	—	—	(22,000)	—
March 2012 * – March 2018	£5 75	64,851	(3,000)	—	(61,851)	—
April 2012 * – April 2018	£5 75	24,241	—	—	(24,241)	—
Not under option	—	15,010	3,000	(18,010)	—	—
At 30 th June 2010		278,486	—	(18,010)	(260,476)	—

* On the acquisition of the Company by Broadridge Financial Solutions Limited, the earliest exercise date for these options was accelerated to 19th June 2010. As this change related to a non-market vesting condition it has been accounted for as an acceleration in the associated equity-settled share-based payment charge rather than a modification of the original grant.

Dates exercisable	Exercise price	No of shares at 1 st July 2007	Cancellations/ sold	Options granted	Options exercised	No of shares at 30 th June 2009
May 2005 – May 2011	£4 00	56,384	—	—	—	56,384
February 2006 – February 2012	£5 50	37,000	—	—	—	37,000
September 2007 – September 2013	£5 50	45,000	—	—	—	45,000
December 2008 – December 2014	£6 00	14,000	—	—	—	14,000
September 2009 – September 2015	£5 75	34,000	(12,000)	—	—	22,000
March 2012 – March 2018	£5 75	64,851	—	—	—	64,851
April 2012 – April 2018	£5 75	24,241	—	—	—	24,241
Not under option	—	3,010	12,000	—	—	15,010
At 30 th June 2009		278,486	—	—	—	278,486

All expenses incurred by the scheme are settled directly by the company and are charged in the accounts as incurred. The total equity settled share based payment was £361,000 (2009 £32,000).

On acquisition the options held by employees over shares in the Employer Share Ownership Plan ('the ESOP') were exercised and then acquired by Broadridge Financial Solutions Limited. Those shares not subject to option were either awarded to certain employees for immediate sale to Broadridge Financial Solutions Limited or sold by the ESOP and the proceeds awarded to certain employees. The equity-settled share-based payment charge resulting from the award of shares to employees was £268,000 (2009 £nil).

BROADRIDGE CITY NETWORKS (UK) LIMITED**NOTES TO THE ACCOUNTS AT 30th JUNE 2010****15. Other financial commitments**

At 30th June 2010 the group had annual commitments under non-cancellable operating leases on buildings which expire over the periods set out below

	2010	2009
	£'000	£'000
Within one year	342	394
Within two to five years	225	110
After more than five years	78	84
	<u>645</u>	<u>588</u>

16. Pension commitments

The company operates defined contribution pension schemes for its directors and employees. The assets of the schemes are held separately from those of the company in independently administered funds.

17. Reconciliation of operating profit to operating cash flows

	2010	2009
	£'000	£'000
Operating profit	1,024	2,624
Depreciation	126	161
Share based payments	361	32
Increase in debtors	(902)	395
Increase in creditors	1,216	472
Net cash inflow from operating activities	<u>1,825</u>	<u>3,684</u>

18. Reconciliation of net cash flow to movement in net debt

	2010	2009
	£'000	£'000
Increase in cash in the year	2,132	2,307
Exchange differences	186	(89)
Opening cash balance	6,432	4,214
Closing cash balance	<u>8,750</u>	<u>6,432</u>

BROADRIDGE CITY NETWORKS (UK) LIMITED**NOTES TO THE ACCOUNTS AT 30th JUNE 2010****19. Prior year adjustments**

The policy on research and development was changed during the year to comply with the Broadridge group. The board has adopted a policy of writing off all expenditure on research and development as incurred.

Previously, any identifiable expenditure where the directors were satisfied as to the technical commercial and financial viability of individual projects was deferred and then amortised once the project was available for sale.

The prior year adjustments arising from this change in accounting policy have been reflected in this report and accounts as follows:

Group	As originally disclosed £'000	Prior year adjustment £'000	As restated £'000
Fixed assets	588	(415)	173
Profit and loss account			
At 30 th June 2008	9,143	(113)	9,030
Profit for the year	1,994	(302)	1,692
At 30 th June 2009	10,885	(415)	10,470
Operating expenses	12,106	302	12,408
Research and development	2,122	302	2,424
Company	As originally disclosed £'000	Prior year adjustment £'000	As restated £'000
Fixed assets	559	(415)	144
Profit and loss account			
At 30 th June 2008	7,060	(113)	6,947
Profit for the year	338	(302)	36
At 30 th June 2009	7,235	(415)	6,820

20. Related party transactions

The directors holding shares at the dividend date received dividends on their shares amounting in total to £194,000 (2009 £160,000).

During the year the company made sales to Message Automation Limited ('MAL') (see note 9) of £6,000 (2009 £nil) and made purchases from MAL of £212,000 (2009 £23,000).

21. Ultimate controlling party

The directors are of the opinion that R Hill was the ultimate controlling party until 19th June 2010, after which point Broadridge Financial Solutions Inc of 1981 Marcus Avenue, Lake Success, New York, NY 11042, USA, became the ultimate controlling party.