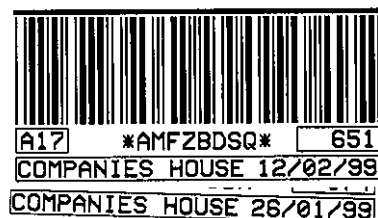


Computershare Services plc  
(formerly Corporate Registry Services PLC)

Report and accounts  
for the period ended 30 June 1998

Registered number: 03498808



# Directors' report

For the six month period ended 30 June 1998

The directors present their first report on the affairs of the company, together with the accounts and auditors' reports, for the six month period ended 30 June 1998.

## Principal activities

The principal activities of the company during the period were the provision of computer share registry bureau services and the operation and maintenance of share registers.

## Business review

The company was initially incorporated as Corporate Registry Services PLC as at 20 January 1998. The registry business of The Royal Bank of Scotland plc was acquired by the company at the effective date of 1 January 1998. This purchased business has a 30% share of the registry market in the United Kingdom and hence a solid base on which to expand the company has been established.

## Future developments

The company will continue to consolidate and enhance its position in its chosen markets.

## Introduction of the EURO

The directors have reviewed the position and are satisfied that the company is well placed to deal with the effects of the introduction of the Euro.

## Year 2000

The directors are of the opinion that the company is fully prepared for any possible year 2000 problems.

## Results and dividends

The accounts for the period ended 30 June 1998 are set out on pages 5 to 15. The company profit for the period, after taxation, was £ 541,667.

The directors do not recommend the payment of a dividend.

## Directors

The directors who served during the period were as follows:

J G Leiper	(appointed 15 January 1998)
P R Allen	(appointed 20 March 1998)
I S Robertson	(appointed 20 March 1998)
P MacLagan	(appointed 20 March 1998)
T V Morrison	(appointed 20 March 1998)
A N Wales	(appointed 19 February 1998)
C Holleyoak	(appointed 13 January 1998)

The directors have no interests in shares of the company.

## Directors' report (continued)

### Directors' responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. 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.

### Supplier payment policy

The company's policy is to settle terms of payment with suppliers when the relationship is established, to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the company at 30 June 1998 were equivalent to 30 days purchases, based on the average daily amount invoiced by suppliers during the period.

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

## Directors' report (continued)

### Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings and the company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

### Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

7th Floor  
Jupiter House  
Triton Court  
14 Finsbury Square  
London  
EC2A 1BR

By order of the Board,



A N Wales  
Director



J G Leiper  
Director

17 November 1998

## Auditors' report

Bristol

To the Shareholders of Computershare Services plc:

We have audited the accounts on pages 5 to 15 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 7 to 8

### Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

### Basis of opinion

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

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

### Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30 June 1998 and of the company's profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

Broad Quay House  
Broad Quay  
Bristol  
BS1 4DJ

17 November 1998

## Profit and loss account

For the six month period ended 30 June 1998

	Note	1998 £
Turnover	1	24,703,543
Cost of sales		<u>(15,108,473)</u>
Gross profit		9,595,070
Administration expenses		<u>(8,216,008)</u>
Operating profit		1,379,062
Interest payable and similar charges	2	<u>(78,309)</u>
Profit on ordinary activities before taxation	3	1,300,753
Tax on profit on ordinary activities	5	<u>(759,086)</u>
Profit on ordinary activities after taxation		
being retained profit for the financial period		<u>541,667</u>

The accompanying notes are an integral part of this profit and loss account.

There are no recognised gains or losses in the period other than the profit for the period.

All of the company's turnover and operating profit has arisen from the share registry business which was acquired at the effective date of 1 January 1998.

# Company balance sheet

30 June 1998

	Note	1998 £
<b>Fixed assets</b>		
Tangible assets	6, 7	6,545,410
		<u>6,545,410</u>
<b>Current assets</b>		
Stocks	8	1,140,898
Debtors		
- due within one year	9	17,015,589
- due after more than one year	9	1,890,559
Cash at bank and in hand		2,009,495
		<u>22,056,541</u>
<b>Creditors: Amounts falling due within one year</b>	10	<u>(10,169,724)</u>
<b>Net current assets</b>		<u>11,886,817</u>
<b>Total assets less current liabilities</b>		<u>18,432,227</u>
 <b>Creditors: Amounts falling due after more than one year</b>	11	<u>(2,890,560)</u>
<b>Net assets</b>		<u>15,541,667</u>
<b>Capital and reserves</b>		
Called-up share capital	12	15,000,000
Profit and loss account	13	541,667
<b>Equity Shareholders' funds</b>	14	<u>15,541,667</u>

The accounts on pages 5 to 15 were approved by the board of directors and signed on its behalf by:

A N Wales

Director

J G Leiper

Director

17 November 1998

The accompanying notes are an integral part of this balance sheet.

## Statement of accounting policies

### **Basis of accounting**

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

### **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	2.5% per annum
Leasehold land and buildings	term of lease
Plant and machinery	2-10 years

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes materials and direct labour. Provision is made for obsolete, slow-moving or defective items where appropriate.

### **Taxation**

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced, except that the deferred tax effects of timing differences arising from pensions and other post-retirement benefits are always recognised in full.

### **Pension costs and other post retirement benefits**

As part of the agreement for the purchase of the trade of The Royal Bank of Scotland plc's share registry business, the company has agreed to reimburse the costs of the banks' defined benefit pensions scheme for those employees transferring to Computershare Services plc for the initial six months of operations to 30 June 1998.

As from the 1 July 1998, the company has operated a defined contribution scheme.



## Statement of accounting policies (continued)

### **Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

### **Turnover**

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

## Notes to the accounts

for the six month period ended 30 June 1998

### 1 Segment information

The company's activities are solely within the share registration sector. The company's business is undertaken only in the United Kingdom.

### 2 Interest payable and similar charges

	1998 £
Intercompany loan from Computershare Limited (UK)	<u>78,309</u>

Intercompany balances are unsecured and bear interest at 6.5% per annum. As at 30 June 1998, all intercompany borrowings from Computershare Limited have been repaid.

### 3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1998 £
Depreciation and amounts written off tangible fixed assets	
- owned	1,261,588
- leased	167,226
Operating lease rentals	
- plant and machinery	84,898
- other	606,510
Auditors' remuneration	
- audit fees	38,000
- other	<u>-</u>

### 4 Staff costs

The average monthly number of employees (including executive directors) was:

	1998 Number
Share registry services	797
Sales	6
Administration	<u>53</u>
	<u>856</u>

## Notes to the accounts (continued)

### 4 Staff costs (continued)

Their aggregate remuneration comprised:

	1998 £
Wages and salaries	9,794,938
Social security costs	641,180
Other pension costs (see note 17)	925,656
	<u>11,361,774</u>

Directors' remuneration, interests and transactons:

	1998 £
Directors' aggregate emoluments	121,229
Contributions to Royal Bank of Scotland pension scheme	<u>20,125</u>

	1998 Number
Directors in the Royal Bank of Scotland pension scheme receiving contributions from Computershare Services plc	<u>2</u>

In the period the directors remained as members of The Royal Bank of Scotland's final salary scheme. The company made contributions to the scheme at 16.6% of pensionable salary in respect of the two directors.

### 5 Tax on profit on ordinary activities

The tax charge comprises:

	1998 £
Corporation tax at 31%	<u>759,086</u>

## Notes to the accounts (continued)

### 6 Tangible fixed assets

	Land and buildings		Plant and machinery £'000	Total £'000
	Freehold £'000	Short Leasehold £'000		
<b>Cost or valuation</b>				
At 20 January 1998	-	-	-	-
Transfers from Computershare Limited	2,767	2,874	5,845	11,486
Additions	-	-	362	362
Disposals	-	-	(69)	(69)
Transfers to Computershare Limited			(4,926)	(4,926)
As at 30 June 1998	<u>2,767</u>	<u>2,874</u>	<u>1,212</u>	<u>6,853</u>
<b>Depreciation</b>				
As at 20 January 1998	-	-	-	-
Charge for the year	15	167	1,247	1,429
Disposals	-	-	(7)	(7)
Transfers to Computershare Limited			(1,114)	(1,114)
At 30 December 1998	<u>15</u>	<u>167</u>	<u>126</u>	<u>308</u>
<b>Net book value</b>				
At 30 June 1998	<u>2,752</u>	<u>2,707</u>	<u>1,086</u>	<u>6,545</u>
As at 20 January 1998	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The transfer of plant and machinery to Computershare Limited (UK) occurred on 30 June 1998 at net book value.

## Notes to the accounts (continued)

### 7 Acquisition of the trade and net assets of the share registry business of The Royal Bank of Scotland

The net assets and trade of The Royal Bank of Scotland plc's share registry business were acquired by the company's immediate parent, Computershare Limited, with effect from 1 January 1998. The consideration offered was shares in Computershare Limited (Australia), the ultimate parent company of Computershare Services plc. The acquired assets and trade were subsequently transferred to Computershare Services plc.

Technology assets with a net book value of £3,812,363 were subsequently transferred back to Computershare Limited to concentrate the generation of future revenues from technology assets within one company in the Group.

### 8 Stocks

	1998 £
Raw materials and consumables	362,018
Work-in-progress	778,880
	<u>1,140,898</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

### 9 Debtors

	1998 £
Amounts falling due within one year:	
Trade debtors	6,366,860
Amounts owed by group undertakings	227,522
Amounts recoverable on contracts	1,765,992
Other debtors	2,525,026
Prepayments and accrued income	6,130,189
	<u>17,015,589</u>
Amounts falling due after more than one year:	
Amounts recoverable on contracts	1,890,559
	<u>18,906,148</u>

## Notes to the accounts (continued)

### 10 Creditors: Amounts falling due within one year

	1998 £
Trade creditors	1,060,424
Taxation and social security	563,580
UK Corporation tax payable	759,086
Other creditors	4,196,738
Accruals and deferred income	3,589,896
	<u>10,169,724</u>

### 11 Creditors: Amounts falling due after more than one year

	1998 £
Other creditors	1,890,560
Accruals and deferred income	1,000,000
	<u>2,890,560</u>

### 12 Called-up share capital

	1998 £
<i>Authorised</i>	
15,000,000 ordinary shares of £1 each	<u>15,000,000</u>
<i>Allotted, called-up and fully-paid</i>	
15,000,000 ordinary shares of £1 each	<u>15,000,000</u>

### 13 Reserves

	Profit and Loss account £
At 20 January 1998	-
Retained profit for the period	<u>541,667</u>
At 30 June 1998	<u>541,667</u>

## Notes to the accounts (continued)

### 14 Reconciliation of movements in equity shareholders' funds

	1998 £
Profit for the financial period	541,667
Issue of shares	15,000,000
Net addition to equity shareholders' funds	15,541,667
Opening equity shareholders' funds	-
Closing equity shareholders' funds	15,541,667

### 15 Cash flow statement

A cash flow statement is prepared by the ultimate parent company Computershare Limited (Australia). As such, the company has taken advantage of the exemption within FRS1 (revised) and has not prepared a cash flow statement.

### 16 Financial commitments

The deferred taxation status is as follows:

	Provided £	Unprovided £
Deferred tax asset - accelerated capital allowances	-	(296,201)

The directors have taken a prudent view with regards to the recovery of deferred taxation assets and have therefore not recognised the balance as at 30 June 1998.

#### *Operating leases*

Annual commitments under non-cancellable operating leases are as follows:

	Land and Buildings £	Other £
Expiry date		
- within one year	-	37,827
- between two and five years	34,050	596,124
- after more than five years	1,271,275	-
	1,305,325	633,951

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

## Notes to the accounts (continued)

### 17 Pension arrangements

The pensions unit charge for the reimbursement to The Royal Bank of Scotland plc's defined benefit pension scheme for the period to 30 June 1998 was £925,656.

### 18 Contingent liabilities

As part of the agreement for the purchase of The Royal Bank of Scotland plc's share registry business, the company agreed to cover the difference between the commercial rates of interest charged by the Royal Bank of Scotland on mortgages and loans offered to its previous employees, and the beneficial rates of interest previously charged by the bank on these loans.

As at 30 June 1998, the level of lending against which the company could have an obligation to pay any difference in interest rates in future periods was £16,325,887. At current base rates, the company's annual interest obligations are approximately £420,000.

### 19 Controlling party

Computershare Services plc is a 100% owned subsidiary of Computershare Limited, a company incorporated in the United Kingdom. The ultimate controlling party is Computershare Limited (Australia) which holds 100% of the share capital in Computershare Limited (UK). The smallest group to which Computershare Services plc is a member is the Computershare Limited (UK) Group. The consolidated accounts of this Group can be obtained from Juniper House, Triton Court, 14 Finsbury Square, London EC2A 1BR.

### 20 Short accounting period

The company has taken advantage of The Companies Act s.225(1) and has prepared a first set of statutory accounts for a period that is less than six months in duration.