
EQUINITI
17
ANNUAL REPORT 2017


CELEBRATING
10
YEARS OF
EQUINITI

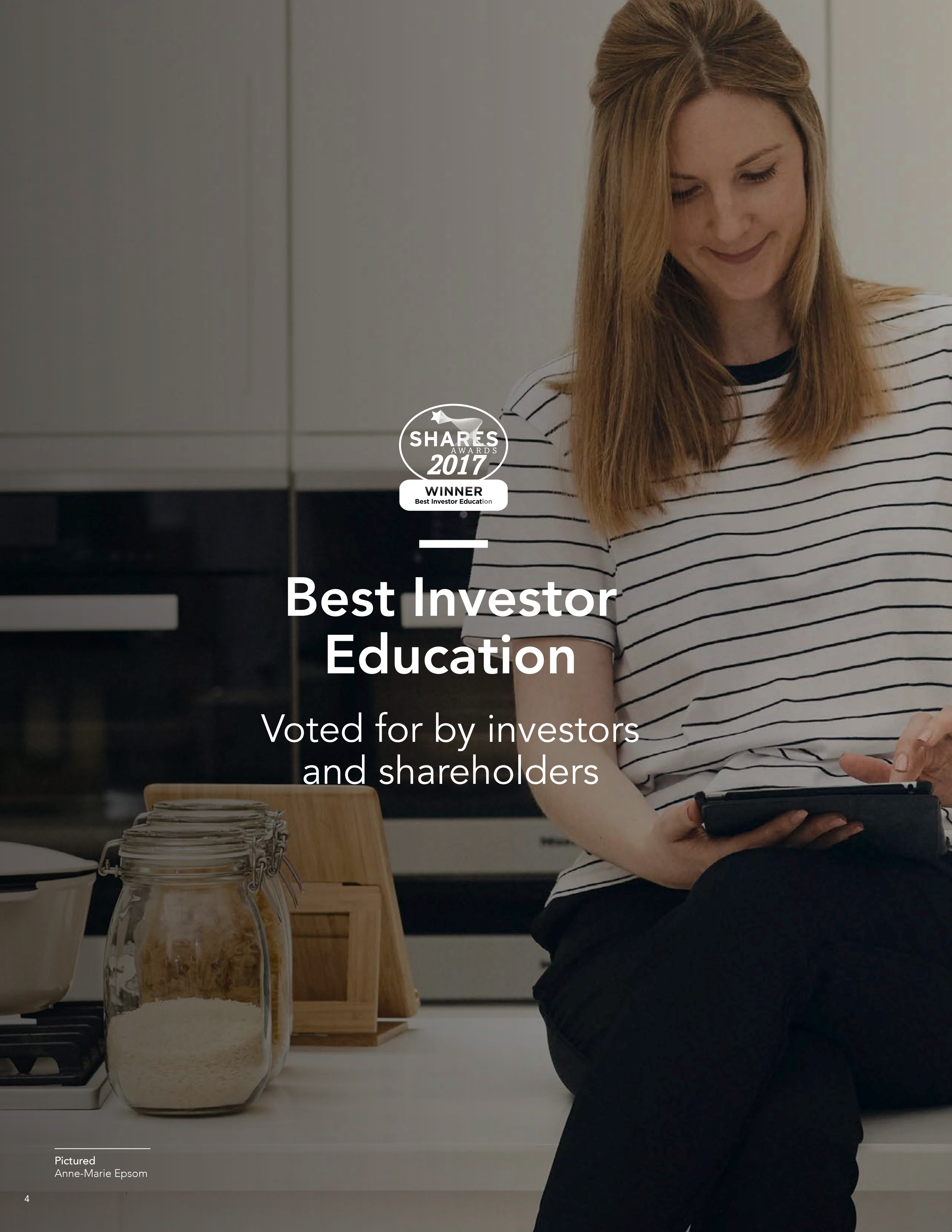
CONTENTS

SCAN AND UNLOCK INTERACTIVE CONTENT WITH EQ STRATA

01 Download the EQ Strata app (App Store or GooglePlay)

02 Scan the front cover

03 Watch it come to life



SHARES AWARDS 2017
WINNER
Best Investor Education

Best Investor Education

Voted for by investors and shareholders

Pictured
Anne-Marie Epsom

01 Strategic Report

AT A GLANCE

Revenue (£m)

£406.1m

2016	CHANGE
£382.6m	6.1%

Profit before tax (£m)

£25.6m

2016	CHANGE
£28.5m	(10.2)%

Underlying EBITDA[1] (£m)

£98.5m

2016	CHANGE
£92.4m	6.6%

Profit after tax (£m)

£15.6m

2016	CHANGE
£33.4m	(53.3)%

Underlying EBITDA margin (%)

24.3%

2016	CHANGE
24.2%	0.1pts

Earnings per share (EPS) (pence)

3.6p

2016	CHANGE
9.5[3]p	(62.1)%

Operating cash flow conversion[2] (%)

93%

2016	CHANGE
100%	(7)pts

Underlying EPS[4] (pence)

16.9p

2016	CHANGE
15.8[3]p	7.0%

1 For definition of underlying EBITDA, see page 42.

2 Operating cash flow conversion is calculated as underlying EBITDA plus the change in working capital as a % of underlying EBITDA.

3 2016 EPS and underlying EPS have been restated to reflect the bonus elements of the rights issue associated with the Wells Fargo Shareowner Services business (WFSS) acquisition.

4 For definition of underlying EPS, see page 42.

5 Underlying net debt excludes the net proceeds of £114.2m from the rights issue of 17 October 2017, which was used to fund the acquisition of the WFSS business.

6 Underlying leverage is calculated as underlying net debt/underlying EBITDA and benefits from the net proceeds of the rights issue.

AT A GLANCE

Full year dividend per share (pence)

4.48p

2016	CHANGE
4.75p	(5.7)%

Underlying net debt[5] (£m)

£242.9m

2016	CHANGE
£251.2m	(3.3)%

Underlying leverage[6] (x)

2.5x

2016	CHANGE
2.7x	(0.2)x

FINANCIAL HIGHLIGHTS

- Revenue growth of 6.1%, including organic revenue[7] growth of 2.9%
- Strong underlying EBITDA growth of 6.6%, representing a margin increase of 0.1pts to 24.3%, reflecting our platform characteristics and a continuing focus on operational improvement
- Operating cash flow conversion of 93%, driven by strong working capital management
- Profit before tax of £25.6m, impacted by £10.5m non-operating charges mainly related to the acquisition of the Wells Fargo Shareowner Services business (WFSS)
- Profit after tax of £15.6m reflecting a tax charge of £10.0m versus a tax credit of £4.9m in the previous year
- Underlying EPS growth of 7.0% to 16.9 pence per share
- Recommended final dividend of 2.73 pence per share, giving a total dividend for the year of 4.48 pence per share with underlying full year dividend growth of 6.3%, in line with progressive dividend policy
- Underlying net debt of £242.9m, excludes the proceeds of the rights issue, with underlying leverage at 2.5x

OPERATIONAL HIGHLIGHTS

- 100% retention of FTSE clients with renewed or extended relationships with clients including AstraZeneca, British Land, Imperial Brands, Lloyds Banking Group, Prudential, Smiths Group and Virgin Money Holdings (UK)
- New client wins across all divisions
  - New share registration clients including Abcam, Arrow Global, Howdens Joinery, Jardine Lloyd Thompson, J Sainsbury, and Rentokil Initial
  - New mandates including Arix Bioscience, Group Ten Lifestyle, Pelatro, Sabre Insurance, Velocity Composites and Xafinity
  - Other new client wins including Aon Hewitt, British Bankers' Association, House of Fraser and Magnox
- New capabilities established
  - Consolidation of Gateway2Finance and Nostrum with Equiniti's existing loans software business creating full end-to-end credit origination and servicing capabilities
  - Establishment of EQData, providing cyber security and data analytics from our new south west TechHub
- Successful entry to the US market with the acquisition of WFSS completed 1 February 2018

7 For definition of organic growth, see page 39.

2,5,6 Operating cash flow conversion, underlying net debt and underlying leverage is calculated after allowing for use of a receivables financing facility the Group has in place, details of which can be found on page 170 and note 6.9 to the accounts This is used to match receipts against costs, especially where clients require extended payment terms.

CHAIRMAN'S STATEMENT

PHILIP YEA, CHAIRMAN

A year of further progress

I am pleased to report to you for the first time as your Chairman, having been appointed in succession to Kevin Beeston who retired on 29 September 2017.

As Guy Wakeley explains in his statement, 2017 was a year of further progress for the Group. The executive team continued to successfully implement our strategy and this was demonstrated by our financial results. We grew revenue by 6.1%, reflecting solid organic growth and the benefits of our acquisitions. Underlying EBITDA rose by 6.6% and underlying earnings per share increased by 7.0% to 16.9 pence.

> The Group also maintained its strong cash flow performance, enabling us to further reduce leverage, which at year end benefitted from the rights issue related to the acquisition of the Wells Fargo Shareowner Services business (WFSS). However, profit before tax declined by 10.2% as a result of the non-operating charges related to the WFSS acquisition.

The Board has a progressive dividend policy, which aims to distribute c30% of our underlying profit attributable to shareholders each year. The growth in underlying profit has enabled the Board to propose a final dividend of 2.73 pence per share, which although reduced on a per share basis compared to last year as a result of the timing of the rights issue, represents an increase of 6.3% in total dividends paid.

CHAIRMAN'S STATEMENT

PHILIP YEA, CHAIRMAN

"

Equiniti is a robust business, providing non-discretionary services in markets that are growing sustainably over time. Since joining the Board, I have witnessed first-hand the strength of our leadership team, the depth of our long-standing client relationships and the opportunities targeted by our strategy.

Subject to shareholder approval at the Annual General Meeting (AGM) to be held on 3 May 2018, this will result in a full year dividend of 4.48 pence per share, including the interim dividend of 1.75 pence per share. The final dividend will be paid on 17 May 2018 to shareholders on the register at close of business on 13 April 2018. We have continued to offer a dividend reinvestment plan and any shareholder wishing to participate should have submitted their election to do so by 25 April 2018.

The most significant event during the year was our proposed acquisition of WFSS which completed on 1 February 2018. The US market offers exciting growth potential for us, as we introduce Equiniti's market-leading technology and services to WFSS's blue chip client base. We were pleased that shareholders recognised the benefits of the transaction, with 99.99% of the votes cast at September's General Meeting in favour of the acquisition, and a 97.43% take up of the associated rights.

BOARD AND GOVERNANCE

On 4 July 2017, we announced that Kevin Beeston would retire as Chairman having served six years on the Board. Under Kevin's stewardship the Company has transitioned from a private company to listing on the London Stock Exchange and is now part of the FTSE 250. On behalf of the Board, I would like to thank Kevin for his guidance, wisdom and stewardship over that time. We wish him well for the future.

John Parker also retired from the Board, stepping down as a non-executive Director on 30 September 2017. John had been on the Board since 1 January 2014, having previously been Managing Director of our Shareholder Solutions business. I want to thank John for his valued contribution to Equiniti's growth and development over an extended period. On 5 March 2018 we announced that Vicky Jarman would not be seeking re-election as a non-executive Director at our next AGM, and that Darren Pope would be succeeding her as Senior Independent Director, having already succeeded her as Chair of the Audit Committee on 1 November 2017. On behalf of the Board I should like to thank Vicky for her contribution over the four years she has been on the Board. On 5 March 2018, we announced the appointment of Alison Burns to the Board as an independent non-executive Director effective from 1 April 2018. Alison will become a member of the Audit, Nomination, Remuneration and Risk Committees. Alison brings a wealth of experience in the financial services industry.

MANAGEMENT AND PEOPLE

Equiniti has an experienced and capable executive team, with a deep understanding of the Group's markets and how Equiniti can best take advantage of the opportunities that present themselves. Serving the needs of our clients in a complex environment is at the core of our business mission. Our leadership knows that to succeed we need to focus on the continuous development and improvement of our controls, processes and risk management, to ensure Equiniti adapts to the ever-changing environment, in particular the growth in regulation. I want to thank the executive team and all of our people for their hard work this year and their contribution to the Group's success.

Equiniti has a strong culture, supported by a clear set of values and behaviours. These set out the way we wish to work, so we look after the best interests of our clients, people and other stakeholders. More information on the Group's culture and values can be found on page 53.

LOOKING FORWARD

Equiniti is a robust business, providing non-discretionary services in markets that are growing sustainably over time. Since joining the Board, I have witnessed first-hand the strength of our leadership team, the depth of our long-standing client relationships and the opportunities targeted by our strategy. I believe the Group has an exciting future and I look forward to working with the Board to support our executive team in delivering further value to our clients, employees and shareholders.

Philip Yea
Chairman

6 March 2018

Our business model

Equiniti is a leading provider of technology and solutions for complex and regulated administration. The quality of our technology helps our clients transform their business.

We serve our clients through three divisions:

50% OF THE FTSE 100

450,000 retail CUSTOMERS

INVESTMENT SOLUTIONS

33% OF 2017 REVENUES

Investment Solutions offers a broad range of services, including share registration for around half of the FTSE 100, and the administration of SAYE schemes and share incentive plans for approximately 1.2 million employees. The division also provides share dealing, wealth management and international payments to corporate clients and their employees, as well as directly to retail customers.

OUR BUSINESS MODEL

ABOUT EQUINITI

END-USER ENGAGEMENT

TARGETING COMPLEX OR REGULATED ACTIVITY

INTELLIGENT SOLUTIONS

31%
OF 2017 REVENUES

Intelligent Solutions targets complex or regulated activities to help organisations manage their interactions with customers, citizens and employees. The division offers enterprise workflow for case and complaints management, credit services, on-boarding new clients and specialist resource for rectification and remediation.

>2.6 million
NHS MEMBERS

REGULATED, EMBEDDED PROCESSES

PENSION SOLUTIONS

34%
OF 2017 REVENUES

Pension Solutions offers administration and payment services to pension schemes, as well as pension software, data solutions, and life and pensions administration. The division is a scale provider of pension technology and operates some of the largest pension schemes in the UK. These include the National Health Service scheme, which has more than 2.6 million members, and the Armed Forces Veterans, which Equiniti has served continuously since 1836.

INTEREST INCOME
2%
OF 2017 REVENUES

In addition to our three divisions, we earn interest income as a fee for the administration of certain client and customer balances.

THE VALUE WE ADD

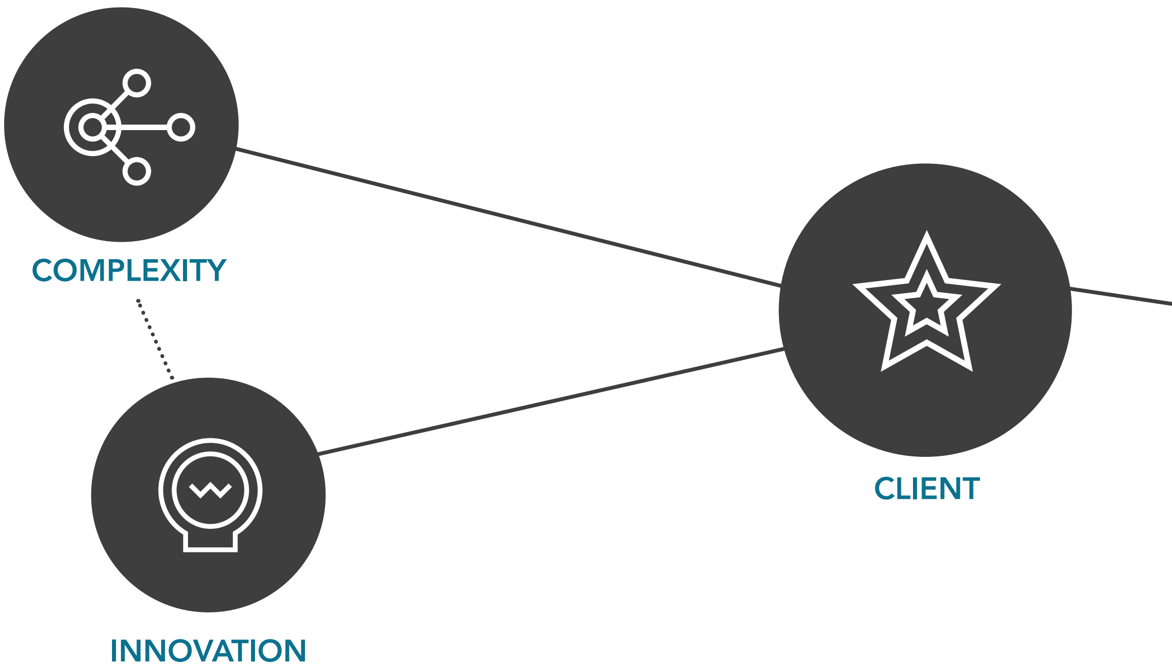
The services we provide are often non-core but business-critical to our clients. By combining our proprietary technology with experienced and specialist people, we provide our clients with accurate, flexible and effective services. We have significant experience of operating in regulated environments, helping our clients to meet their regulatory obligations and protect their stakeholders' interests.

Our scale and broad client base means we can make investments in technology and people that our clients would not economically choose to make themselves. This allows us to provide services more efficiently than clients could in-house, delivering cost efficiencies and giving them the flexibility to adjust the resources deployed throughout the year.

SUSTAINING OUR ADVANTAGE

We own the core technology, software and infrastructure required to run our operations. We continually invest in our technology platforms to add functionality and ensure they keep pace with changing regulatory and fiscal requirements. We also bring on board innovative new platforms through acquisitions along with new capabilities that are relevant to our existing clients.

Our people are vital. We look to develop their skills and offer career paths and interesting work. Their expertise enables us to provide sophisticated, high-margin services that are protected from commoditisation.



DELIVERING RETURNS

The quality of our delivery creates long-term relationships with our clients' senior decision makers. We then work with them to identify other issues or non-core activities where we can deliver value and innovation for them. This cross-selling and up-selling is a key driver of our top line growth. Our market leadership positions also make us a natural choice for new clients. In addition, we look to turn major client relationships into true partnerships, where we are each other's supplier and customer, and partner together to deliver new opportunities. This helps ensure even greater longevity for these relationships.

Different services generate revenues in different ways and the proportion generated by multi-year contracts, combined with our long-term relationships, gives us high visibility of future revenues. For the Group as a whole, at the beginning of each year, we typically have visibility of c90% of revenue for that year and c80% for the following year.

OUR BUSINESS MODEL

ABOUT EQUINITI

THE RESOURCES UNDERPINNING OUR BUSINESS MODEL

Our ability to generate value is supported by our key strengths. These are:

LONG-TERM, LOYAL, BLUE-CHIP CLIENTS

We have a large and diverse client base, including c70 of the FTSE 100 and 120 of the FTSE 250. Our average relationship with FTSE 100 share registration clients is more than 20 years (see page 58) and our clients typically take an average of seven services from us.

PROPRIETARY TECHNOLOGY

Our well-invested and scalable proprietary technology platforms give us a competitive advantage and form a barrier to entry, given the substantial experience, time and money required to build them (see pages 56 to 57). Our primary platforms are Sirius (share registration, dividend and share plan management); Xanite (custody, investment and wealth management); Compendia (pension administration and payroll); and Charter (case and complaints management).

LEADERSHIP POSITIONS

We are leaders in large and growing markets giving us significant growth opportunities and strong momentum (see pages 14 to 15).

SCALE

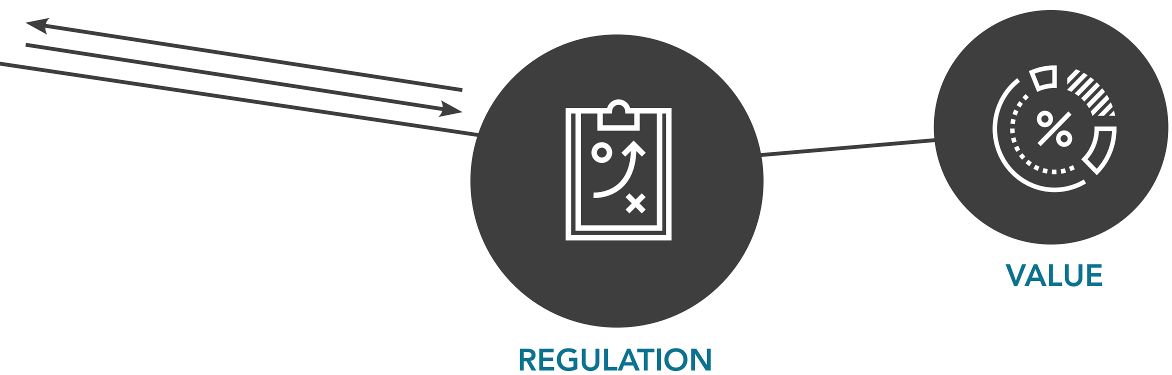
The scale of our business means we can successfully handle the biggest transactions. In 2017, we made payments of £88 billion, interacted with c28 million shareholders and pensioners, and held c70m shareholder records.

SPECIALIST PEOPLE

We employ people who are experts in their fields. At the year end, we had over 4,500 employees, including 760 at our offshore facility in Chennai, India (see page 54).

STRONG TRACK RECORD IN ACQUISITIONS

We have a strong track record of acquiring new platforms and capabilities, successfully integrating them into the Group and generating growth from them. Since 2007, we have completed 21 transactions.



OUR REVENUE VISIBILITY COMES FROM THE FOLLOWING SOURCES:

c50%

from long-term contracted income

c30%

from dependable project income, which relates to tasks and change work undertaken for long-standing clients on our core platforms

c10%

from transactional income, which happens every month but is not contracted, such as foreign exchange from the payment of overseas pensions and interest income

Our technology platforms provide significant operational leverage which allows us to increase profits as we grow revenue. To ensure we are as efficient as possible, we continue to expand our offshore capability in India, strengthening our technology development capabilities and providing testing and support facilities. Strong operating cash flow conversion provides funds to invest in growth and to further reduce our debt.

Our markets

#1

SHARE REGISTRATION

#2

THIRD-PARTY ADMINISTRATION

A LARGE AND GROWING UK MARKET

Equiniti has a large addressable market in the UK. Its growth is driven by:

- Macro-economic conditions, including institutional investor confidence and the level of interest rates, which affect demand for investment-linked products and the number of flotations, mergers, acquisitions, rights issues and buybacks.
- Our business development activities, which expand our addressable market as we bring new capabilities into the Group.
- Long-term structural trends, which are increasing demand for our services.

POWERFUL STRUCTURAL TRENDS ARE EXPANDING OUR MARKET

The environment we work in is changing quickly in the UK. This challenges our clients, who face greater complexity and rising costs. In particular, we see three powerful trends that our clients need help to address.

Increasing regulation

There is ongoing pressure to protect consumers' interests through greater regulation, particularly in the pensions, banking, wider financial services and healthcare industries. This means both public and private sector organisations face rising compliance costs and the need to upgrade technology in response to new regulations, while they are still contending with past regulatory issues. Organisations who fail to meet their regulatory obligations also face more investigations, which accelerates demand for remediation services. While Equiniti is affected by compliance costs, we see ongoing regulatory change as more of an opportunity to serve our clients.

Continuing digitisation

Consumers expect to receive high-quality service and want to manage their affairs online. Shorter product lifecycles require organisations to build customer journeys more quickly, through extensive investment in websites, portals and mobile apps, which can be difficult and expensive to do in-house. At the same time, they often struggle with legacy technology, particularly in the banking sector, hampering their ability to respond.

Increasing cost consciousness

With low economic growth and intense pressure on public finances, companies and government agencies must do more with less. This requires them to focus on their core operations and to be more efficient. Technology-led solutions help them to transform their operations and deliver efficiencies.

OUR MARKETS

OUR MARKET-LEADING POSITIONS

#1
EMPLOYEE SHARE PLANS

#1
PUBLIC SECTOR PENSION ADMINISTRATION

#4
EXECUTION-ONLY RETAIL SHARE DEALING

#4
COMPLAINTS, CASE MANAGEMENT AND REGULATORY SERVICES

THE IMPLICATIONS FOR EQUINITI

The trends outlined above have several implications for us.
In particular:

- Businesses need to work differently, which requires them to redesign processes. Technology is a key enabler of that change. To succeed, we must provide our clients with technology, on its own or accompanied by services. Our platforms are well invested, with over £100m spent on them since 2007.
- The changing environment means existing clients need us to help them in new ways, creating opportunities for cross-selling and up-selling. We can also meet this growing range of needs by bringing new technology into the Group through acquisitions.
- We can attract new clients by providing them with technology, for example through software sales, as well as winning work through traditional routes such as share registration services.

Our strategy (see pages 16 to 17) is designed to address these trends and ensure we are well positioned to succeed as the environment continues to change.

OUR COMPETITIVE ENVIRONMENT

We have both market-leading and challenger positions across our portfolio of services in the UK. Most of our UK markets are fragmented and we typically face different competitors in each.

In Investment Solutions, we have number one positions in share registration and employee share plans. The division also has challenger positions in global nominee and flexible benefits services.

Pension Solutions is number one in public sector administration and number two in third party administration, serving approximately 7 million pension scheme members.

Intelligent Solutions has challenger positions in complaints, case management and regulatory services, loan technology, know-your-customer (KYC) customer on-boarding, risk assessment, cyber security, data analytics and consumer credit.

In markets where we have challenger positions, we are differentiated by our proven ability to process data and payments securely and accurately. Many clients are risk averse and given the critical nature of the services we supply, operational excellence is critical for winning and retaining their business.

ENTRY INTO THE US MARKET

Since the end of the financial year, we have completed the acquisition of the Wells Fargo Shareowner Services business, giving us a significant presence in the highly attractive US share registration market and the potential to grow the business into new areas. More information about WFSS and its market can be found on pages 22 to 25.

Strategy

Equiniti has a five-part strategy, designed to drive organic growth by leveraging our technology platforms. The key components of our strategy are set out below.

01

GROW SALES TO EXISTING CLIENTS

The majority of our organic growth comes from cross-selling and up-selling to existing clients. To achieve this, we need to:

- Employ great people and develop them, so they deliver consistently excellent service to ensure retention of our existing client base.
- Invest time to understand clients' needs and continue to develop our key accounts management.

LONG-TERM CLIENT RELATIONSHIPS ARE A KEY STRENGTH OF OUR BUSINESS. ONCE AGAIN WE RETAINED 100% OF OUR FTSE CLIENTS.

Examples of up-selling and cross-selling included:

- International payment services to Santander.
- Credit servicing to Lloyds Banking Group.
- Remediation platform to Santander.
- Data and analytics services to Admiral Insurance.

02

WIN NEW B2B CLIENTS

To win new B2B clients, we need to:

- Target clients requiring core services, in particular share registration.
- Attract clients through new routes, such as software sales.
- Maintain our reputation for service excellence.

KEY NEW ACCOUNT WINS IN THE YEAR INCLUDED:

- Registration services for Abcam, Arrow Global, Howdens Joinery, Jardine Lloyd Thompson, Rentokil Initial and J Sainsbury.
- New mandates including Alpha FX, Arix Bioscience, Bakkavor, Charter Court Financial Services, ContourGlobal, Global Ports, Ramsdens, TI Fluid Systems and Xafinity.
- Pension administration services for Aon Hewitt, House of Fraser, Magnox and TUI.
- Bereavement services pilot with the British Bankers' Association.

03

DEVELOP AND ACQUIRE NEW CAPABILITIES

As our environment changes and opens up new opportunities for us, we need to keep ahead by broadening our offering. This means:

- Ensuring we understand our clients' needs, so they can lead our product development.
- Developing new capabilities that meet those needs, through organic investment.
- Making carefully targeted acquisitions that give us new technology to meet those needs.

DURING THE YEAR, WE ACQUIRED GATEWAY2FINANCE AND NOSTRUM, INCREASING OUR CAPABILITIES IN CREDIT SERVICING, AND ANNOUNCED OUR INTENTION TO ACQUIRE WFSS, WHICH COMPLETED POST YEAR END.

We also continued to invest in enhancing our capabilities, with major programmes in the year including:

- A significant upgrade to our Selftrade online dealing platform.
- Significant investment in MiFID II and GDPR.

01	02	03	04	05
GROW SALES TO EXISTING CLIENTS	WIN NEW B2B CLIENTS	DEVELOP AND ACQUIRE NEW CAPABILITIES	OPERATING LEVERAGE	REINVEST STRONG CASH FLOWS

04

OPERATING LEVERAGE

Our scalable platforms give us operational leverage as we grow. In addition, we continue to:

- Invest in our centre in Chennai, India; and
- Look for other opportunities to improve our efficiency, including premises consolidation and supplier rationalisation.

DURING THE YEAR WE:

- Continued investment in our centre in Chennai, India, which employed 760 people at year end. The centre provides IT, BPO, sales and marketing, finance, HR and payroll support.
- Maintained our focus on procurement efficiencies and property rationalisation.

05

REINVEST STRONG CASH FLOWS

Equiniti's business has attractive cash flow characteristics. This enables us to continue investing in our technology platforms, ensuring they remain best in class, while continuing to reduce leverage.

IN 2017:

- We delivered free cash flow to equity holders of £39.7m and invested £31.0m in capital expenditure, equivalent to 7.6% of revenue for the year.
- At the year end, we had underlying net debt of £242.9m and underlying net debt to underlying EBITDA of 2.5 times, after adjusting for the net proceeds from the rights issue of £114.2m. We aim to reduce our leverage to 2-2.5 times over the medium term.

We delivered
6.1%
revenue growth

We delivered
6.6%
of underlying EBITDA growth

We delivered operational cash flow conversion of
93%

"Our acquisition of WFSS creates a stronger, more diversified and multinational Group."

We use the following key performance indicators (KPIs) to track our progress. Each KPI links to one or more elements of our strategy, as described on pages 16 to 17. We have also set medium-term targets for our key financial metrics, which are described below:

KPI	RELEVANCE TO STRATEGY
REVENUE GROWTH[1] The value of services and software provided to clients in the year, plus interest income.	Delivering organic revenue growth is at the heart of our strategy. We supplement this with growth from acquisitions. Links to the following strategy elements: 1 2 3
UNDERLYING EBITDA[1] MARGIN Earnings before interest, tax, depreciation, amortisation and non-operating charges[2], as a percentage of revenue.	Underlying EBITDA margin is a measure of the underlying profitability of the business, and demonstrates our ability to improve our efficiency, as well as the quality of work we win. Links to the following strategy element: 4
OPERATING CASH FLOW CONVERSION Operating cash flow conversion is calculated as underlying EBITDA plus the change in working capital as a % of underlying EBITDA.	Our strategy requires us to generate cash to fund investment. Links to the following strategy element: 5
LEVERAGE The ratio of net debt to underlying EBITDA.	A strong balance sheet gives us the capacity to invest organically and in acquisitions. Links to the following strategy element: 5
CLIENT SATISFACTION We use the following industry recognised measures to monitor client satisfaction: 1. Net Promoter Score (NPS), measured half yearly via online and paper surveys. 2. Customer Effort Score (CES), measured via online, paper and interactive voice response surveys. 3. Contact centre customer satisfaction score (CCCS).	Client satisfaction shows how well we are meeting our clients' needs, which is essential for protecting our existing business and our ability to grow, both through selling more to existing clients and through attracting new clients. Links to the following strategy elements: 1 2
EMPLOYEE TURNOVER The number of employees who voluntarily leave Equiniti during the year, as a percentage of employees at the start of the year.	Employee turnover is an indicator of our ability to retain the talented people who are crucial to our success. Links to the following strategy elements: 1 2 3

1 Revenue and underlying EBITDA were adjusted for 2014 to reflect the impact of fundamental changes to the business as outlined in the Group's prospectus issued in October 2015,

2 Non-operating charges are defined as expense items, which if included, would otherwise obscure the understanding of the underlying performance of the Group.

3 Proforma, adjusting net debt at 31 December 2015 for IPO costs paid in the first half of 2016.

KEY PERFORMANCE INDICATORS

PERFORMANCE	TREND
TARGET: ORGANIC REVENUE GROWTH SUPPLEMENTED BY GROWTH FROM ACQUISITIONS Total revenue grew by 6.1% in 2017, with organic growth of 2.9% and growth from acquisitions of 3.2%.	2017 £406.1m 2016 £382.6m 2015 £369.0m 2014 £291.4m
TARGET: GRADUAL MARGIN IMPROVEMENT Our underlying EBITDA margin increased by 0.1pts to 24.3%.	2017 24.3% 2016 24.2% 2015 23.4% 2014 23.1%
TARGET: OPERATING CASH FLOW CONVERSION OF MORE THAN 95% In 2017, we delivered another strong cash flow performance, with operating cash flow conversion of 93%.	2017 93% 2016 100% 2015 113% 2014 104%
TARGET: LEVERAGE OF 2.0-2.5X IN THE MEDIUM TERM We made further progress reducing our underlying leverage, which stood at 2.5x at 31 December 2017, excluding the net proceeds from the rights issue.	2017 2.5x 2016 2.7x 2015 3.0x[3] 2014 6.5x
TARGETS: NPS OF 40 IN THE MEDIUM TERM, CES OF 95%, CCCS OF 97% In 2017, we further improved customer satisfaction. Our NPS was 33, up from 31 in 2016. The CES increased from 90% to 96%, against an industry benchmark of 70%. The CCCS increased from 94% to 97% against an industry benchmark of 77%.	NPS 2017 33 2016 31 2015 35 CES 2017 96% 2016 90% 2015 89% CCCS 2017 97% 2016 94% 2015 93%
TARGET: MAINTAIN A HIGH LEVEL OF EMPLOYEE RETENTION This is a new KPI introduced in 2017. We have seen an increase in our voluntary turnover and have plans in place to address this.	2017 17.8% 2016 15.6% 2015 18.5%

The arrows indicate how kpi has moved over time
indicates an improvement over time
indicates decline over time

CHIEF EXECUTIVE'S STATEMENT

GUY WAKELEY, CHIEF EXECUTIVE

Continuing progress against our strategy

2017 was another year of progress against our strategic objectives. We retained our existing clients and won new ones, and combined investment in our portfolio with expanding margins and strong cash flow. We also secured our entry into the large and exciting US market, through the acquisition of the Wells Fargo Shareowner Services business (WFSS).

Long-term client relationships are one of the fundamental strengths of our business and we once again achieved the highest levels of client retention. We renewed or extended relationships with many of our largest clients, including a new eight-year contract with Lloyds Banking Group, which is our largest share registration client, as well as renewals with FTSE 100 companies such as Imperial Brands, Marks and Spencer, Prudential and Smiths Group. The fidelity of our blue-chip client base remains at 100% – which is the best in the industry – contributes to our excellent visibility of revenues and gives us a platform for organic growth, through cross-selling and up-selling our services.

Our performance in winning new clients was equally strong as we continued to gain market share, with a record number of share registration clients choosing to move from our competitors. We were delighted to welcome Abcam, Arrow Global, Howdens Joinery, Jardine Lloyd Thompson, Rentokil Initial and J Sainsbury as new clients to the Group.

CHIEF EXECUTIVE'S STATEMENT

GUY WAKELEY, CHIEF EXECUTIVE

We have also grown our client base through the IPO market, securing 17 mandates from newly listed companies with wins from Bakkavor, Charter Court Financial Services, ContourGlobal, TI Fluid Systems, Ultimate Products and Velocity Composites. Going forward, we have a strong pipeline of organic opportunities which will support future growth.

We made good progress introducing new products and services that meet our clients' evolving needs. For example, we successfully deployed our bereavement service for Lloyds Banking Group, having won the contract in 2016, and extended this offering to a consortium of six UK banks through the British Bankers' Association, providing a 'tell us once' service for account closure. We are also providing end-to-end complaints handling and remediation for two UK institutions, combining both our technology and service offering.

Our technology platforms are a competitive advantage for us and vital to the quality of our service delivery. In 2017, we upgraded our Selftrade online dealing platform, which launched in November. This improves the user experience and allows customers to access their portfolios and trade on-the-go, backed up by enhanced customer service.

> In addition to organic investment in our portfolio, we continue to acquire platforms which add capabilities and provide opportunities for future growth.

In January, we acquired Gateway2Finance, a consumer finance intermediary, securing loans for clients referred by financial services companies and price comparison websites.

In May, we acquired Nostrum, a provider of end-to-end loan management technology that helps banks, finance companies and retail brands provide innovative credit solutions to their customers. The acquisition strengthens our position in the lending sector and consolidates our strategy of providing technology-enabled loan and mortgage solutions to meet the requirements of this fast-moving market, building on the technology platforms of Pancredit and the loan, mortgage and insurance servicing permissions of Gateway2Finance.

The strategic successes outlined above contributed to our top line growth in 2017. Revenue increased by 6.1% to £406.1m (2016: £382.6m), including organic growth of 2.9%. Acquisitions added £6.1m to revenue in the year.

Our business benefits from economies of scale and we look to rigorously control costs and drive efficiencies by expanding our centre in Chennai, India. Ownership of our technology platforms also protects our pricing, which supports our margins. Underlying EBITDA increased by 6.6% to £98.5m with underlying EBITDA margin at 24.3%.

Equiniti is highly cash generative and we achieved another robust cash performance in 2017, with operating cash flow conversion of 93% (2016: 100%). This contributed to a further reduction in net debt. Adjusting for the proceeds of the rights issue, which took place in October 2017, to fund the WFSS acquisition, leverage fell from 2.7x at 31 December 2016 to 2.5x at 31 December 2017. Profit after tax reduced to £15.6m (2016: £33.4m) reflecting a tax charge of £10.0m versus a tax credit of £4.9m in the previous year.

SECURING OUR ENTRY INTO THE US MARKET

On 12 July 2017, we announced the acquisition of the Wells Fargo Shareowner Services Business (WFSS), a leading US share registration business. More information about the business, its market and our plans for WFSS can be found on pages 22 to 25. WFSS shares some key characteristics with Equiniti, in particular its very high client loyalty, strong customer service and complementary culture.

The acquisition completed after year end, as planned, and we were able to make good progress with the integration work during 2017. Wells Fargo is working closely with us on the transition, which is also being supported by WFSS's exceptional client base. We are excited that we have acquired a high-quality and growing business, with the opportunity to drive further growth in the medium term by introducing technology and services we have developed in the UK.

A SUSTAINABLE GROWTH ENVIRONMENT

Our UK markets have attractive long-term growth characteristics, driven by powerful trends such as the continued growth in regulation. Regulation has an impact on our own business and we have invested in 2017 to ensure our compliance with the Markets in Financial Instruments Directive (MiFID II) and the General Data Protection Regulation (GDPR). We have also invested significantly in our compliance functions and regulatory infrastructure, to enable us to be resilient as new regulations arise.

On balance, however, regulation is more of an opportunity for us, as our clients look to ensure their own compliance and both MiFID II and GDPR will be revenue generators for us in the future. Coupled with the other significant trends in our markets such as the shift to digitisation and our clients' desire to reduce costs and increase efficiency, we see opportunities for sustainable growth into the future.

OUTLOOK

We are confident in our ability to grow sustainably in the UK, where we have an excellent business with exceptional clients. We are also increasingly excited by our entry into the US market. The US presents a world of opportunity that Equiniti can harvest by leveraging the strengths we have developed in the UK, allowing us to add value for clients and shareholders alike whilst maintaining our disciplined focus on regulation and payments.

Our objective remains to deliver organic revenue growth supplemented by growth from capability enhancing acquisitions. The dependability of our revenues, the platform nature of our operations and progressive deleveraging will enable us to grow underlying profits and earnings ahead of revenue, irrespective of the uncertainties in our operating environment.

We continue to make progress with our strategy, have the resources, technology and specialists to respond to opportunities as they are presented, and see multiple drivers of growth for the future.

Guy Wakeley
Chief Executive

6 March 2018

WFSS: VALUE-ENHANCING TRANSFORMATIONAL OPPORTUNITY

FOUNDED

· 1929 ·

On 12 July 2017, the Group announced the proposed acquisition and carve out of WFSS. The acquisition was approved at a General Meeting held on 28 September 2017 with 99.99% of shareholders voting in favour of the acquisition and a 97.43% uptake of the associated rights issue. The acquisition completed on 1 February 2018 for a total cash consideration of $227.0m

Wells Fargo Shareowner Services business: Value-enhancing transformational opportunity

Combining the #1 UK and #3 US share registrars to create a multinational share registration and services business

WELLS FARGO SHAREOWNER SERVICES – KEY FACTS

1,200 PUBLIC AND PRIVATE COMPANIES

RELATIONSHIPS WITH **c.15%** OF THE NYSE

99% RETENTION OF CORPORATE CLIENTS

LOOKING AFTER **9.2m** SHAREHOLDER RECORDS PROCESSED

INTERACTION WITH **5 million** ACTIVE SHAREHOLDERS

ACTIVE CLIENT BASE OF **650** US ISSUERS

AVERAGE **20** YEARS INDUSTRY EXPERTISE

RICH HERITAGE SINCE **1929**

c.475 EMPLOYEES

HIGHEST RATED TRANSFER AGENT

STATE-OF-THE-ART CALL CENTRE

US ENTRY

WFSS: VALUE-ENHANCING TRANSFORMATIONAL OPPORTUNITY

FOUNDED

· 1929 ·

> WFSS serves big share registration clients with very large shareholder bases and companies including Procter & Gamble, Kraft Heinz, Comcast, General Electric, Berkshire Hathaway and, of course Wells Fargo itself…

WFSS is an excellent fit with Equiniti's business. Founded in 1929, it serves around 1,200 public and private companies, including c650 issuers. The acquisition combines the number one UK registrar with the number three in the US, based on the number of issuers served and number two in terms of shareholders. It transforms Equiniti into a multinational share registration business, spanning the deepest capital markets.

This is a business like our business and this partnership shares similarities with our own carve out from Lloyds TSB in 2007. It serves big share registration clients with very large shareholder bases. Like Equiniti, WFSS has an outstanding client base which comprises some of the largest issuers in the US, companies including Procter & Gamble, Kraft Heinz, Comcast, General Electric, Berkshire Hathaway and, of course Wells Fargo itself. This gives us the opportunity to take many of our products and capabilities to the US market.

As well as being a strong business fit, there is significant alignment in the Equiniti and WFSS cultures. WFSS employs highly experienced and committed people who share our focus on creating value for clients and offering market-leading service. This contributes to excellent client loyalty, with WFSS having the highest client loyalty statistics in the US and leading levels of client satisfaction. Its service quality has made it an award winner for 16 of the past 17 years.

WFSS is a strong and growing business. In 2016, it delivered revenue of $102.4m and profit of $18.0m, representing a margin of 17.6%. Revenue has grown by an average of 6% a year since 2014, supported by high-profile client wins and corporate actions.

WFSS: VALUE-ENHANCING TRANSFORMATIONAL OPPORTUNITY

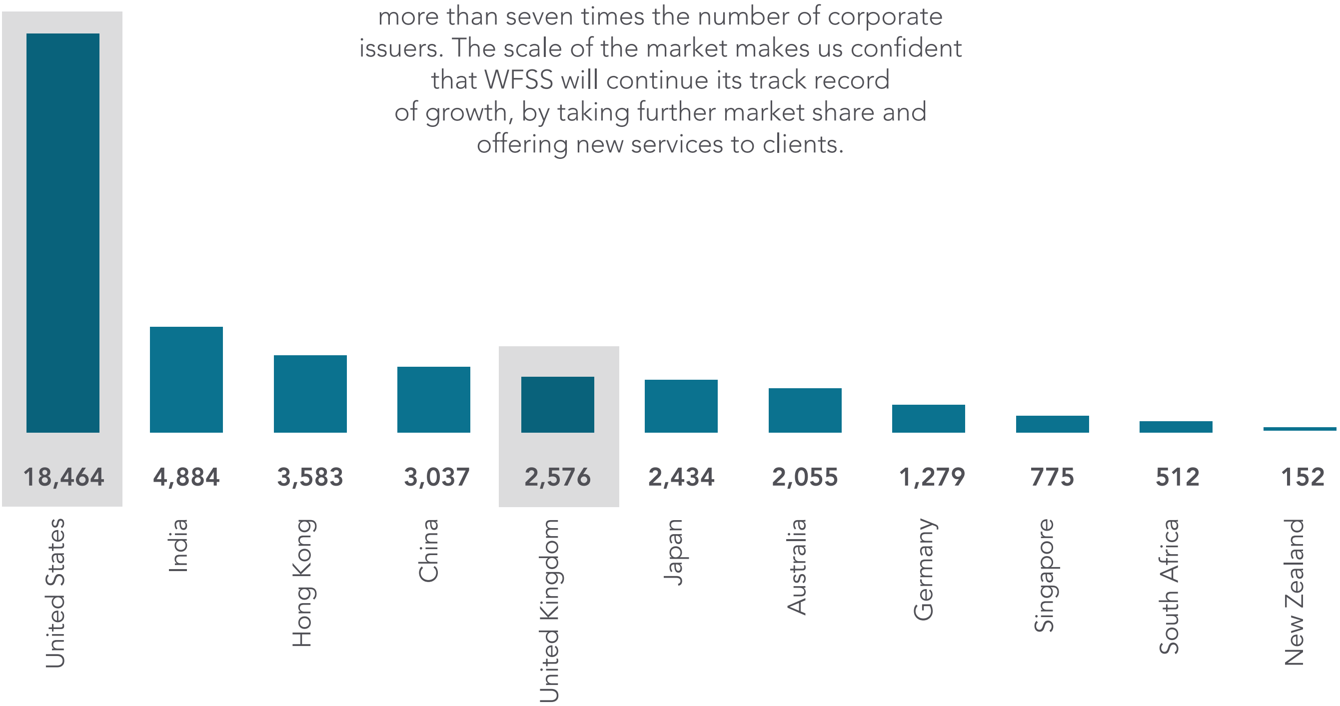
A large and exciting market

ACCESS TO THE LARGEST MARKET GLOBALLY

WFSS gives us a unique entry point into the US, the largest and most active market for share registration services. It is a mature industry, with the top three participants accounting for around 80% of the market and a long-term trend of consolidation.

The US market is much larger than the UK, with more than seven times the number of corporate issuers. The scale of the market makes us confident that WFSS will continue its track record of growth, by taking further market share and offering new services to clients.

LISTED COMPANIES



US ENTRY

WFSS: VALUE-ENHANCING TRANSFORMATIONAL OPPORTUNITY

THE VALUE CREATION OPPORTUNITIES

We see real opportunities for both cost and revenue synergies. The near-term opportunity is to introduce our cutting edge Sirius platform, replacing WFSS's legacy third-party technology. Empowering WFSS with our platform and automating its processes will drive operational excellence and result in c$7m of the c$10m cost savings we expect to achieve. The migration to Sirius will be measured and will take place over an appropriate timescale.

The acquisition also gives us an exciting opportunity to take our fully invested platforms and expertise to the world's largest equity market. Together with the team at WFSS, we will be able to grow their client relationships with our digital and share plan services and our broad suite of regtech capabilities, such as KYC, remediation and fraud prevention. Owning WFSS also means that for the first time we can serve businesses with dual listings in the UK and US, a capability that only one other competitor can match.

A FINANCIALLY COMPELLING TRANSACTION

We believe that the financial case for the transaction is compelling. We expect the acquisition to be strongly earnings accretive in the first full year of ownership, with double-digit earnings accretion by the end of 2019. This only takes account of the cost savings we have identified and excludes any of the potential revenue synergies described above, which represent real upside potential. Returns for shareholders are also expected to be strong, with post-tax return on invested capital projected to exceed our weighted average cost of capital in the second full year of ownership.

The cost synergies we have identified total c$10m (c£8m) a year. We expect to achieve this by 2020, with 50% achieved in the second full year of ownership. In addition to the savings that will come from implementing Sirius, we will improve operational efficiency by introducing our best-in-class practices to WFSS's back office functions.

The overall integration spend for WFSS remains unchanged at £42m. Capital expenditure is now a lower proportion of overall spend at £17m and integration costs will be £25m. 80% of this will be incurred in 2018. In addition there will be £5m of further transaction costs in 2018 post completion of the acquisition related to legal and advisory fees, which brings our overall transaction costs to our original guidance of £17m.

DRAWING ON OUR EXPERIENCE OF SUCCESSFUL ACQUISITIONS

We are confident of successfully integrating WFSS. We know the business well, having worked with Wells Fargo in the Global Share Alliance since 2012. In 2016, we were able to look in detail at its operations and technology to create an exclusive off-market process to value and then acquire the asset.

Equiniti has substantial experience of delivering carve outs, having carved our own business out of Lloyds TSB in 2007. This was followed by three successful banking carve outs, as we acquired Selftrade from Société Générale, JP Morgan's Corporate Dealing business from JP Morgan and NatWest's Stockbroking business from RBS. The integration is being successfully led by key staff who worked on Equiniti's carve out from Lloyds.

> WFSS has an experienced management team, headed by Chief Executive Todd May, the president of the US Stock Transfer Association, who will continue to manage the business post-closing.

Wells Fargo is also committed to a successful transition. It will continue to share many large clients with WFSS and our relationship and client teams will work together to serve those clients effectively and grow our relationships with them. WFSS will remain Wells Fargo's share registrar and Wells Fargo will provide transactional banking, depositary services and custodian services to us. This is a long-term partnership that aligns the interests of both Groups.

SUMMARY

In summary, the acquisition of WFSS is transformational for Equiniti. It offers the scope to generate significant value for clients and shareholders and will create a stronger and more diverse Group with enhanced growth prospects over the coming years.

Pictured: Piers Pegrum

Investment Solutions

MARKET DEVELOPMENTS IN 2017

Companies listing on the London Stock Exchange's main market are an important source of new business for us. The IPO market was strong during the year, particularly during the second half, with numerous large and medium-sized companies joining the main market. It was also a strong year for corporate actions.

There was some consolidation in the registration services market which resulted in a higher number of clients than usual switching providers, and we were able to take advantage of this, winning a record number of clients from the competition.

The UK stock market reached new highs during 2017 but relatively low volatility meant this did not lead to a corresponding increase in retail share dealing volumes. Dealing activity in the share plan market was also held back by the lower value of sterling, which caused some uncertainty in the market.

Competition in share plans has increased, with some software providers extending their offering into administration. As the market leader, we remain well placed to continue to win new mandates.

The UK base rate influences the margins we earn on the funds we hold on clients' behalf. In November 2017, the base rate increased for the first time in more than a decade from 0.25% to 0.5%. Comments from the Bank of England suggest further rate rises are likely which will have a positive impact on our earnings over time.

PERFORMANCE

Investment Solutions delivered strong revenue growth of 6.7%, resulting in revenue for the year of £132.3m (2016: £124.0m). Of this, corporate action revenue was £9.4m (2016: £7.9m).

Underlying EBITDA rose by 16.0% to £43.5m (2016: £37.5m), representing a margin of 32.9% compared with 30.2% in the previous year. Strong revenue growth, higher margin project work and our continued focus on operating leverage were the main contributors to profit and margin expansion.

Share registration had a strong year with an unusually high number of contract renewals secured during the course of 2017 with successful retention of 100% of its clients, reflecting the quality of its technology and service and its excellent client relationships. This included a new eight-year contract with Lloyds Banking Group, which is the Group's largest client, as well as renewals with FTSE 100 companies such as Imperial Brands, Marks and Spencer, Prudential and Smiths Group.

INVESTMENT SOLUTIONS

The division was also highly successful at winning mandates from newly listed companies and was appointed by 17 of those coming to market. These wins were ALFA Financial Software Holdings, Alpha FX Group, Arix Bioscience, Bakkavor Group, Charter Court, ContourGlobal, Global Ports Holdings, Pelatro, Ramsden, Sabre Insurance, Group Ten Lifestyle Group, The City Pub Group, The Peoples Investment Trust, TI Fluid Systems, UP Global Sourcing Holdings, Velocity Composites and Xafinity.

In addition, there were a significant number of mandates awarded by clients moving from existing service providers. These included Abcam, Arrow Global, Howdens Joinery, Jardine Lloyd Thompson, Rentokil Initial and J Sainsbury.

This was a significant year for corporate action revenue. The division has supported a number of major clients undergoing corporate actions, including Aldermore, Berendsen, Jimmy Choo, Santander, Shawbrook, Standard Life and Worldpay.

Bereavement services and end-of-life estate management represents an important opportunity for the division and continued to gain traction. The contract secured with Lloyds Banking Group in 2016 went live in the first half of the year. A pilot project was also secured with six banks through the British Bankers' Association which commenced towards the end of 2017, creating a 'tell-us-once' service for retail banking.

Share registrations' ability to innovate and shift to digital solutions has been an important driver of its success this year. Corporates are looking to reduce the costs of complying with MiFID II and digitisation can help them to achieve this, for example by sending customers electronic statements that previously had to be printed and mailed. The division has also continued to invest in making its services available through mobile channels.

Share registrations' market leading capability is frequently recognised through industry awards. This year, it won Best Registrar at the Shares Awards and Best Registrar at the Investors Chronicle & Financial Times Investment Management & Wealth Managements Awards.

Our International Payments business had a good year, building on a strong performance in the previous period. As well as delivering underlying growth, it continued to win new work with clients. This included a white-labelling contract with Santander, as the division successfully cross-sold its services to this Group client.

The division has developed a white-label offering for international payments, which will on-board its first client in 2018. The international payments business has also begun to process foreign exchange flows on behalf of other parts of the Group, such as dividend payments of behalf of Registration Services, which were previously outsourced to third parties.

Selftrade, the division's execution-only brokerage service, had a successful year despite muted market conditions, continuing to gain new customers and to win a greater share of business from existing customers. Selftrade benefitted from significant investment during 2017, resulting in the launch of its new website towards the end of 2017.

Pictured right: Anne-Marie Epsom

This offers an improved customer experience, making it easier to locate key information, simplifying trading and giving users' the ability to trade and access their portfolios on mobile devices. The business has also enhanced its customer contact centre, to further improve service. In addition, the investment in the Selftrade platform allows the division to provide white-label share dealing services to corporate clients, giving it an additional route to grow. In November 2017, Selftrade won Best Investor Education at the Shares Awards.

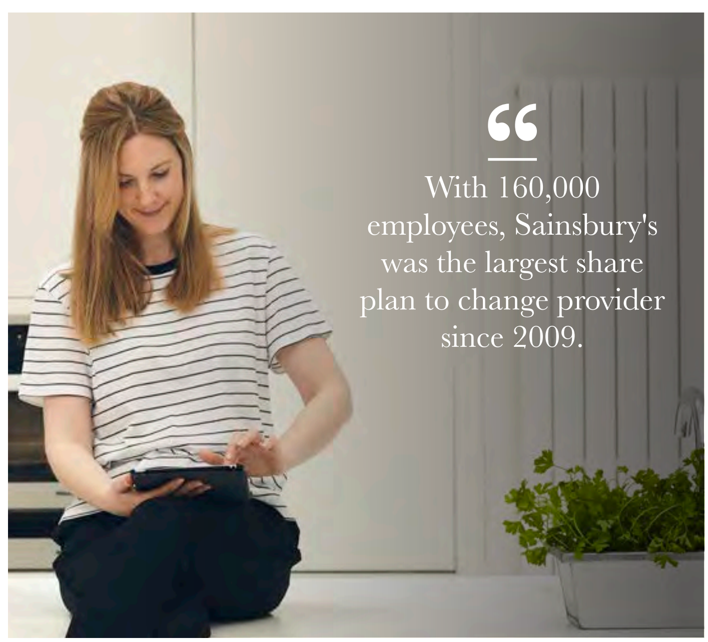
Investment Services other initiatives in the year included investing in its commercial team, to help drive growth in international payments. The division also enhanced its risk and compliance functions.

Our shareplans services had a credible year despite a challenging environment, retaining all of its share plan clients and winning a number of new clients, including Euromoney, Jardine Lloyd Thompson, J Sainsbury and L'Oréal. With 160,000 employees, J Sainsbury was the largest share plan to change provider since 2009. This was against a backdrop of interest rates on SAYE balances declining in 2016.

Ahead of completion of the WFSS transaction, Employee Services had already identified opportunities to work with WFSS in the share plans market. As well as offering Equiniti services to US listed companies, the opportunities include providing US stock purchase plans to UK corporates.

The augmented reality communications tool Employee Services launched in 2016 gained traction during the year and is a capability that is unique to Equiniti. Clients now using the tool include Smiths Group and TSB.

Employee Services continued to be recognised by the industry for the quality of its work with clients such as BT Group, Tullow Oil and Lloyds Banking Group being recognised for excellence in employee share plans at the ProShare Annual Awards.



Trusted UK retailer chooses Equiniti for shareholder and employee share plan services

Migrating Sainsbury's to Equiniti's market leading share registration and share plan platforms

CASE STUDY

INVESTMENT SOLUTIONS

"I am delighted that the transition went so well. The Sainsbury's and Equiniti teams worked seamlessly together to deliver a great result for our colleagues and shareholders. I have been impressed by the way Equiniti have started to forge the relationship with us. Sainsbury's is a business with strong values and we look forward to working with Equiniti in the future"

TIM FALLOWFIELD, COMPANY SECRETARY AND CORPORATE SERVICES DIRECTOR, SAINSBURY'S

EXECUTIVE SUMMARY

In March 2017, Equiniti won the contract to provide Sainsbury's with a range of innovative and cost effective shareholder and share plan services, underpinned by our technology and fresh way of working with clients. The services included Share Registration, Share Incentive Plans (SIP), Save-As-You-Earn (SAYE), Discretionary Plans, Corporate Nominee and Employee Benefit Trust.

> Transferring these services to Equiniti after four decades with the previous incumbent, involved migrating share plans covering 30,700 SAYE participants, 9,500 SIP participants and 2,500 Discretionary Share Plan participants. In addition, we migrated their share register with over 330,000 active and historic shareholders.

A SEAMLESS MIGRATION EXPERIENCE

A seamless share register and share plan migration was achieved with a dedicated Project Manager and an Equiniti team of experts to manage the process step-by-step.

We had strong project governance in place, consisting of project reporting, effective communication between all stakeholders, tracking of meetings, risk workshops, managing change and escalation to management displayed throughout the entire project. The project governance included fortnightly Sainsbury's client and Equiniti Steering Group meetings with executive sponsors.

DELIVERING THE SAINSBURY'S EXPERIENCE

Sainsbury's gave Equiniti the challenge to migrate by mid-September following the contract award in March.

Equiniti communicated regularly with Sainsbury's, giving them the opportunity to review the migration process. This included the facilitation of a risk workshop with Sainsbury's and the tracking of key risks at the fortnightly Sainsbury's project progress meeting.

The purpose of this approach was to ensure sign-off through the various business areas and integrity checks. This allowed time to identify outstanding issues and provided confidence when the live migration was undertaken.

To ensure all client requirements were effectively delivered and all project actions were complete and the services fully transitioned to Operations (BAU), Post Implementation Reviews were held both internally with our Project Team and with Sainsbury's. This enabled us to continue to refine and enhance our migration process and experience for the benefit of future clients.

THE RESULT

Equiniti and Sainsbury's celebrated a successful and seamless migration, during mid-September, with all the key deliverables being met within the timeframes agreed.

Sainsbury's, their shareholders and colleagues are now benefitting from a much enhanced offering through our technology, innovation and fresh way of working.

SUMMARY

Sainsbury's and Equiniti have built a valuable partnership which will continue to grow in the years to come. They worked as a team to achieve a seamless migration which was completed within the targeted timelines, with full engagement from all stakeholders throughout the end-to-end project and transition into BAU. Using our advanced technology and innovative thinking, Equiniti continues to provide added value and enhanced services.

Intelligent Solutions

MARKET DEVELOPMENTS IN 2017

Market conditions were good for Intelligent Solutions in 2017, despite some clients being slower to commit to new projects.

The credit servicing market remained positive, on the back of buoyant consumer lending. New and existing players are looking to enter the consumer lending sector.

There was increased activity in the customer services remediation market, following the Financial Conduct Authority (FCA) setting a deadline for PPI claims of 29 August 2019. The FCA remains active in seeking out mis-selling by the companies it regulates and a broader range of clients are looking for remediation services for mis-sold products.

The asset reunification market remains strong although the pipeline of opportunities can be lumpy, for example due to the timing of significant corporate actions. There remains untapped potential in D2C asset reunification, offering individuals a service to reconnect them with lost assets such as pension funds or savings accounts. There are also opportunities to offer asset reunification services to other market sectors such as utilities, which have built up cash balances owed to customers who have overpaid by direct debit.

PERFORMANCE

Intelligent Solutions delivered strong revenue growth, with a 14.1% increase to £124.7m (2016: £109.3m). This was the result of organic growth of 2.8%, plus the benefit of the acquisition of Gateway2Finance in January 2017 and Nostrum in May 2017. Margins increased from 25.9% in 2016 to 26.5% in 2017, with underlying EBITDA of £33.0m (2016: £28.3m). This was as a result of strong revenue growth, driving efficiencies and high margin project work.

Growth was underpinned by a wide range of contract wins and specialist resourcing and remediation delivering double digit growth during the second half. There was strong demand for customer remediation as the division extended relationships with clients including Santander. There were also significant wins with Home Retail Group and Lloyds Banking Group, providing both software and services to create and end-to-end offering.

Gateway2Finance and Nostrum have been fully integrated with the division's existing credit business, Pancredit, giving it an end-to-end credit servicing capability. This has resulted in new wins including a contract with mobile network Three, to service its mobile handset financing, as well as new projects with Green Deal Finance Company and Sainsbury's Bank.

The acquisition of Marketing Source towards the end of 2016 bolstered Intelligent Solutions capability in data analytics through its combination with the division's existing Prosearch business.

INTELLIGENT SOLUTIONS

Intelligent Solutions revenue increased by

14.1% to £124.7m

(2016: £109.3m)

"During the year, Pancredit won Best Use of Technology at the Car Finance Awards. Equiniti KYC also won Best Managed/Support Services Provider at the Operational Risk Awards.

Notable wins during the year included contracts with Admiral Insurance and Green Deal Finance Company, two existing credit services clients, who are now taking data analytic products. Marketing Source played an important role in cleansing Equiniti's own data during an anti-money-laundering project, reducing the number of people required for the project by c75%. Looking forward, the business aims to help companies to protect their own data through cyber security products and is investing in the development of further data products.

Pictured right: Alison Carter

Intelligent Solutions provide innovative customer management solutions for the digital world

We work with some of the largest regulated businesses in the UK across financial services, utilities, retail, transport and travel

EQUINITI CASE STUDY • EQUINITI CASE STUDY •

Intelligent Solutions

CASE STUDY

INTELLIGENT SOLUTIONS

> We provided the client with 500 experienced consultants.

> The new platform provides the bank with the capability to manage and monitor the complaint process in a much more transparent way.

> We provided the client with a range of expertise, including case reviewers with specialist pension qualifications.

END TO END SOLUTION

We provided a complete end-to-end complaint management solution to a major credit card organisation, providing them with 500 consultants and a unified complaint management system which cut complaint handling costs by 50%.

Part of a Global Banking Group and with over 8 million customers, our client required a single joined up platform to manage their complaints more effectively.

Choosing our complaint management solution the client increased staff productivity, and with more robust MI and Root Cause Analysis capability, they are now using actionable business intelligence to significantly reduce customer complaints and improve service standards.

We also provided the client with 500 experienced consultants who work on the client's site to help them manage a backlog as well as ongoing PPI cases. As part of the project, we were also engaged to undertake a proactive PPI review on behalf of the client.

COMPLAINT HANDLING

Software platform halves complaint resolution times and improves staff efficiency by over 50%.

As a major UK insurance company with over 2.6 million customers, our client was faced with new regulation and growing customer complaints.

Using inflexible software, the bank realised that their incumbent system was not fit for purpose. After considering several options, our complaint management software was chosen due to its enhanced functionality and robust monitoring and reporting capabilities.

The new platform provides the bank with the capability to manage and monitor the complaint process in a much more transparent way and allows managers to track agent productivity and workloads and avoid regulatory breaches.

We have been recognised as being instrumental in minimising the impact of increasing complaint volumes whilst significantly improving agent efficiency to deliver real business improvements.

RECTIFICATION AND REMEDIATION

We helped a major retail bank scale up their resource to manage a large pension switching programme.

We were selected by a major retail bank to undertake a pension switching programme.

The project involved a review of 4,000 cases and subsequently grew to approximately 10,000 cases after a sampling exercise highlighted a requirement for additional evaluation.

We provided the client with a range of expertise, including case reviewers with specialist pension qualifications, through to the actuarial resource needed to design, build and implement a complex redress calculation system.

Pictured above (left to right): Oliver Ayres, Kiron Chanda, Charlotte Pitchers

Pension Solutions

MARKET DEVELOPMENTS IN 2017

The overall trading environment in 2017 was difficult for Pension Solutions. Companies and pension schemes have been more hesitant about spending on discretionary projects and there has also been a reduction in central government project activity.

The withdrawal of Aon Hewitt from the standalone pension administration market has led to a number of its clients changing provider or looking to do so. Aon Hewitt was a sizeable player in the market and whilst we have stepped in to provide services to three of their clients under a sub-contract agreement, we have seen some of their clients choosing to move to smaller providers, where they will be among the new provider's largest clients.

Despite those difficult market conditions, there are a number of factors that continue to drive demand for Pension Solutions services in the longer term.

Companies and pension fund trustees face ongoing pressures from increased regulation, their desire to manage their pension liabilities effectively and the cost of administering pension schemes in-house. This means that the shift to full outsourcing of pension fund administration continues. Companies are also looking to de-risk their pension liabilities by transferring the risk to specialist providers and life companies, through buy-in and buy-out transactions in the bulk-purchase annuity market. This creates opportunities for service providers such as Equiniti to work with insurers on transfers and ongoing administration.

Technology has an important role in driving demand. The increased digitisation of pension administration, the development of advanced analytics and employees' desire for self-service functionality all create opportunities for providers of sophisticated software and solutions.

Life insurance companies and other fund providers are looking to innovate and attract savers with new, flexible retirement income products. As a result, retirement products that these companies previously considered core are becoming legacy products, creating opportunities for service providers to administer them.

PERFORMANCE

Pension Solutions revenue increased by 0.7% to £139.0m (2016: £138.1m). The division saw a reduction in the higher margin project and software work, which contributed to a decline in underlying EBITDA of 11.2% to £24.6m (2016: £27.7m). This represented a margin of 17.7% (2016: 20.1%).

Despite a challenging market environment, Pension Solutions continued to win new clients and renewed existing clients across all of its products and services. In Workplace pensions we welcomed House of Fraser and two more TUI pension schemes to our client list, as well as securing extensions with the London Borough of Hackney and the Metropolitan Police. New payroll services clients included Shawbrook, an existing Group client, Magnox and University Hospitals of Leicester and Leicester Partnership Trust.

PENSION SOLUTIONS

Pension Solutions revenue increased by

0.7% to £139.0m

(2016: £138.1m)

> Pension Solutions now pays nearly 700,000 annuities on ReAssure's behalf. ReAssure has been a client for nine years and renewed its contract with Pension Solutions for a further 10 years.

In addition, the division was awarded contracts to manage GMP reconciliation and rectification for Tayside, Clwyd Pension Fund and SSE plc, who administer their pension arrangements on Equiniti's Compendia platform.

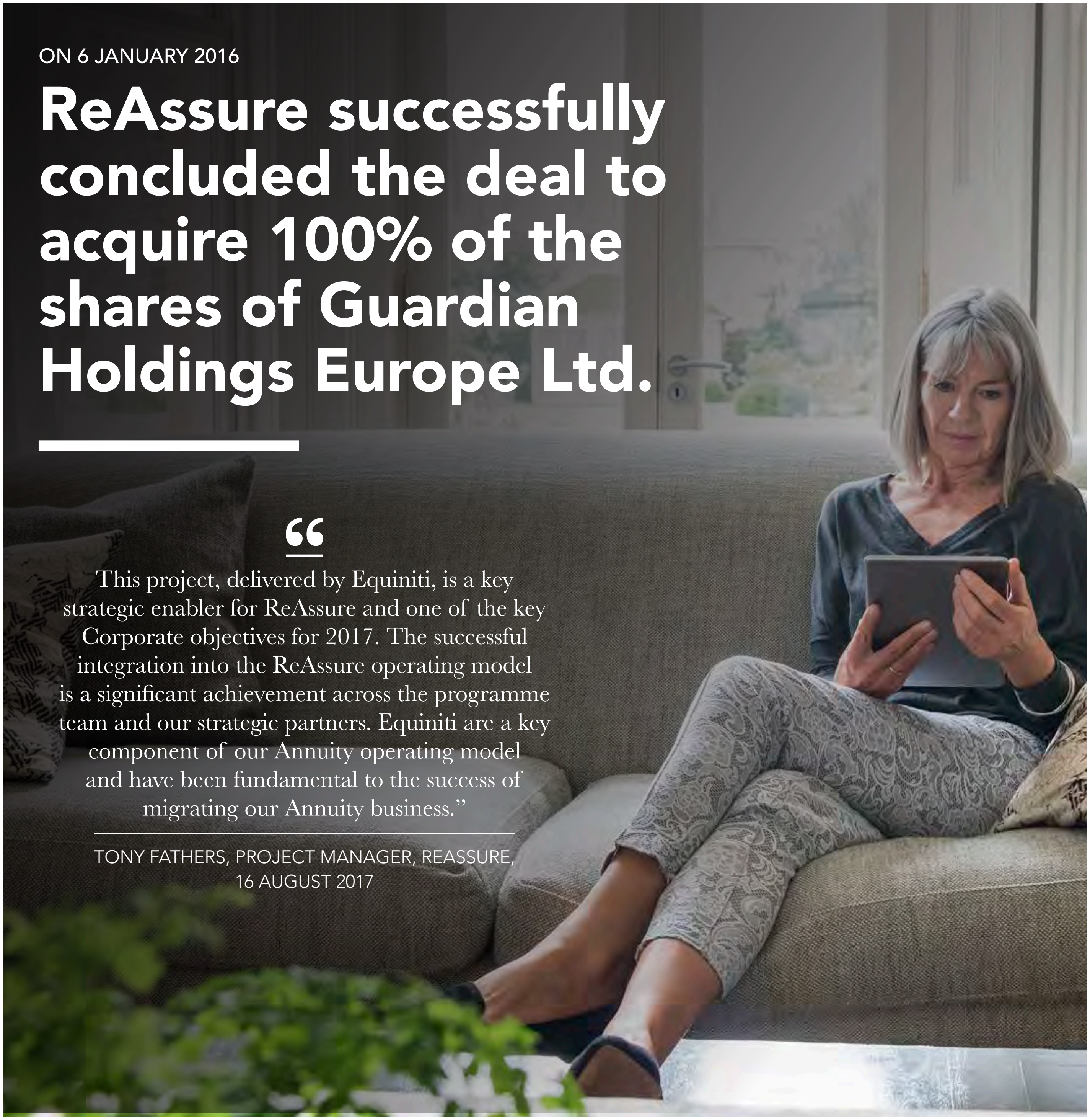
The administration contract for the Mineworkers Pension Scheme came to an end following a retender in 2017.

A feature of the division's business model is that it seeks to partner with growing businesses. For example, Pension Solutions work for ReAssure, part of Swiss Re, has nearly trebled since ReAssure acquired GRE's annuity book. Pension Solutions now pays nearly 700,000 annuities on ReAssure's behalf. ReAssure has been a client for nine years and renewed its contract with Pension Solutions for a further 10 years.

Having invested heavily in Compendia and its other technology platforms in recent years, the division focused its investment this year on its people, processes and further automation. This included systemising how the division captures and shares knowledge, and providing training to cross-skill its staff, so they can use that knowledge to deliver enhanced outcomes for our clients.

> Pension Solutions is widely recognised for having some of the best technology in the sector. Its awards this year included Technological Innovation of the Year at the Professional Pensions UK Pensions Awards and Pensions Technology Firm of the Year at the Pensions Age Awards.

Pictured above: Equiniti Group plc customer



ON 6 JANUARY 2016

ReAssure successfully concluded the deal to acquire 100% of the shares of Guardian Holdings Europe Ltd.

> “This project, delivered by Equiniti, is a key strategic enabler for ReAssure and one of the key Corporate objectives for 2017. The successful integration into the ReAssure operating model is a significant achievement across the programme team and our strategic partners. Equiniti are a key component of our Annuity operating model and have been fundamental to the success of migrating our Annuity business.”

TONY FATHERS, PROJECT MANAGER, REASSURE, 16 AUGUST 2017

EQUINITI CASE STUDY • EQUINITI CASE STUDY •

ReAssure

CASE STUDY

PENSION SOLUTIONS

The acquisition significantly extended ReAssure's position as a major consolidator of closed book life and pensions business in the UK and Ireland.

Equiniti is a market-leading administrator of pensions and annuity products with a strong track record dating back to 1837. Given the existing strong relationship with ReAssure the obvious choice to consolidate payroll bureau services under one provider which had previously been administered both externally and in-house was Equiniti. The sheer size of the data transfer and annuity payment operation, combined with tight deadlines required by ReAssure, conspired to create challenges of time and scale.

Leveraging years of data handling experience, proprietary payroll technology and scalable service, Equiniti worked with ReAssure to design, build and test a robust platform to enable the migration of a significant amount of annuity policies. Despite tight timelines, Equiniti used a partnership approach and Prince2 project management procedures to deliver on-time and according to plan.

Over the last two years, Equiniti has been a vital enabler of timely and accurate administration of annuity policies for ReAssure. Proprietary payroll software and international payments capability ensures that annuity policyholders are paid accurately month after month.

> By utilising a two phased migration approach Equiniti were able to demonstrate proof of concept ensuring the significant larger second phase of the project could be undertaken within a 48 hour window.

Equiniti now provides high quality pensioner payroll, existence checking and overseas payments services for over 650,000 ReAssure policyholders.

Consolidation of annuity policies on a single database

Increased automation

409,758
individual policy holders

11.4m
rows of data processed

End-to-end solution in 18 months

"Equiniti have implemented a more effective and controlled method of migrating policies into the new operating model as well as improving automation and widening ReAssure's customer offering. Their expertise and support through the programme has been important to this success as demonstrated by the smooth transition into Live and the minimal warranty items experienced."

TONY FATHERS, PROJECT MANAGER, REASSURE, 16 AUGUST 2017

Financial Review

OVERVIEW

Reported revenue grew by 6.1% to £406.1m (2016: £382.6m) during the year, with organic revenue growth of 2.9%. Underlying EBITDA increased by 6.6% to £98.5m (2016: £92.4m). Profit after tax reduced to £15.6m (2016: £33.4m) reflecting a tax charge of £10.0m versus a tax credit of £4.9m in the previous year.

The Group generated a free cash flow to equity holders of £39.7m, and a strong operating cash flow conversion of 93% before capital expenditure as we continued to invest in the business. Underlying net debt was £242.9m at year end and excludes the proceeds from the WFSS rights issue. This represented a reduction of £8.3m over 2016, and a ratio of 2.5 times underlying net debt to underlying EBITDA at 31 December 2017 (31 December 2016: 2.7 times).

INCOME STATEMENT

The key lines of the income statement for the year are summarised below and include analysis of revenue, underlying EBITDA, non-operating charges, EBIT and profit before tax.

	2017 £m	2016 £m
Revenue	406.1	382.6
Underlying EBITDA	**98.5**	**92.4**
Depreciation	(5.7)	(5.4)
Amortisation – software	(18.3)	(16.0)
Amortisation – acquired intangibles	(26.7)	(25.3)
EBIT prior to non-operating charges	**47.8**	**45.7**
Non-operating charges	(10.5)	(5.0)
Reported EBIT	**37.3**	**40.7**
Net finance costs	(11.7)	(12.2)
Profit before tax	**25.6**	**28.5**
Taxation	(10.0)	4.9
Profit after tax	**15.6**	**33.4**
Non-controlling interests	(3.7)	(2.9)
Profit attributable to ordinary shareholders	**11.9**	**30.5**

REVENUE

Reported revenue increased by 6.1% to £406.1m (2016: £382.6m) during the year whilst proforma revenue adjusted for acquisitions grew organically by 2.9%. Acquisitions made in the period have progressed well, contributing to growth. Investment Solutions delivered strong revenue growth supported by our high fidelity client base whilst increasing market share and win rates. Intelligent Solutions also delivered strong growth, benefitting from product development in Credit Services, along with organic growth reflecting progress across all service lines. Revenue growth in Pension Solutions was a result of new client wins despite a challenging operating environment leading to a reduction in higher margin public sector work. Revenue from interest was 9.8% lower than the prior year with average cash balances 12.6% lower at £1,675m (2016: £1,917m) and our hedging programme reducing the impact of the interest rate cut.

UNDERLYING EBITDA

Underlying EBITDA is a key measure of the Group's performance. It reflects profit before finance costs, taxation, depreciation and amortisation and non-operating charges. Underlying EBITDA increased by 6.6% to £98.5m (2016: £92.4m) reflecting platform characteristics and a continuing focus on operating leverage.

REPORTABLE SEGMENTS

The Group reports its results in four segments: Investment Solutions, Intelligent Solutions, Pension Solutions and Interest Income, supported by central functions. The Board monitors the performance of the four segments through revenue and Underlying EBITDA. The results of these segments were as follows:

For 2018, we will report on US revenues separately.

Reportable segments	2017	2016	Change %	Organic Change %
Revenue (£m)				
Investment Solutions	132.3	124.0	6.7	6.7
Intelligent Solutions	124.7	109.3	14.1	2.8
Pension Solutions	139.0	138.1	0.7	0.7
Interest Income	10.1	11.2	(9.8)	(9.8)
Equiniti Group	**406.1**	382.6	6.1	2.9
Underlying EBITDA (£m)				
Investment Solutions	43.5	37.5	16.0	
Intelligent Solutions	33.0	28.3	16.6	
Pension Solutions	24.6	27.7	(11.2)	
Interest Income	10.1	11.2	(9.8)	
Central Costs	(12.7)	(12.3)	3.3	
Equiniti Group	**98.5**	92.4	6.6	

ORGANIC REVENUE

Organic revenue growth is reported revenue growth adjusted for acquisitions on a like-for-like basis. Here we restate 2016 for the prior period acquisitions have been owned in 2017 to create a like-for-like comparison of year-on-year progress. This is calculated as follows:

Revenue (£m)	2016 Reported	2016 Adjustment	2016 Proforma
Investment Solutions	124.0	–	124.0
Intelligent Solutions	109.3	12.0[1]	121.3
Pension Solutions	138.1	–	138.1
Interest Income	11.2	–	11.2
Equiniti Group	**382.6**	12.0	394.6

[1]Acquisition of KYC, Marketing Source, Nostrum, Risk Factor and Top Level

Investment Solutions

Revenue increased by 6.7% to £132.3m, with strong organic growth including corporate action activity of £9.4m (2016: £7.9m).

Underlying EBITDA grew by 16.0%, driven by strong revenue growth, higher margin project work and continued focus on operating leverage.

Intelligent Solutions

Revenues increased by 14.1% to £124.7m, driven by organic growth of 2.8%, with growth across all service offerings and strong growth in the second half of the year. The acquisition of Gateway2Finance in January 2017 and Nostrum in May 2017 contributed to reported growth in the period and widened our product offering.

Underlying EBITDA increased by 16.6% through strong revenue growth, driving efficiencies and high margin project work.

Pension Solutions

Revenues increased by 0.7% to £139.0m as a result of new client wins despite a challenging operating environment.

Underlying EBITDA decreased by 11.2% to £24.6m as a result of a reduction in higher margin project and software work.

Interest

Revenue from interest was 9.8% lower than the prior year, with average cash balances 12.6% lower at £1,675m (2016: £1,917m), and our hedging programme reducing the impact of the interest rate cut. The interest receivable is partially fixed with instruments secured to August 2018 (£650m) and July 2020 (£380m).

EARNINGS BEFORE INTEREST AND TAX

	2017 £m	2016 £m	Change %
Underlying EBITDA	**98.5**	92.4	6.6
Depreciation	(5.7)	(5.4)	5.6
Amortisation – software	(18.3)	(16.0)	14.4
Amortisation – acquired intangibles	(26.7)	(25.3)	5.5
EBIT prior to non-operating charges	**47.8**	45.7	4.6
Non-operating charges	(10.5)	(5.0)	110.0
Reported EBIT	**37.3**	40.7	(8.4)

Reported EBIT remains an important measure of the Group's performance, reflecting profit before finance costs and taxation. In 2017, reported EBIT was £37.3m, a decrease of £3.4m (8.4%) compared with the prior year (£40.7m).

NON-OPERATING CHARGES

Non-operating charges are defined as expense items, which if included, would otherwise obscure the understanding of the underlying performance of the Group.

Non-operating charges of £10.5m (2016: £5.0m) mainly relate to the acquisition of the WFSS business.

NET FINANCE COSTS

Net finance costs fell by £0.5m to £11.7m (2016: £12.2m) as we reduced debt in the business.

TAXATION

The tax charge for the year consists of a current tax charge of £5.9m (2016: £4.7m) and a deferred tax charge of £4.1m (2016: tax credit of £9.6m). The Group benefitted in the two prior years from recognising tax credits on unutilised accumulated tax losses as a result of the loss making debt structure in place prior to the Group's listing in 2015. All unutilised tax losses have now been recognised and 2017 is the first year reflecting a total tax charge under the new debt structure.

The current year total tax charge is also adversely impacted by the change in the deferred tax rate, effective from April 2020, from 18% to 17%, in addition to non-tax deductible expenditure in 2017 in relation to the WFSS acquisition.

PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

The Group made a profit for the year of £11.9m (2016: £30.5m).

EARNINGS PER SHARE

Basic earnings per share	2017	2016
Profit attributable to ordinary shareholders (£m)	**11.9**	30.5
Weighted average shares (m)	**331.6**	320.3
Basic earnings per share (pence)	**3.6**	9.5

The Group made a basic earnings per share of 3.6 pence (2016 restated: 9.5 pence) which is based on weighted average shares of 331.6 million (2016 restated: 320.3 million).

DIVIDEND

The recommended final dividend payable in respect of the year ended 31 December 2017 is 2.73 pence per share, giving a total dividend for the year of 4.48 pence per share with underlying full year dividend growth of 6.3%, in line with our progressive dividend policy.

CASH FLOW

The Group generated a free cash flow to equity holders of £39.7m (2016: £42.4m) and delivered an operating cash flow conversion of 93% (2016: 100%). The main movements in cash flow are summarised below:

£m	2017	2016
Underlying EBITDA	**98.5**	92.4
Working capital movement	(6.8)	0.2
Operating cash flow prior to non-operating charges	**91.7**	92.6
Operating cash flow conversion (%)	*93*	*100*
Cash outflow on non-operating charges	(8.3)	(10.0)
Capital expenditure	(31.0)	(28.2)
Net finance costs	(9.0)	(9.5)
Taxes paid	(3.7)	(2.2)
Other	–	(0.3)
Free cash flow to equity holders	**39.7**	42.4
Net reduction in borrowings	(56.7)	(14.0)
Net proceeds from rights issue	114.2	–
IPO costs	–	(18.7)
Investment in current and prior year acquisitions	(19.1)	(12.0)
Payment of deferred consideration	(1.9)	(7.3)
Dividends paid (including payment to non-controlling interest)	(17.7)	**(10.3)**
Net cash movement	**58.5**	(19.9)

The Group has access to a £20.0m invoice factoring arrangement of which £19.9m (2016: £4.2m) was utilised at the end of the period and included within the cash balances. Our operating cash flow conversion in 2016 would have been 117% had we used a similar quantum of invoice factoring to 2017.

Operating cash flow

Operating cash flow is underlying EBITDA plus the change in working capital, both prior to non-operating charges, and is a key performance indicator. The movement in working capital of £(6.8m) excludes cash flows relating to non-operating charges.

Capital expenditure

Net expenditure on tangible and intangible assets was £31.0m (2016: £28.2m). This represents 7.6% of revenue (2016: 7.3%) and is driven by timing of major regulatory projects such as MiFID II and the launch of a new portal for our Selftrade business.

Net finance costs

Net finance costs decreased by £0.5m to £9.0m (2016: £9.5m). Total interest bearing loans decreased from £306.0m to £250.0m.

Investment in current and prior year acquisitions

Net cash outflow on current and prior year acquisitions was £19.1m (2016: £12.0m). A further £1.9m (2016: £7.3m) was spent on deferred consideration for prior year acquisitions. Details of acquisitions are given in note 4.1 on pages 155 to 156.

Taxation

Taxes paid are primarily due to the Group's operations in the UK which have moved into a tax paying position in the year ended 31 December 2017, and the Group's operations in India. The Group has the following tax attributes that reduce the cash tax effective rate compared to the profit and loss account effective rate:

- Future tax deductions on tax losses carried forward – £224.0m
- Future tax deductions on intangible assets – £288.0m
- Future tax deductions on property, plant and equipment – £104.0m

The tax impact of these attributes is recognised as deferred tax assets.

The forecast cash tax rate over the next few years is estimated to be around 13%.

We consider the cash tax rate to be an appropriate measure to use as it best reflects the economic flows from the business, taking into account our assessment of how our tax attributes, noted above, will unwind and reduce our overall tax liabilities.

BANK BORROWING AND FINANCIAL COVENTANTS

At the end of December 2017, net debt was £136.5m (2016: £251.2m).

Net debt	Underlying 2017 £m	Reported 2017 £m	Reported 2016 £m
Cash and cash equivalents	(78.8)	(115.2)	(56.7)
Senior debt	250.0	250.0	250.0
Revolving credit facility	70.0	–	56.0
Other	1.7	1.7	1.9
Net debt	**242.9**	**136.5**	251.2
Net debt/ underlying EBITDA (times)	**2.5**	**1.4**	2.7

At the end of December 2017, underlying net debt was £242.9m (2016: £251.2m) excluding the proceeds from the WFSS rights issue. The term debt facility does not include scheduled debt repayments and together with the revolving credit facility is available for a five-year term to October 2020. The Group has substantial liquidity to support its growth ambitions and ongoing working capital needs.

ACQUISITIONS

During the year, the Group completed two acquisitions.

On 6 January 2017, the Group acquired Gateway2Finance for a total consideration of £0.2m with a further earn-out of up to £1.0m payable in 2020, dependent on growth. Gateway2Finance is a consumer finance intermediary, securing loans for clients referred by financial services companies and price comparison websites.

On 26 May 2017, the Group took control of The Nostrum Group Limited and icenet Limited ("Nostrum") for a total consideration of up to £6.0m with a further earn-out of up to £7.0m, dependent on growth. Nostrum is a provider of end-to-end loan management technology that helps banks, finance companies and retail brands provide innovative credit solutions to their customers. The acquisition strengthens our position in the lending sector and consolidates our strategy of providing technology-enabled loan and mortgage solutions to meet the requirements of this fast-moving market place, building on the technology platforms of Pancredit and the loan, mortgage and insurance servicing permissions of Gateway2Finance.

EVENTS OCCURRING POST REPORTING PERIOD

On 12 July 2017, the Group announced the proposed acquisition and carve out of WFSS. The acquisition was approved at a General Meeting held on 28 September 2017 with 99.99% of shareholders voting in favour of the acquisition and a 97.43% uptake of the associated rights issue. The acquisition completed on 1 February 2018 for a total cash consideration of $227.0m (£159.6m) and a further £9.8m in settlement of a deal contingent forward used to hedge the acquisition. This gives a total outflow of £169.4m related to the acquisition of WFSS. For further detail on WFSS, see pages 22 to 25.

RETIREMENT BENEFITS

The Group operates three defined benefit pension schemes, which are all closed to new members. These are the Paymaster Pension Scheme, the ICS Pension Scheme and the MyCSP Limited Pension Scheme.

The aggregate deficit across all three schemes is £22.7m (2016: £23.9m) with a funding plan in place to clear these deficits over the next nine years. The Group has closed all schemes to future accrual, as well as consolidating its defined contribution pension plans into a single provider.

John Stier
Chief Financial Officer
6 March 2018

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures used to manage the Group are EBITDA, underlying EBITDA and underlying earnings per share.

EBITDA AND UNDERLYING EBITDA

EBITDA is considered to be the most suitable indicator to explain the operating performance of the Group. The definition of EBITDA is earnings before net interest costs, income tax, depreciation of property, plant and equipment, amortisation of software and amortisation of acquired intangible assets.

Underlying EBITDA is used to explain the sustainable operating performance of the Group and its respective divisions, where EBITDA is adjusted for non-operating charges which are defined as expense items, which if included, would otherwise obscure the understanding of the underlying performance of the Group. These items primarily represent material restructuring, integration and acquisition related expenses.

RECONCILIATION TO UNDERLYING EBITDA

	2017 £m	2016 £m
Profit before income tax	25.6	28.5
Plus: Depreciation of property, plant and equipment	5.7	5.4
Plus: Amortisation of software	18.3	16.0
Plus: Amortisation of acquisition related intangible assets	26.7	25.3
Less: Finance income	(0.8)	(0.2)
Plus Finance costs	12.5	12.4
EBITDA	88.0	87.4
Adjustments for non-operating charges		
Plus: Transaction costs	6.3	1.4
Plus: Integration costs	3.6	–
Plus: Restructuring and transformation costs	0.6	7.5
Less: Contingent consideration release	–	(3.9)
Underlying EBITDA	98.5	92.4

Transactioosts in 2017 relate to the acquisition of WFSS and includes expenses incurred for M&A advisory, due diligence and legal services. Included within this are £1.1m of internal staff costs. Integration costs reflects the cost of setting up a standalone operation in the US, including IT re-platforming onto our Sirius platform. Included within this are £1.2m of costs in relation to permanent project staff, which on completion of the integration project will be absorbed into vacant positions, redeployed onto other projects or leave the business, plus £0.6m of costs to change some of the senior leadership team to ensure they have the right skills and experience to manage the Group on an international basis. Restructuring costs incurred in 2017 reflect the first stage of a transformation programme within Pension Solutions of c.£2.5m - £3.0m to improve the operating performance of the division. The costs in 2016 related to third party fees supporting acquisitions, setting up our Shared Service Centre in Chennai and a reduction in a contingent consideration payment arising from a change in performance and earn-out criteria.

UNDERLYING EARNINGS PER SHARE

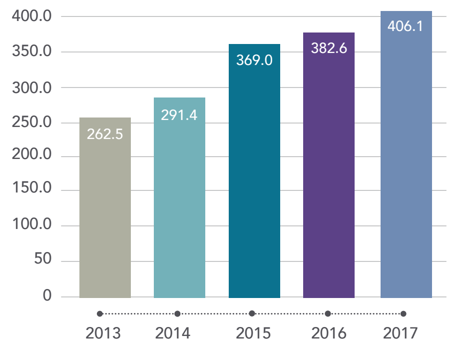
Underlying earnings per share represents underlying EBITDA, less depreciation of property, plant and equipment, amortisation of software, net interest costs, cash tax and minority interests. Given the timing of the WFSS acquisition and the related rights offering then the number of issued shares used in the calculation excludes both the bonus element and new share issuance for ease of comparability to prior year results.

UNDERLYING EARNINGS PER SHARE

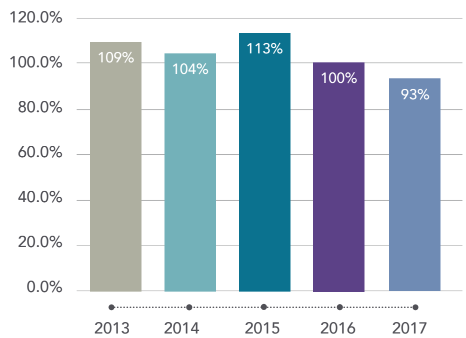
£m	2017 £m	2016 £m
Underlying EBITDA	98.5	92.4
Less: Depreciation of property, plant and equipment	(5.7)	(5.4)
Less: Amortisation of software	(18.3)	(16.0)
Plus: Finance income	0.8	0.2
Less: Finance costs	(12.5)	(12.4)
Underlying profit before tax	62.8	58.8
Cash tax at 13% / 14%	(8.2)	(8.2)
Underlying profit after tax	54.6	50.6
Minority interest	(3.7)	(2.9)
Underlying profit after tax	50.9	47.7
Number of shares excluding impact of the rights issue (m)	301.6	301.1
Underlying earnings per share (pence)	16.9	15.8

FINANCIAL REVIEW

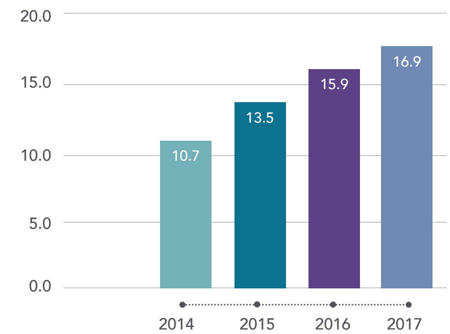
ADJUSTED* REVENUE (£m)



OPERATING CASH FLOW CONVERSION (%)

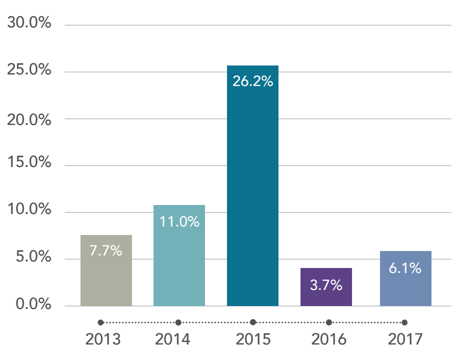


UNDERLYING EPS (UNAUDITED) (PENCE)

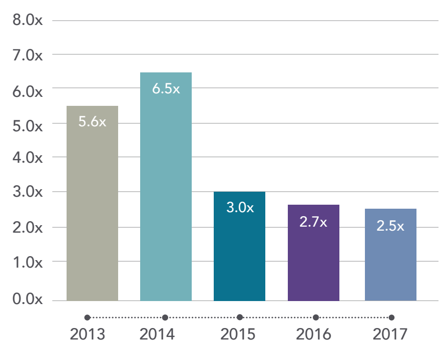


Underlying EPS excludes the impact of non-operating charges, amortisation of acquisition related intangible assets plus cash tax.

ADJUSTED* REVENUE GROWTH (%)

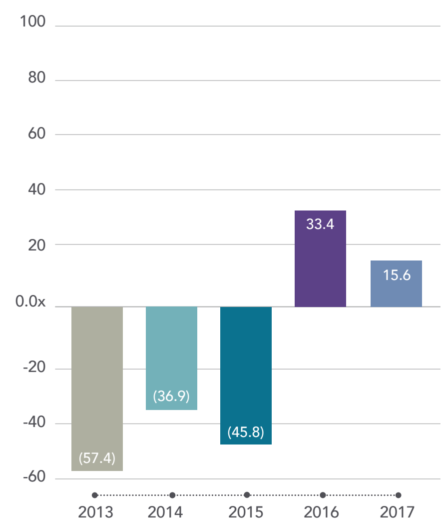


LEVERAGE – NET DEBT/ UNDERLYING EBITDA (x)

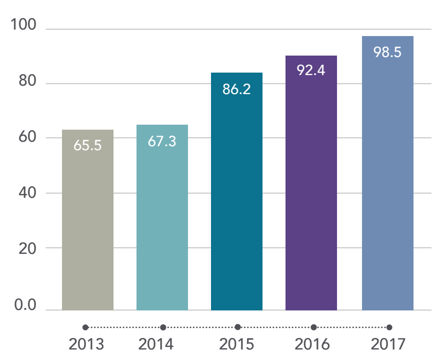


2017 underlying net debt/EBITDA excludes the impact of the rights issue.

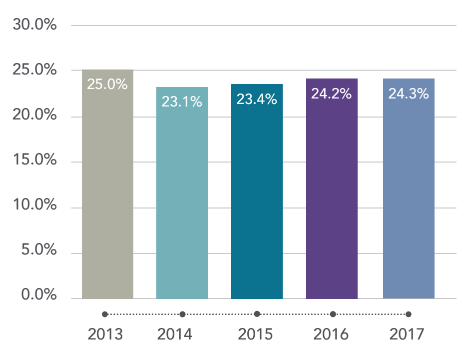
PROFIT AFTER TAX (£m)



ADJUSTED* UNDERLYING EBITDA (£m)



ADJUSTED UNDERLYING EBITDA MARGIN (%)



*Revenue and EBITDA have been adjusted in 2013 – 2014 to reflect the impact of fundamental changes to the business as outlined in the Group's prospectus for the Initial Public Offering in October 2015. No adjustments have been made to 2015 – 2017 revenue and EBITDA.

Principal risks and uncertainties

We provide business-critical services to our clients, often in highly regulated environments. As we grow, our business and our risk environment also become more complex.

It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management. We recognise that a number of our principal risks, such as increasing regulation, also create opportunities for us, as we can develop products and services that help our clients to manage their own regulatory burdens. Information about our risk management framework, including that for our regulated entities, can be found in the Report of the Risk Committee on pages 92 to 97.

OUR RISK PROFILE

Our overall risk profile has remained stable during 2017. The risk of a reduction in the Bank of England base rate has declined, as interest rates now appear to be on a rising trend in the UK. Other risks have increased somewhat during the year, such as the inherent risk of an information security breach, but our ongoing investment in this area means that the level of residual risk is stable.

OUR RISK APPETITE

The Board has defined risk appetite statements for the main risks that we face during the normal course of business. By assessing the level of each risk against our appetite for it, we ensure that we focus appropriately on the risks that need additional attention. Risks that are within our appetite require no further mitigating actions.

Given the nature of our services and the regulatory environment we operate in, we have a low appetite for many of the risks we face and no appetite for risks in certain critical areas, such as regulatory reporting or breaches of our anti-money-laundering policy.

The table below sets out the principal risks and uncertainties we face.

RISK	IMPACT	MITIGATION	TREND*
Information security breach We collect, process and store confidential information about our clients and their employees, shareholders, pensioners and customers. If our processes and controls fail or we suffer a cyber attack, there is a risk that company or client information could be accessed or modified without our authorisation resulting in a data protection breach, or that the information could become unavailable to us.	An information security breach could reduce the quality of our services or result in us breaching the law or our contracts, which in turn could damage our reputation, increase our costs and reduce our revenues. Links to the following strategy elements: 1 2	• We have an ongoing programme of investment in internal and external cyber security. • The Group has an ISO27001 compliant control framework. • We continuously review our cyber security capability and emerging threats. • Our IT infrastructure is subjected to regular penetration tests.	Our ongoing programme of investment in improved controls ensures we maintain our position in an environment where the external threat is increasing. –
Regulatory risk Equiniti faces two main types of regulatory risk: *a) Regulatory burden* Regulation and supervision in our markets continues to increase. Acquiring businesses in new areas can also increase the number of regulations we must comply with. *b) Regulatory failure* There is a risk that we could breach our regulatory requirements around money laundering, MIFID II or GDPR, resulting in sanctions and reputational damage to both ourselves and our clients.	Greater regulation can increase our compliance costs, make it more difficult to take opportunities and absorb ever-greater amounts of staff time. Failing to comply with regulations could lead to investigations by regulators, resulting in sanctions such as fines, costs to put right any breaches and bad publicity. Importantly, it may also result in detriment to our clients' businesses and reputations. As a result of our management teams being focused on resolving the problem, client service levels may suffer, and subsequently opportunities and client retention may reduce. Links to the following strategy elements: 1 2 3 4	• We have a three lines of defence model and have embedded our enterprise-wide risk management framework in the business. • We have dedicated risk and compliance teams. • Our capital investment programme ensures we appropriately fund the actions we need to take to manage regulatory risk. • We can offset the costs of regulation by developing new services and products that help clients manage their regulatory burden.	We have invested significantly in our compliance functions and regulatory infrastructure, to enable us to be resilient and identify cost-effective solutions as new regulations arise. –
Change, transformation & mobilisation We have an ongoing change programme to improve our efficiency and grow the business. This includes offshoring, making acquisitions and delivering complex programmes, including responding to the increased regulatory burden. There is a risk of customer detriment as a result of failing to manage this change smoothly or effectively. A failure to deliver more efficient services could reduce our profit margins and make our market offering less competitive.	Failing to successfully implement our change programme could affect our efficiency and our ability to grow the business. Links to the following strategy elements: 1 2 3 4	• We have substantial experience of successful large scale mobilisation embedded in the business. • We have a dedicated change management function to support the programme. • When offshoring, we dual run our processes on both sites within the same control framework and have a careful handover. • We prioritise our capital investment, to ensure we appropriately fund our change programme.	We continue to successfully deliver our change programme. –

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

RISK	IMPACT	MITIGATION	TREND*
Integration of WFSS There is a risk that we fail to realise the benefits of the acquisition of WFSS because we have insufficient management capacity, suffer delays to the introduction of our Sirius platform or we are unfamiliar with the US regulated market.	Failing to realise the benefits of the acquisition could delay or reduce the revenue and profit increases we expect to deliver or require more investment to achieve them. Links to the following strategy elements: 1 2 3 4 5	• We have a ring-fenced, dedicated project team in place working on the integration of WFSS into the Equiniti Group.	This is a new risk for 2017, reflecting the decision to acquire WFSS. The risk will be actively managed over the coming year to ensure the acquisition is successfully integrated into our business.
Disruption to client servicing We rely on our assets to help us deliver our services. This includes our buildings, IT infrastructure, systems and people. If we lost a key building or had a serious issue with the availability of our IT, we might be unable to carry out work for our clients on time or to the right standard.	Disruption to our client service could increase our costs, damage our reputation and lead to the loss of clients and the associated revenue. Links to the following strategy elements: 1 2 3 4	• We have a Group-wide business continuity management framework including compliance review which aligns to ISO standards. • We have detailed business continuity plans in place for key infrastructure and processes. • We invest in alternative sites, including 'warm standby' for key processes. • We have disaster recovery plans to ensure we can recover from a significant IT issue.	This risk has remained stable during the year. Legacy, manual processes still exist within the Group. Some parts of the organisation are exposed to higher levels of process change, (e.g. pension calculations), resulting in a higher likelihood of error. Additional checks are made where this is the case. Ongoing review and testing of plans ensures they remain contemporary and appropriate. –
Loss of key clients While our business is spread across c1,700 clients, we have a small number of clients that are material to our business. Our largest single client Lloyds Banking Group, provided 6% of our 2017 revenues and our top ten clients made up 35% of our 2017 revenues between them. We could lose a key client when its contract comes up for renewal or if a client is acquired by a company we do not serve.	Loss of a key client could significantly affect our revenues and profits. Links to the following strategy elements: 1	• We invest in our technology and processes to support our clients and ensure high-quality services. • We have dedicated relationship management and support. • Our major clients take many services from us, which improves our client retention. • Our client base is diversified across many clients and services which ensures resilience is built into our business.	We continue to achieve the highest levels of client retention and have won significant new clients in the last 12 months. –

PRINCIPAL RISKS AND UNCERTAINTIES

RISK	IMPACT	MITIGATION	TREND*
Attracting and retaining high calibre employees We depend on the knowledge, expertise and efforts of our people, including our senior executives and other senior management, Key Account relationship managers and key IT personnel. There is a risk that we could lose key people who set our strategy; run our operations; identify, recruit and train other key people; and identify and secure new business.	Failure to attract and retain the people we need could affect our operations and our ability to deliver our business plans. Links to the following strategy elements: 1 2 3 4	• We have a succession planning and talent management programme, to ensure we bring talented people up through the organisation and allow us to fill senior vacancies. • Our "rising stars" talent development programme helps talented people to develop their careers within Equiniti. • Our Group-wide employment benefits package ensures we offer competitive rewards to our people.	We continue to manage our people's performance and develop and bring through new talent. We believe in the importance of investing in our people and utilise a variety of programmes tailored to help them enhance their performance, set and achieve objectives and develop their leadership skills.
Change in client demand Our ability to grow depends on clients deciding to outsource services or pursue corporate actions. This can be hard to predict, as their activity may be affected by changes to their business strategies, the UK economic outlook and geopolitical issues, including Brexit. See page 94 for impact of Brexit.	Changes in clients' demand for our services would have a corresponding impact on our revenues and profits. Links to the following strategy elements: 1 2	• We have a well-diversified client base and portfolio of services. • Our ongoing client relationship management helps us to monitor trends in demand. • We monitor industry trends, to identify changes in demand. • We monitor trends in corporate actions.	Market demand for cost-effective outsourcing remains stable. However, political and economic factors may have an impact on this in the short to medium term.
Changes to the law or our operating environment Equiniti has benefitted from legislative changes, which create opportunities to help our clients. However, there is also the risk that legislative change may affect an income stream, for example, a change in the law requiring us to pass on the interest we earn on client balances, or dematerialisation of share certificates. Dematerialisation of share certificates is likely. Emerging technologies (such as blockchain based systems) could disrupt parts of our business model.	Failure to respond effectively to changes in the law or our operating environment could result in lost revenue or increased costs. Conversely, these changes also present opportunities to support clients facing these challenges. Links to the following strategy elements: 1 2 3	• We have diversified revenue streams, which would help to protect us from changes to laws or the operating environment in particular areas. • We view change as an opportunity to create solutions for our clients. For example, dematerialisation is also an opportunity for us to launch digital certification. • We review our pricing models as economic circumstances change. • Our fintech innovation centre is developing insights into new technologies.	We would receive notice of any changes in the law which would affect our business and as such would be well placed to respond.
Reduction in interest rates The revenue Equiniti earns on cash balances is determined by a change in interest rates.	A reduction in interest rates would decrease our revenue and profit from interest on cash balances. Links to the following strategy elements: 1	• Our hedging programme reduces and delays the initial impact of an interest rate cut. • We can introduce alternative charging models.	Interest rates look set to rise further, meaning the risk of loss is reducing.

*Trend indicates perception of how risk has moved year-on-year.

Viability statement

1. ASSESSMENT OF PROSPECTS

Equiniti conducts a significant portion of its business through recurring revenue secured via long term contracts and has a stated modest growth strategy, evidenced both by its past performance and resilience and the position it occupies in the market. A period of three years has been chosen because, although forecasts are prepared for longer periods, there is inevitably more uncertainty associated with a longer time frame and the Directors have a reasonable confidence over this time horizon.

The Group's strategy remains unchanged:

- Grow sales to existing clients
- Win new B2B clients
- Develop and acquire new capabilities
- Reinvest strong cash flows
- Operating leverage

The key factors supporting the Group's prospects are:

Long-term, loyal, blue-chip clients – We have a large and diverse client base, including c70 of the FTSE 100 and 120 of the FTSE 250. Our average relationship with FTSE 100 share registration clients is more than 20 years (see page 58) and our clients typically take an average of seven services from us.

Proprietary technology – Our well-invested and scalable proprietary technology platforms give us a competitive advantage and form a barrier to entry, given the substantial experience, time and money required to build them (see pages 56 to 57). We have more than 30 platforms, all on UK-based infrastructure. Our primary platforms are Sirius (share registration, dividend and share plan management); Xanite (custody, investment and wealth management); Compendia (pension administration and payroll); and Charter (case and complaints management).

Leadership positions – We are leaders in large and growing markets giving us significant growth opportunities and strong momentum (see pages 14 to 15).

Scale – The scale of our business means we can successfully handle the biggest transactions. In 2017, we made payments of £88 billion, interacted with c28 million shareholders and pensioners, and held c70m shareholder records.

Specialist people – We employ people who are experts in their fields. At the year end, we had over 4,500 employees, including 760 at our offshore facility in Chennai, India (see page 54).

Strong acquisitions track record – We have a strong track record of acquiring new platforms and capabilities, successfully integrating them into the Group and generating growth from them. Since 2007, we have completed 21 transactions.

2. THE ASSESSMENT PROCESS AND KEY ASSUMPTIONS

The Group's prospects are assessed primarily through its strategic and financial planning process. This includes a detailed annual review of the ongoing plan, led by the Group Chief Executive and CFO in conjunction with divisional and functional management teams. The Board participates fully in the annual process by means of an extended board meeting.

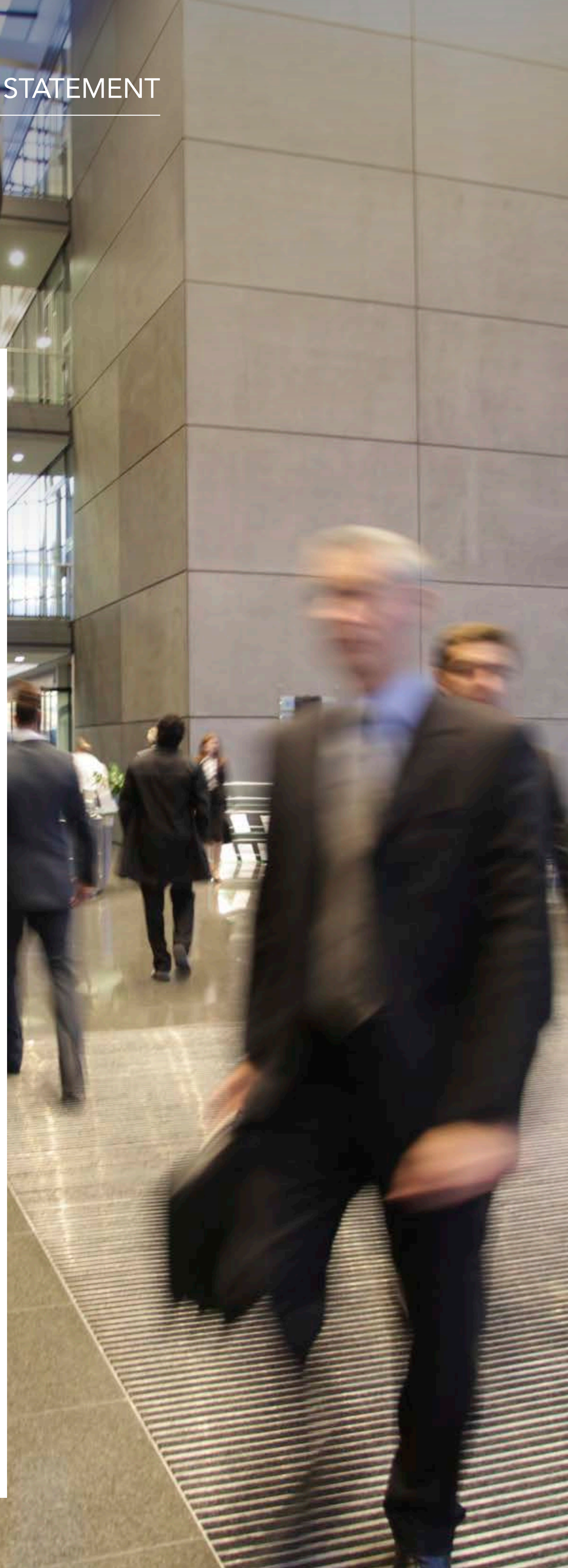
The output of the annual review process is a set of objectives, detailed financial forecasts and a clear explanation of the key assumptions and risks to be considered when agreeing the plan. The latest updates to the plan were finalised in December 2017. This considered the Group's current position and its prospects over the forthcoming years, and reaffirmed the Group's stated strategy.

Detailed financial forecasts are prepared, with the first year of the financial forecast forming the Group's operating budget and is subject to a rolling forecast process throughout the year. Subsequent years of the forecasts are extrapolated from the first year, based on the overall content of the strategic plan. Progress against financial budgets and key objectives are reviewed in detail on a monthly basis by both the Group's executive team and Board. Mitigating actions are taken whether identified through actual trading performance or the rolling forecast process.

- Low single digit per annum revenue growth, supported by market trends and increased cross selling into our customer base;
- Modest margin improvement driven by operating leverage, offshoring, automation, property rationalisation and increasing mix of software licenses;
- No change in the stated dividend policy;
- No change in capital structure given the Group has secured term debt and an RCF facility out to October 2020.

The viability statement and the projections carried out to support it are made based upon the current business model and balance sheet together with the assumption that future finance facilities that mature during the three-year period will be refinanced on similar terms.

VIABILITY STATEMENT



This viability assessment takes into account all the committed expenditure of the Group together with transaction costs related to the acquisition of the Wells Fargo Shareowner Services business. It does not include the financial results, position and prospects of the acquired business nor the related financing facilities. The acquisition completed on February 2018.

3. ASSESSMENT OF VIABILITY

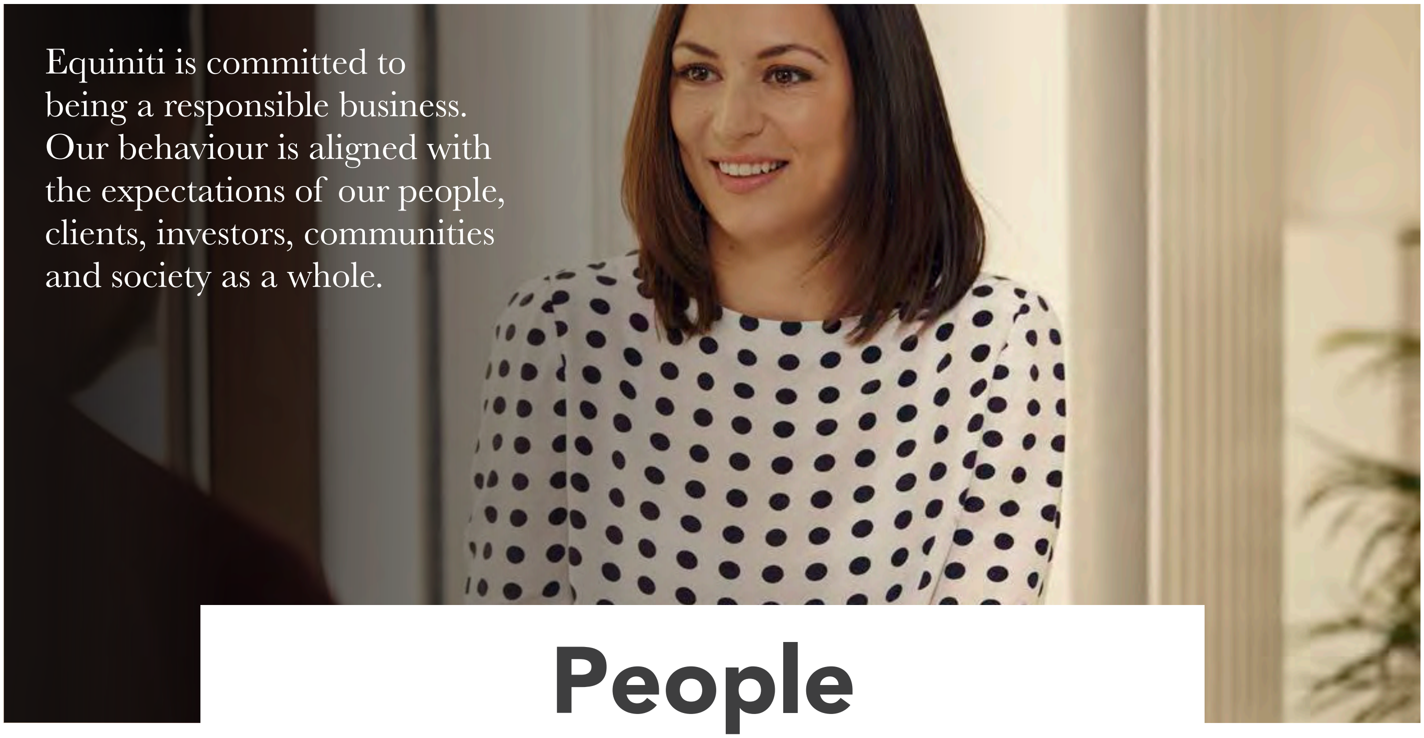
Although the output of the Group's strategic and financial planning process reflects the Directors' best estimate of the future prospects of the business, the Group has also assessed the financial impact of a range of alternative scenarios. These represent stresses which include the following potential scenarios:

- Depressed market activity leading to a reduction in Corporate Action revenue;
- Reduction in revenue growth for a prolonged period of time, with a lag in cost reduction action;
- Significant change programmes (offshoring/automation/property rationalisation) do not deliver anticipated benefits;
- 20% reduction in planned underlying EBITDA across a 3 year period.

The results of the stress testing, including a combination of the individual scenarios, demonstrated that due to the Group's high cash generation and access to additional funds that it would be able to withstand the impact in each case. Mitigants considered as part of this stress testing included cost efficiency programmes, dividend reductions and a rationalisation of capital expenditure.

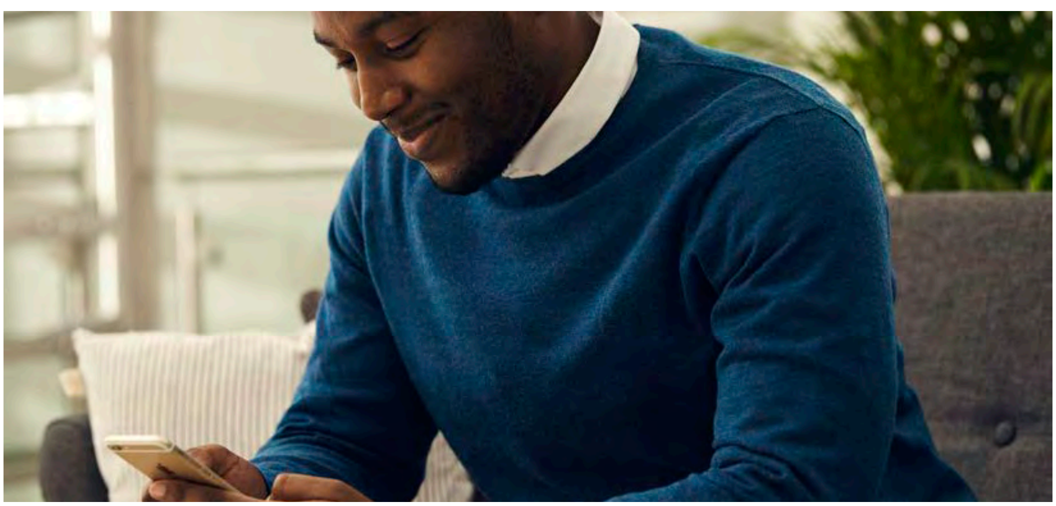
4. VIABILITY STATEMENT

Based on the results of the analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.



People

People are at the heart of our specialist services. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We must also ensure we share common values that inform and guide our behaviour so we achieve our goals in the right way.



DRIVING PERFORMANCE

We have an objective and performance management framework, which we use across the organisation. This framework is aligned to the Group's strategic objectives and requires us to assess what people have achieved and the behaviours they have displayed in doing so.

During the year, we ran a number of moderation sessions to ensure a consistent understanding of performance ratings across the Group. We then focused on taking action to support both our high performers and those who need to improve.

We focus time on building our managers' capabilities through a management development programme, identifying talent, developing performance and having good career conversations with all colleagues.

DEVELOPING CAPABILITIES

DEVELOPING TALENT AND PLANNING SUCCESSION

A key part of our talent agenda is identifying, developing and accelerating the progression of people who are already at Equiniti. This year we filled 33% of vacancies internally. The enhancements to performance management described above will help our resourcing team to systematically identify people who are ready for a new role.

The 'rising stars' programme we introduced at the end of 2016 is also important to talent progression through Equiniti. This offers development, mentoring and stretch project opportunities, to accelerate the progress of existing employees. Feedback from participants has been very positive and four of the 17 in the first cohort have already been promoted. For 2018, we have refreshed the design of the programme to increase its focus on outcomes that help our talent to progress, including focused personal development plans and access to professional qualifications, to improve technical knowledge and develop business-critical skills.

As well as bringing talent up through the organisation, we look to develop our senior leaders, including strengths assessments, career interviews and masterclasses. The current programme completed in December 2017. For 2018, we will look to extend this programme to cohorts below those in senior leadership roles, to support those with the potential to take on more senior positions and to accelerate their development and progression.

Our apprenticeship programmes have proved to be a valuable way of bringing young talent into our business. We already run apprentice schemes in our operations and in the Pension Solutions division. In 2017, we identified a provider to help us extend apprenticeships to other areas of the Group and we will leverage the Apprenticeship Levy to support these programmes.

During 2017, we again ran the Movement to Work initiative with the Prince's Trust. This provides unemployed young people with structured training, development and work experience, and helps to hone their job-seeking skills. The successful programme led to 25 of the attendees being offered jobs at Equiniti and the Prince's Trust nominating us for Service to Young People (Small Companies) at the Corporate Employee Awards.

> Our succession planning activities are working well and we have continued to run six-monthly talent panels with the executive team, to review succession for senior roles. During 2018, we will increase the frequency of these reviews and push the concept further down the organisation. This will support our aim of filling a much greater proportion of roles internally.

We have continued to invest in our online learning management system, so all our employees are able to access courses that will help their development. During the year, we extended the range of programmes available and improved the system to make courses easier to find. We have also run multi-channel learning, combining online material and a virtual classroom, to allow us to bring people together from across our sites.

RECRUITMENT AND OFFSHORING

Our centre in Chennai, India, continues to help us reduce cost and improve efficiency. Approximately half our in-house recruitment team is based in Chennai, helping us to fill the vast majority of vacancies without using an agency. This results in significant cost savings. We have also developed our payroll support offshore and are looking to drive continuous improvement in our general HR support activities, to increase customer satisfaction. Looking forward, we intend to extend our offshore model to support WFSS in both HR and finance.

> "The 'rising stars' programme we introduced at the end of 2016 is also important to talent progression through Equiniti. This offers development, mentoring and stretch project opportunities, to accelerate the progress of existing employees.

Pictured from top (opposite page)
Charlotte Pitchers
Marvin Hodges

OUR CULTURE AND VALUES

Equiniti recognises the importance of having the right corporate culture. Our long-term success depends on achieving our strategic goals in the right way, so we look after the best interests of our clients, people and other stakeholders.

The Group has five values, which we identified through employee and management workshops. These are:

TRUST

We act with integrity and openness in our dealings with others

We are honest in accepting responsibility rather than apportioning blame.

We have faith in our colleagues and can rely on one another.

We demonstrate high personal standards of integrity, by always giving our best, being consistent and being ourselves.

We act consistently with our Company's values and maintain the organisation's reputation for high standards of business conduct.

EXCELLENCE

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

We take actions to enhance our performance and reputation.

We deliver on our commitments and manage expectations to ensure needs are met.

We take ownership for problems and find solutions.

We learn and improve from experience.

CLIENT FOCUS

We add value and build true partnerships

We are constantly seeking new and better ways of doing things.

We know and understand our clients and customers, so that we exceed their expectations and create value.

We aim to be a trusted partner, not just a supplier.

We are passionate about delivering service excellence and putting the customer first.

BELIEF

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

We believe in the strength and value of working together as one.

We believe in collaborating across the business, for the benefit of clients and customers.

We promote our organisation to our friends, colleagues and external parties.

PEOPLE

We are positive, enthusiastic and supportive of one another

We value and respect each other.

We enable one another to develop and grow, to bring out the collective best.

We communicate with passion and enthusiasm, creating an energetic and enjoyable place where people want to work.

We seek and value feedback.

These values are supported by a set of defined behaviours, each of which has associated positive and negative examples. These behaviours cover communication, collaboration and team working, how we develop capability, our service and results focus, continuous improvement, building relationships, commercial awareness, and decision making and problem solving. We expect all employees to abide by these core behaviours and assess for them during recruitment and performance management.

Our engagement survey is an important tool in measuring and identifying actions to help ensure we have an engaged and committed workforce. Having completed the survey towards the end of 2016, we communicated the detailed results in January 2017.

During March and April 2017, we ran 30 focus groups across 19 locations, to obtain more detailed feedback, explore some of the more prevalent issues and outline an action plan for improvements. These action plans have been established at Group, divisional, function and location levels. Progress against them is managed by divisional and functional leadership teams, along with their HR business partners. At a Group level, the main areas of focus were leadership, communication, recruitment and development, reward and recognition, and diversity and inclusion. We have made good progress against each of them.

GENDER DIVERSITY AND INCLUSION

At the beginning of 2017, the Board approved a new diversity and inclusion policy for the Group, which is helping us to advance our diversity efforts.

We have established a diversity and inclusion council and set up five diversity and inclusion networks, which are now developing action plans. Our training initiatives include launching a new diversity and inclusion course, as well as running unconscious bias training.

We have also identified key initiatives and outcomes we want to achieve in our action plan for 2018. These actions will enable us to build upon the activity and outcomes achieved in 2017 and will further embed diversity and inclusion within Equiniti. A major focus for 2018 is upon gender diversity and inclusion, and a separate plan has been created to take this forward.

PLAN ELEMENT	2017 ACTIVITY	GAP AND 2018 ACTIONS
ADVOCACY AND ACCOUNTABILITY	• Created and implemented a group-wide diversity and inclusion policy. • Set up a diversity and inclusion Council comprising of divisional and functional leaders. • Created and implemented a diversity and inclusion action plan for 2017. • Launched Group-wide employee networks and taskforce.	• Business leaders to take ownership and accountability for diversity and inclusion. • Senior leadership to communicate a compelling, Equiniti specific business case for 'why diversity and inclusion matters'. • Diversity and inclusion objectives for each divisional and functional head and their leadership teams.
COMMUNICATION	• Communicated an initial business case for diversity and inclusion. • Communicated regular diversity and inclusion updates through all employee communications.	• Develop a communication plan to include internal and external communications. • Identify meetings and forums for business leaders to re-iterate and cascade the business case and key messages around diversity and inclusion. • Chief Executive and diversity council members from the executive and operating committee to film 'Talking Head' videos talking about their commitment to diversity and inclusion.
AWARENESS AND EDUCATION	• Launched a mandatory diversity and inclusion e-learning. • Delivered unconscious bias training for specific employee groups.	• Deliver the unconscious bias training to all staff at manager level as part of a broader manager capability programme. • Communicate our requirement for a diverse candidate pool to our preferred suppliers.
EMPLOYEE ENGAGEMENT	• Created and launched various employee networks, each with appointed leaders and sponsored by additional member(s) of the diversity and inclusion council.	• Implement initiatives and programmes in 2018 to support network objectives. • Introduce Lunch and Learns, mentoring and role model speakers' series from each network.
DIVISIONAL SPECIFIC INITIATIVES	• New element of the diversity and inclusion plan for 2018 focused on driving divisional and functional ownership and accountability of diversity and inclusion.	• Set a diversity and inclusion objective for all functional and divisional leaders and their leadership teams, based upon divisional diversity data. • Develop annual divisional and functional diversity and inclusion action plans to address gaps.
MEASUREMENT AND MONITORING	• Dashboard in place for 2017 which shows the current diversity and inclusion data and metrics.	• Further develop the Group diversity and inclusion dashboard from that used in 2017.

We have several mechanisms for ensuring compliance with our diversity and inclusion policy. These include our grievance and whistleblowing procedures, our engagement survey, the diversity and inclusion networks and a visible HR team in all locations, allowing employees to raise any concerns. Our diversity and inclusion policy can be found on our website www.equiniti.com

GENDER DIVERSITY AND INCLUSION

The graphic (below) shows our gender diversity at the year end. Equiniti has a good gender balance overall, with a broadly equal split between men and women. However, we recognise we have more to do to increase the number of women in our senior management positions and care is taken that senior staff, when recruited, reflect the characteristics of the diverse workforce we seek to create. We have made some progress on this initiative and, over the last three years, women have been recruited or promoted to twelve senior management roles.

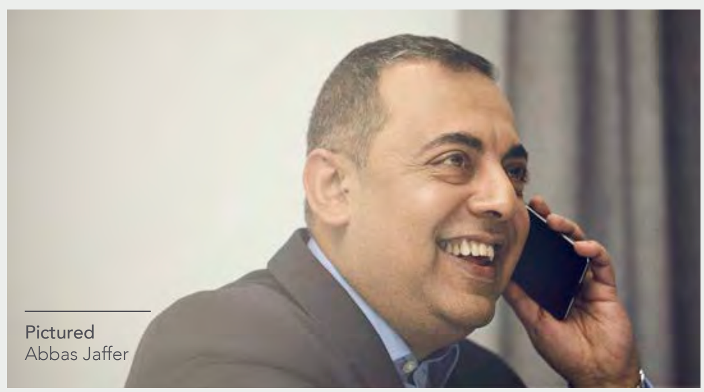
	Men	Women
2016*		
Board	6	2
Senior Management	59	16
Other Employees	2,229	2,036
Total	**2,294**	**2,054**
2017		
Board	5	2
Senior Management	61	24
Other Employees	2,352	2,067
Total	**2,418**	**2,093**

*2016 number have been restated to reflect the revised structure of senior management team and includes the top 3 levels of management.

> The 30% Club Campaign has always been about women and men working together... Encouraging CEOs to set goals to have 30% female Executive leaders by 2020 has become a key area of our focus. We're thrilled that companies like Equiniti has made this a priority.

BRENDA TRENOWDEN, 30% CLUB GLOBAL CHAIR AND HEAD OF FIG, EUROPE, ANZ BANK

Pictured
Alison Carter



Pictured
Abbas Jaffer

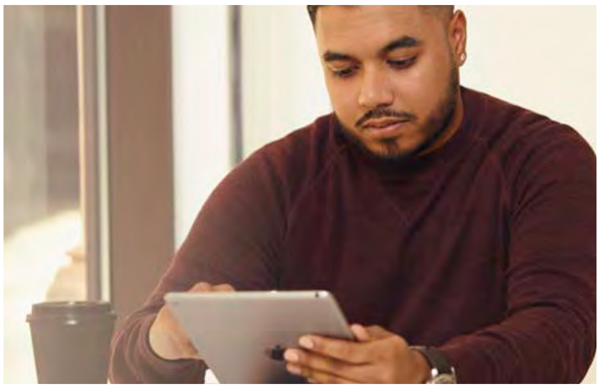
> Equiniti has committed to the 30% club, we have made considerable progress in the appointment of women to senior positions over the last three years, but there is more to do to increase diversity. This is another important step towards narrowing the gender pay gap, attracting new talent, and unleashing the extraordinary potential of our colleagues.

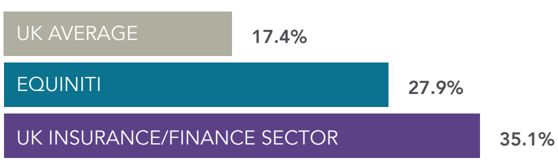
GUY WAKELEY, EQUINITI CHIEF EXECUTIVE

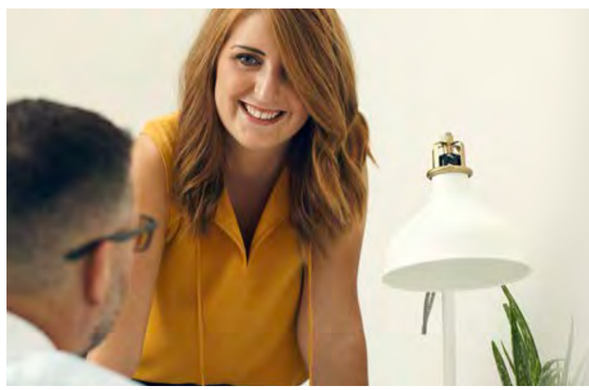
SUSTAINABILITY

GENDER PAY GAP

Pictured clockwise
Kiron Chanda
Thomas Campbell
Lillee Lucas
Jessica Argent







Like all UK employers with more than 250 employees, we are required to disclose our mean gender pay gap. This is calculated as the difference between the mean male salary and the mean female salary, expressed as a percentage of the mean female salary.

For our cohort of UK employees, the mean gender pay gap was 27.9%, which is higher than the UK average as at 5 April 2017.

Whilst this is a larger gap than the UK average of 17.4%, it is better than for the insurance and finance sector as a whole, which was 35.1%, higher than the UK average in 2017.

We do not pay men and women differently for performing the same roles. For us, the gap primarily results from:

- A larger proportion of women in lower paying front line roles, typically in contact centres and pension and registration administration.
- A larger proportion of men in higher paying technical roles, principally in IT, actuarial and financial services.
- Obstacles that could prevent women progressing through the organisation, particularly when returning from childcare.

Adjusting for age shows a much smaller gap. For example, for employees under 30 the gap falls to 4.5%, with 53.0% of those employees being female. For people hired in the 12 months before the analysis, the gap is 13.6%. Rectifying the gender pay gap will not be a quick process but we are committed to a year on year reduction and to making it a central theme within our broader diversity and inclusion strategy.

Further detail on the gender pay gap can be found at www.equiniti.com.

OUR TECHNOLOGY PLATFORMS

We deliver our services and solutions through a suite of proprietary platforms, which provide cutting edge technology and functionality to our clients and give us a significant competitive advantage.

Our platforms are well-invested, with more than £100m spent on them since 2007. Their flexibility underpins our strategy of expanding our service offering, while adapting to changing client and regulatory requirements. Because they are proprietary, we can use them to provide white label services to clients. Our infrastructure is onshore and configured to be secure and resilient.

The platforms' scalability supports our business growth, with significant capacity to process increasingly large volumes of data and transactions. We also have a track record of making targeted acquisitions of companies with exciting technology, which open new growth areas for us.

Our four primary platforms are Sirius, Xanite, Compendia and Charter.

4.5 million

Charter support Intelligent Solutions' offering, processing more than 4.5 million complaints on behalf of clients

19 million

Sirius can handle vast processing volumes, managing over 70 million data records on behalf of 19 million shareholders

Growing D2C

Xanite supports our regulated settlement, dealing and custody activities, administering in excess of £20 billion of assets for 5 million customers

9 million

Compendia manages records and payments for around 9 million UK pension scheme members

OTHER KEY TECHNOLOGY PLATFORMS

Our other key proprietary technology platforms include Centive, our executive share plans platform; the proprietary technology platforms operated by Pancredit and Nostrum, which support our loan administration services; Equiniti KYC Solution's client on-boarding and AML platform, KYCNET; and Riskfactor's fraud detection platform, EQ Riskfactor.

EQ Charter

Charter is our case and complaints management platform. It supports Intelligent Solutions' offering, processing more than 4.5 million complaints on behalf of clients. It is a highly customisable solution, which supports automated FCA reporting, root cause analysis and secure data management. It gives our clients a wide variety of business-critical data in a single view, enabling swift and efficient processes.

OUR TECHNOLOGY PLATFORMS

EQ Sirius

Sirius is our core share register management platform, supporting our registration, dividend payment and share plan administration services. It can handle vast processing volumes, managing over 70 million data records on behalf of 19 million shareholders and making payments of £88bn in 2017. Sirius receives approximately 1 million internal website hits each day and delivers an average response time of less than 1 second.

EQ Xanite

Xanite is our custody and settlement wealth management platform. Through its interface with SWIFT and CREST, it supports share dealing for both retail investors and corporate clients, as well as our outsourcing services for wealth managers. The platform also enables us to provide asset custody services and supports our growing D2C business, which we deliver through our Selftrade web and mobile offering.

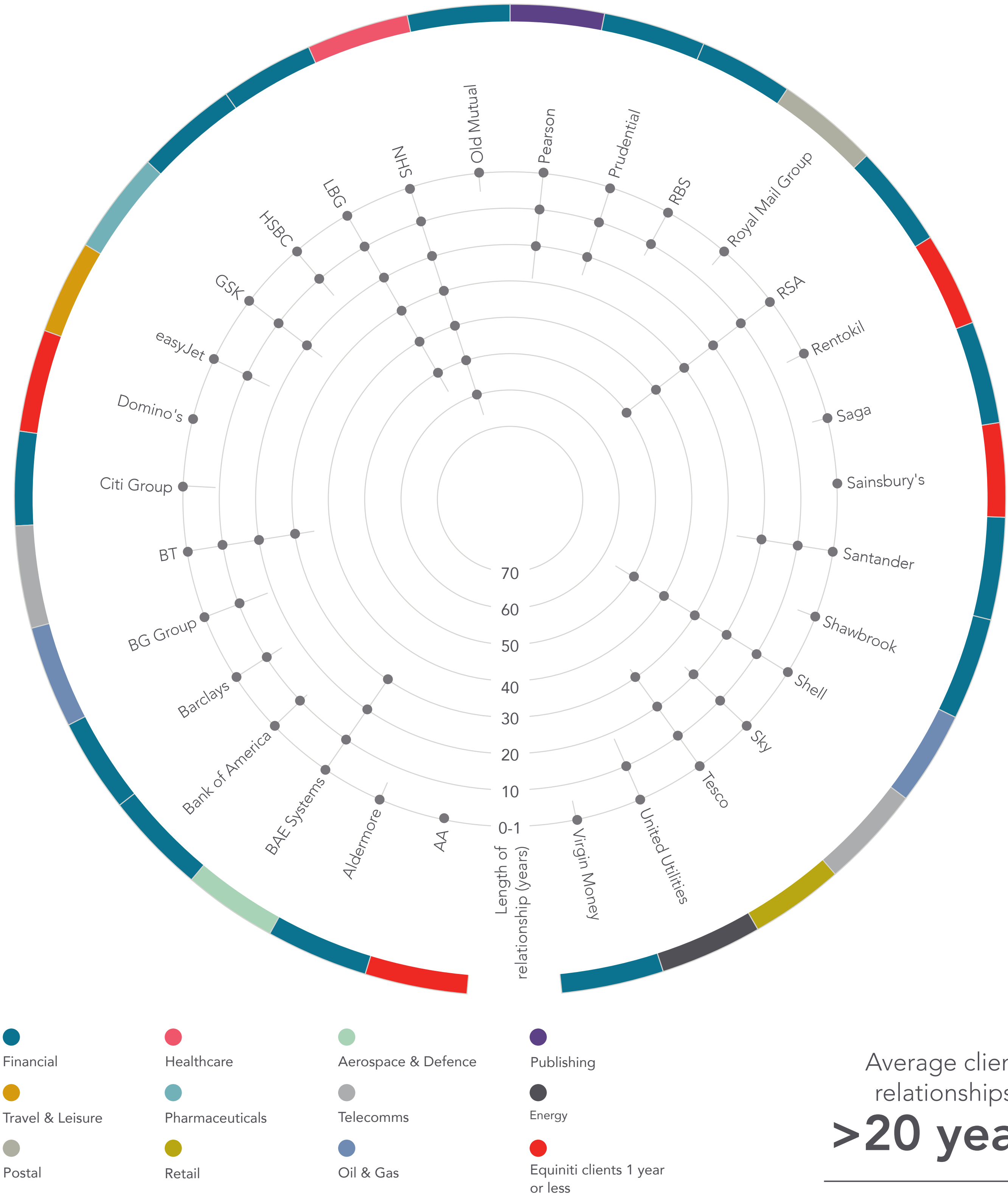
EQ Compendia

Compendia is our award-winning pension administration and payroll platform. It is used to manage records and payments for around 9 million UK pension scheme members. As well as using Compendia in our own business, we provide the platform as a software solution to in-house pension teams either on-premise or as a managed service solution.

Compendia offers self-service functionality to scheme members, through our mobile app and responsive web design. This improves members' experience, helps them to plan their retirements, increases their engagement with the scheme and improves efficiency for the schemes themselves.

CLIENTS

Our strategy prioritises organic growth, driven by cross-selling and up-selling services to existing clients and bringing new clients into the Group. To do this, we need to develop and maintain strong client relationships.



Average client relationships

>20 years

SUSTAINABILITY

CLIENTS / SHAREHOLDERS / SUPPLIERS

"The Board is committed to openly engaging with our shareholders, as we recognise the importance of a continuing effective dialogue, whether with major institutional investors, private or employee shareholders.

CLIENTS

Our strategy prioritises organic growth, driven by cross-selling and up-selling services to existing clients and bringing new clients into the Group. To do this, we need to develop and maintain strong client relationships.

We continue to benefit from the key accounts programme. It focuses on growing revenue from our top clients, by identifying opportunities to up-sell and cross-sell other solutions.

Beyond our key accounts programme, each of our divisions have specialist sales teams who work with our clients and potential clients to win new business. We also have a bid support team, which helps us to prepare tenders and to price our contracts.

Ultimately, our clients stay with us because we have outstanding technology and deliver excellent service. The average length of our share registration relationships is more than 20 years but we also have a good balance of longer relationships and clients who are newer to the Group.

SHAREHOLDERS

The Board is committed to openly engaging with our shareholders, as we recognise the importance of a continuing effective dialogue, whether with major institutional investors, private or employee shareholders. It is important to us that shareholders understand our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.

We have a comprehensive investor relations programme with the executive Directors meeting investors and analysts regularly, supported where appropriate by the Chairman and, when necessary, the Senior Independent Director. The programme supports the aims of the Code and the UK Stewardship Code to promote engagement and interaction between listed companies and their major shareholders. With this in mind, we welcome any opportunities for investors and shareholders to engage directly with the Chairman and Senior Independent Director, in addition to the Chief Executive and CFO.

SUPPLIERS

We value all of our suppliers and have multi-year contracts with our key suppliers. While they provide services that are important to our delivery to clients, the loss of any one supplier would not have a material impact on our business and we could replace any of our suppliers without materially disrupting our business.

To ensure we manage our suppliers effectively, we use the following approach:

- Strategic suppliers: we may develop a joint business strategy with the supplier, share innovation and product development, jointly optimise total supply chain costs and reduce lifecycle costs.
- Critical suppliers: we look to reduce and mitigate risk, optimise specification and supply chain costs, and may develop the relationship towards a strategic one.
- Operational suppliers: we consolidate spend, reduce transactions and consumption, and aim to have competing suppliers to maximise efficiency.

We expect all of our suppliers to comply with our standards, such as those relating to environmental responsibility, modern slavery, data protection, human rights and ethics.

CORPORATE SOCIAL RESPONSIBILITY

> “Since 2007 when we started supporting local children’s hospice, Chestnut Tree House, we have raised just over £140,000 for them”

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Equiniti's approach to CSR is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us and the causes close to our hearts. That is why in 2017 we launched volunteer days and our new corporate JustGiving page.

Every permanent Equiniti employee based in the UK is now entitled to take two volunteer days out of the office each year, to support their chosen charity or community project. Employees can choose to volunteer individually or as a team for larger projects.

In addition, we have a focus on youth and education, helping to identify the next generation of talent in our industry and giving young people the opportunity to experience the world of work. Our rising stars, apprenticeship and Movement to Work programmes are an important part of this. We are also proud to be a partner of Modern Muse, a charity which aims to inspire and engage the next generation of businesswomen and female entrepreneurs. The social change initiative is based on an online platform that will empower girls everywhere to make more informed career decisions. It profiles female role models from all backgrounds and showcases their educational achievements, career paths, working lives, the companies they work for and the opportunities those organisations offer young women. Girls using the site can interact with the Muses by posting questions, providing what the creators describe as "bite-sized mentoring".

JustGiving™

JUST GIVING
TOTAL RAISED SO FAR

c.£61k

SOME OF THE CHARITIES OUR EMPLOYEES SUPPORT

breast cancer care – the breast cancer support charity

BBC Children in Need

Chestnut Tree House

Battersea Dogs & Cats Home

CANCER RESEARCH UK

SUSTAINABILITY

HUMAN RIGHTS / MODERN SLAVERY / ETHICAL BUSINESS / ENVIRONMENT

HUMAN RIGHTS

Human rights is a key focus for our business. We ensure we protect the rights of our people, including those with disabilities, by adopting suitable employment practices and we also aim to act ethically in all our business dealings. Whilst we have several policies that cover human rights and the employment of disabled people within our HR and procurement framework, we do not have a formal human rights policy, nor do we have a formal policy for employees who become disabled whilst working for us. This will be addressed in 2018.

MODERN SLAVERY

We operate a zero-tolerance approach to modern slavery and have a formal policy which commits us to acting ethically and with integrity in all of our business activities and relationships. Full details of our policy can be found on www.equiniti.com

ETHICAL BUSINESS

Equiniti has formal anti-bribery and corruption policies, supported by a whistleblowing process and, where necessary, proportionate and independent investigation and follow up of any matters reported. Full details of our policy can be found on www.equiniti.com

ENVIRONMENT

We take our environmental responsibilities seriously and positively manage our energy consumption. However, we do not believe that the environment is a material issue for our business and consequently we do not operate a Group-wide environmental policy.

While revenue in the year increased by 6% and number of employees increased by 4%, the tonnes of CO_2 per £m revenue reduced by 7% and the tonnes of CO_2 per employee reduced by 6%.

Vehicle business travel is based on the use of a medium sized car of average value, from the financial records each year ending 31 December. As we expanded the Group with our acquisitions of Gateway2Finance, Marketing Source and Nostrum, overall business travel by car has increased by 17% in 2017, with total miles per year up by 1,171k from 1,002k.

Air travel is based on data from financial records each year ending 31 December. Air travel increased by 44% from 2016 and miles travelled were up by 2,306k to 3,431k miles. The number of flights over 3,000 miles have increased by 93% reflecting the increased number of flights in connection with the WFSS acquisition.

Buildings emissions are based on data for the years ended 31 March 2016/17. Overall the emissions from our building usage has shown a 7% reduction year on year. Electricity emissions are down by 7% from 4,742 tonnes in 2016 to 4,408 tonnes in 2017. Gas emissions have decreased by 10% from 672 tonnes in 2016 to 603 tonnes in 2017.

The table below shows our greenhouse gas emissions.

GHG EMMISSION (TONNES OF CO_2)

	VEHICLES (BUSINESS TRAVEL)	AIR TRAVEL	BUILDINGS	TOTAL
2017	362	683	5,011	6,056
2016	309	476	5,414	6,199
CHANGE %	17	44	(7)	(2)

CARBON INTENSITY

	TONNES OF CO2 PER £M REVENUE	REVENUE £M	TONNES OF CO2 PER EMPLOYEE	EMPLOYEES
2017	14.9	406	1.34	4,511
2016	16.1	383	1.43	4,348
CHANGE %	(7)	6	(6)	4

We use a number of third party suppliers to supply and validate the data.

FTSE4GOOD

Equiniti is a member of the FTSE4Good Index Series, which measures the performance of companies demonstrating strong environmental, social and governance practices. The indices are used by many market participants to create and assess responsible investment funds.

FTSE4Good

The strategic report was approved by order of the Board

Guy Wakeley
Chief Executive

6 March 2018

SHARES AWARDS 2017
WINNER
Best Share Registrar

Best Share Registrar at the Shares Awards

Voted for by investors and shareholders

02 Governance

MESSAGE TO SHAREHOLDERS

Governance Report

Dear Shareholder

This is my first Governance Report as Chairman of the Company, having been appointed to the Board during the year. I am pleased to report that the Company has the appropriate corporate governance procedures and processes embedded within the business and has created the necessary internal culture within the Group to enable us to meet the requirements of our customers, employees, shareholders and wider stakeholders. As a Board, we take corporate governance very seriously and I will continue to ensure that we maintain high standards throughout my tenure.

It has been a busy year from a corporate governance perspective and I summarise below the key areas that the Board has focused on during 2017.

BOARD CHANGES

I joined the Board in July 2017 and became Chairman in September when Kevin Beeston stood down from the Board and left the Company. Further details of my recruitment and induction can be found in the Nomination Committee's report on page 100. John Parker also stood down from the Board and left the Company in September. I am delighted to advise that Alison Burns will join the Board as an independent non-executive Director on 1 April 2018. Alison will become a member of the Audit, Nomination, Remuneration and Risk Committees. Her financial services and insurance background will provide an invaluable resource to support Equiniti's strategy over the coming years. Alison will stand for re-election at the AGM to be held on 3 May 2018 and her biography can be found on page 67.

Vicky Jarman, who joined the Company in 2014, has notified the Board that she has decided to step down as an independent non-executive Director at the Company's AGM in May 2018 and Darren Pope, in succession to Vicky, will become the Senior Independent Director. I would like to place on record the Board's thanks to Vicky for her valuable contribution and commitment to the Board and the Company during her four year tenure. The Board has benefitted greatly from her experience and advice.

Changes have occurred within the Audit Committee with Vicky Jarman standing down as Chair of the Committee in November 2017, having been in the post since 2014. Darren Pope has succeeded her as the Audit Committee's new Chair and details of his qualifications for that role can be found in his biography on page 66.

TALENT, DEVELOPMENT AND SUCCESSION

As Chairman of the Board, one of my key responsibilities is to review the membership of the Board and its range of skills and experience. When recruiting a new Director, we look to appoint a candidate with a relevant but complementary mix of experience, as we recognise the importance of diversity in its widest sense in Board effectiveness. At the moment, we have 28% female representation on the Board.

Succession planning, talent spotting and the development of our rising stars were key focuses for the Nomination Committee during 2017 and details of these can be found on page 99. The Board has oversight over these succession plans.

DIVERSITY AND INCLUSION

At Equiniti, we want diversity and inclusion to mean understanding, appreciating and valuing 'difference' – both visible and invisible, and understanding that these differences in our employees can enrich and enhance our culture. In February 2017, we adopted a new Group policy on Diversity and Inclusion which is set out on page 53. Following its adoption, the new policy has been monitored by the Board and the senior management team to ascertain how it has been received within Equiniti and progress made in adopting it.

BOARD EVALUATION

We undertook an internal evaluation of our Board and Committees during 2017 to ensure that we are operating effectively. Details of the results from the evaluation and any action points, can be found on page 78. Upon my appointment as Chairman, I initiated a regular meeting with just the non-executive Directors prior to each scheduled Board meeting. This provides me with useful feedback on what my fellow non-executive Directors are thinking and ensures their views can be appropriately brought out during Board meetings.

GOVERNANCE AND RISK

During 2017, the Audit and Risk Committees have focused on reviewing and updating the Group's policies on risk and agreeing the Group's risk appetite statements. Our markets and the type of risks we face are constantly changing and will remain a key focus for those Committees, and the Board as a whole, as the Group develops and expands. The acquisition of WFSS brings US compliance challenges which will be assessed by the Board during 2018 as the new business is integrated into the Group.

MESSAGE TO SHAREHOLDERS / THE UK CORPORATE GOVERNANCE CODE COMPLIANCE STATEMENT

We have also undertaken a significant governance review and improved policies and processes in our FCA regulated subsidiary, Equiniti Financial Services Limited, to ensure that this business remains compliant with the changing regulatory landscape.

CONCLUSION

Good progress has been made during the year in enhancing and embedding our governance processes within the business. We have made significant progress in our succession planning, not only at Board level but with the senior leadership team. The talent development programmes that we have in place have proved successful and new intakes have been enrolled in early 2018. I am confident that we can continue to maintain a strong and effective governance system to enable the business to deliver its strategy, generate shareholder value and safeguard our shareholder's long-term interests.

Finally, on behalf of the Board, I would like to thank the leadership team and all of our employees for their work, energy and passion throughout the year, and for the results that they have achieved. I am confident that we have an excellent team to steer Equiniti through the opportunities and challenges ahead.

Philip Yea
Chairman

6 March 2018

THE UK CORPORATE GOVERNANCE CODE COMPLIANCE STATEMENT

The UK Corporate Governance Code 2016 (the Code) is the standard against which we measured ourselves in 2017. A copy of the Code is available from the Financial Reporting Council's website.

Further to the changes in the Board, I am pleased to advise that since October 2017 we have been fully compliant with the Code. However, prior to that date we were not fully compliant for the following reason:

Code provision A.3.1:
The previous Chairman, Kevin Beeston, for the period 1 January to 29 September 2017, was not considered independent due to his role as an Operating Partner at Advent International. At the time of his appointment and following our listing up until August 2016, Advent International together with other Advent companies and Kevin Beeston, were our controlling shareholders. This ceased to be the case in August 2016, when Advent disposed of its controlling interest.

Kevin Beeston did not act on behalf of Advent International in respect of its investment in Equiniti and received no remuneration from Advent International in respect of its investment in the business or his role with us. The Board is unanimously of the view that Kevin Beeston was an extremely valuable asset to Equiniti during his tenure, including a wealth of experience in publicly listed companies, an understanding of technology and service businesses as well as being independent in character and judgement.

Board of Directors

The Board has five Independent non-executive and two executive Directors:

PHILIP YEA
INDEPENDENT NON-EXECUTIVE CHAIRMAN (64)

Appointed: July 2017

Skills and Experience:
Philip joined the Board as a non-executive Director and Chairman Designate on 3 July 2017 and succeeded Kevin Beeston as Chairman in September 2017.

Philip has considerable executive experience in both the quoted and private equity sectors, having been chief executive of 3i Group plc from 2004 to 2009. He is a former finance director of Diageo plc and, as finance director of Guinness PLC, was closely involved in the creation of Diageo through Guinness's merger with GrandMet in 1997.

Other Appointments:
Philip has been Chairman of Greene King plc since May 2016. He is senior independent director at Computacenter PLC (where he will stand down from in April 2018), a non-executive director of Aberdeen Asian Smaller Companies Investment Trust plc and Marshall of Cambridge (Holdings) Ltd and also an independent director and trustee of the Francis Crick Institute.

CHAIR N

D

VICTORIA (VICKY) JARMAN
SENIOR INDEPENDENT DIRECTOR (45)

Appointed: May 2014

Skills and Experience:
Vicky joined the Board as a non-executive Director in May 2014 and became the Senior Independent non-executive Director in October 2015. 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 UK operations, sat on the Lazard London Board and European Management Committee and opened Lazard's Dubai office. Vicky holds a Mechanical Engineering degree from Leicester University.

Other Appointments:
Vicky is an Independent non-executive Director at Hays plc, where she chairs their Audit Committee, and is a non-executive advisor to Knight Frank's group executive board.

Sector relevant:
Investment Banking

A R Rm N

DR TIM MILLER
INDEPENDENT NON-EXECUTIVE DIRECTOR (60)

Appointed: February 2015

Skills and Experience:
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.

Other Appointments:
Tim is currently non-executive Director of Otis Gold Corporation, a Toronto Stock Exchange Listed company. Recently he has been appointed as Chairman of the Academy of St Martin in the Fields. Tim is also a non-executive Director of Equiniti Financial Services Limited, the Group's most significant FCA regulated entity.

Sector relevant:
Commercial banking; Retail financial; Insurance; Pensions

CHAIR Rm

A R N

SALLY-ANN HIBBERD
INDEPENDENT NON-EXECUTIVE DIRECTOR (59)

Appointed: August 2016

Skills and Experience:
Sally-Ann has a broad background in financial services and technology.

She previously served as COO of the International division and latterly as Group Operations and Technology Director of Willis Group, and held a number of senior executive roles at Lloyds TSB.

Other Appointments:
Sally-Ann is a non-executive Director of Shawbrook Bank Ltd, a non-executive member of the governing body of Loughborough University and an advisory board member of OEE Consulting.

Sector relevant:
Commercial banking; Retail financial; Insurance; Software development; Pensions; Life Assurance

CHAIR R

A Rm N

DARREN POPE
INDEPENDENT NON-EXECUTIVE DIRECTOR (52)

Appointed: December 2016

Skills and Experience:
Darren is a qualified accountant with over 30 years of experience in the financial services industry, the majority of which has been spent in retail financial services. Most recently Darren served as CFO of TSB Bank plc, having led the initial stages of its separation from Lloyds Banking Group. He has held a number of other senior positions at Lloyds Banking Group, Cheltenham & Gloucester plc, Egg plc and Prudential plc.

Other appointments:
Darren is Audit Chair and a non-executive Director of Virgin Money Holdings (UK) plc and a director of the subsidiary Virgin Bank.

Sector relevant:
Commercial banking; Retail financial; Insurance; Pensions; Life Assurance

CHAIR A

R N

GUY WAKELEY
CHIEF EXECUTIVE (47)

Appointed: January 2014

Skills and Experience:
Guy holds an MA in Engineering Science from the University of Cambridge and a PhD in applications of artificial intelligence to engineering design. He is a Chartered Engineer, a Fellow of the Royal Institution of Chartered Surveyors, an FCA Approved Person and a commercial pilot and flight instructor and examiner. Previously Guy was Chief Executive of Morrison plc for five years and has held divisional leadership positions with Amey, The Berkeley Group, General Electric and Rolls-Royce.

Other appointments:
Guy is a non-executive Director of HgCapital Trust plc and a member of the CBI's Public Services Strategy Board.

Sector relevant:
Commercial banking; Retail financial; Insurance; Software development; Pensions; Life Assurance

CHAIR E O Sb

D RC GC

JOHN STIER
CHIEF FINANCIAL OFFICER (51)

Appointed: June 2015

Skills and Experience:
John is a fellow of the Institute of Chartered Accountants and has a background in corporate finance. He was the Chief Financial Officer of Northgate Information Solutions Ltd (NIS) for over ten years.

NIS was a FTSE 250 organisation until 2007, when the business was acquired by KKR, the US private equity firm. Prior to this, he was the Chief Financial Officer of Subterra Ltd, a subsidiary of Thames Water Plc.

Sector relevant:
Software Development; Pensions

CHAIR RC GC

D E O Sb

ALISON BURNS
INDEPENDENT NON-EXECUTIVE DIRECTOR (54)

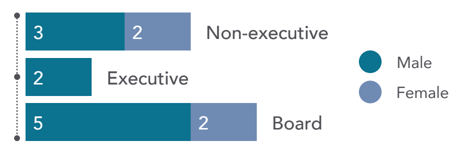
To be appointed: April 2018

Skills and Experience:
Alison has held executive and non-executive roles within Aviva plc, including the position of CEO of Aviva Ireland. She has extensive financial services experience, gained in senior roles with Santander, Bupa, Lloyds TSB and AXA UK, and brings strong leadership and executive management experience within the insurance sector.

Other appointments:
Alison is a non-executive Director of Hastings plc where she is a member of their remuneration and risk committees.

Sector relevant:
Retail financial, Insurance

BOARD GENDER DIVERSITY



KEY

BOARD COMMITTEES

- A Audit Committee
- D Disclosure Committee
- N Nomination Committee
- Rm Remuneration Committee
- R Risk Committee

EXECUTIVE COMMITTEES

- E Executive Committee
- RC Executive Risk & Compliance Committee
- Sb Sales and Bid Committee
- O Operating Committee
- GC Group Investment & Change Committee

Company Secretary

KATHY CONG
COMPANY SECRETARY

Kathy was appointed as Company Secretary in July 2016. Prior to joining Equiniti, Kathy worked for a FTSE 250 specialist banking group, Investec plc, for over 13 years, to ensure appropriate governance systems were established and maintained, particularly in relation to Directors' duties, relevant regulatory requirements and related party transactions, including FCA regulated firms. Kathy is an active industry contributor, having held the position of the Secretary of the Association of Women Chartered Secretaries and the London Money Market Association. She has a BA (Hons) in Law and is an ICSA professional.

D

Executive Committee

ADAM GREEN
CHIEF RISK OFFICER

Adam joined Equiniti as Chief Risk Officer in 2015, working as part of the Executive Leadership Team. He has a wide range of experience in financial services, risk management, regulation and business change. Adam was previously interim head of UK Compliance for BUPA and prior to that managed a core transition work stream at the Financial Services Authority, as it established the Financial Conduct Authority and Prudential Regulatory Authority. He has also worked at PricewaterhouseCoopers helping boards, management teams and change programmes to deliver complex risk and regulatory requirements, which followed his time as a major groups regulator at the Financial Services Authority.

E Sb GC RC O

LIAM MCGRATH
GROUP COO
INTELLIGENT SOLUTIONS DIVISON – CEO EQ DIGITAL

Liam started with Equiniti as Managing Director, Group Operations in May 2014. He joined Equiniti from Chaucer Insurance plc, where he was the UK Division Operations Director responsible for all underwriting and claims operations, as well as facilities. Prior to this, he worked for the Royal Bank of Scotland Group running a number of large operational areas, including mortgages, credit cards, loans and overdrafts. Liam has also worked in senior roles in GE Consumer Finance, Royal and Sun Alliance Insurance and Vodafone, driving large scale operational change and improvement.

E O RC

MARK TAYLOR
CHIEF CUSTOMER OFFICER

Mark joined Equiniti in 2009 and has over 30 years' experience in the retail financial services industry. He has responsibility for direct to consumer marketing and digital strategy across the Group. He has a track record of new business start-ups and product development in the "direct" market place. Previously a Director at Virgin Money, he was responsible for growing Virgin's savings, investments and pensions business and the launch of Virgin's Climate Change Fund. Mark was also a Director of Egg Investments, where he launched the UK's first fully automated on-line fund trading platform. He was a founding partner in Clearwell Ltd, an online personal finance software business, prior to its sale to a national IFA network. Mark also held a number of senior roles in other leading companies such as Fidelity and Charles Schwab and has worked both in the USA and mainland Europe.

E

EXECUTIVE COMMITTEE

KEY

BOARD COMMITTEES

- A Audit Committee
- D Disclosure Committee
- N Nomination Committee
- Rm Remuneration Committee
- R Risk Committee

EXECUTIVE COMMITTEES

- E Executive Committee
- RC Executive Risk & Compliance Committee
- Sb Sales and Bid Committee
- O Operating Committee
- GC Group Investment & Change Committee

^ Appointed to the Executive Committee in August 2017

MARK CHURLEY^
GROUP BUSINESS DEVELOPMENT DIRECTOR

Mark Churley joined Equiniti in August 2017 as Group Business Development Director. Mark is responsible for growth across Equiniti's core markets, both in the UK and overseas, through new business origination and from our established strategic accounts.

Mark joined Equiniti from NCR Corporation, a global software, services and hardware company. As Enterprise Software and Strategic Accounts Director, he led new business development in the financial services sector.

Prior to this, Mark was Head of Group Business Development with Talaris, a former De La Rue company, where he built global sales capabilities and grew revenue. Over the last 20 years, he held senior positions with companies including De La Rue and Lucent.

E O

PAUL MATTHEWS
INVESTMENT SOLUTIONS DIVISION – CEO EQ BOARDROOM

Paul joined Equiniti in 2011 as Managing Director, Corporate Markets. Paul is responsible for working with the UK's leading businesses to deliver successful transactions, including IPOs and corporate actions, for a client base covering circa 50% of the FTSE 100 and circa 40% of the FTSE 250. Paul's stock market experience spans 30 years and he currently leads Equiniti's partnership with the Global Share Alliance. Prior to joining Equiniti, Paul was a Managing Director at the investment bank JP Morgan Cazenove, where he had a successful career spanning over 25 years.

E

THERA PRINS^
INVESTMENT SOLUTIONS DIVISION – CEO EQ INVEST

Thera joined Equiniti at the end of 2016 to lead the Consumer Investment and International Payments division; EQ Invest.

Prior to joining Equiniti, Thera spent 20 years in Retail Financial Services working for Visa Europe, Barclays and Lloyds Group where she specialised in customer services, and new product development solutions. During her career she has held strategy, business performance improvement, change delivery, customer service and new product delivery roles.

E

RIC WILLIAMS^
PENSIONS SOLUTIONS DIVISION – CEO EQ PAYMASTER

Ric joined Equiniti in April 2013 as the Finance Director for Equiniti Pension Solutions before becoming the Acting Managing Director, Pension Solutions in January 2015. He is now CEO of EQ Paymaster.

Prior to joining Equiniti, Ric spent over 20 years with Deloitte and Arthur Andersen becoming a partner in 1999. He was Head of the Deloitte's UK Telecoms industry practice and led over 25 IPOs including those of Virgin Mobile, Entertainment One and Telecity.

E

Leadership

BOARD MEMBERSHIP

Details of the Directors, including the skills and experience that they bring to the Board, are on pages 66 to 67. During 2017, the Board comprised a non-executive Chairman, the Chief Executive, the Chief Financial Officer and five independent non-executive Directors (including the Senior Independent Director). For the period July to September, the number of independent non-executive Directors increased to six following the appointment of Philip Yea as Chairman designate. For the period of September to December 2017, the number of independent non-executive Directors dropped back to four following the resignations of Kevin Beeston and John Parker and Philip Yea becoming independent non-executive Chairman.

RESPONSIBILITIES OF THE BOARD

The Board is collectively responsible for the long-term success of Equiniti and delegates the day-to-day management of Equiniti to the Chief Executive and Chief Financial Officer. There is a clear division of responsibilities between the Board and the executive management team for the running of the business. Whilst routine business decisions are delegated to the executive management team, there is a schedule of matters reserved for the Board's decision, together with a delegated authority framework to ensure that unusual or material transactions are brought to the Board for approval. Decisions reserved for the Board include approval of strategic plans and annual budgets, acquisitions, audited accounts and the appointment of additional Directors. The delegated authority schedule sets out the financial parameters of authority, covering the delegation of all areas of the Group's activities below Board level to the executive Directors, divisional MDs or business unit managers. Certain authorities, such as approval of capital expenditure, have different delegated authority limits depending on whether the particular expenditure was included in the annual budget or is an additional item of expenditure, where a higher degree of oversight and approval is appropriate.

There is a clear division of responsibility between the Chairman who is responsible for the leadership of the Board, and the Chief Executive, who is responsible for managing and leading the business. The roles are clearly defined so that no single individual has unrestricted powers of decision.

A SUMMARY OF THE DIRECTORS' RESPONSIBILITIES IS SHOWN BELOW:

Chairman

As Chairman, Philip Yea's role is to lead the Board and ensure that it operates effectively. His responsibilities include:

- setting the Board agenda;
- ensuring the Board has adequate discussion time of all agenda items;
- ensuring the Board receives relevant information in a timely manner
- promoting a culture of openness and debate in Board meetings;
- fostering constructive relations between the executive and non-executive Directors;
- being a key contact for external investors to discuss governance and strategy; and
- meeting regularly and individually with the Chief Executive, and when appropriate, with the Chief Financial Officer, members of the Executive Committee, and other senior members of the management.

Chief Executive

As Chief Executive, Guy Wakeley's responsibilities include:

- managing the business of the Group;
- recommending the Group's strategy to the Board;
- implementing the strategy agreed by the Board;
- allocating decision making and responsibilities accordingly;
- managing the risk profile in line with the Group's risk appetite and categories of risk identified; and
- leading the process of communicating with the Group's investors.

Chief Financial Officer

As Chief Financial Officer, John Stier's responsibilities include:

- implementing the financial strategy, including balance sheet management;
- overseeing the financial reporting and internal controls; and
- meeting with investors.

LEADERSHIP

Senior Independent Director (SID)
As SID, Vicky Jarman's responsibilities include:
- acting as a sounding board for the Chairman;
- serving as an intermediary for the other Directors when necessary;
- evaluating the Chairman's performance as part of the Board's evaluation process; and
- being available to shareholders should there be a need to convey concern to the Board other than through the Chairman or the Chief Executive.

Independent non-executive Directors
The independent non-executive Directors bring independent judgement, knowledge and varied commercial experience to the meetings and their responsibilities include:
- constructively challenging and helping to shape the Group's strategy;
- scrutinising the performance of the executive management team in delivering agreed goals and objectives; and
- undertaking specific duties as members of the Board's main Committees.

Company Secretary
As Company Secretary, Kathy Cong's responsibilities include:
- being secretary to the Board and its main Committees;
- providing advice on corporate governance matters;
- ensuring compliance with Board procedures;
- ensuring consistency of and adherence to the Group's governance framework at subsidiary board level; and
- being secretary to Equiniti Financial Services Limited, the primary UK regulated subsidiary of the Group.

The Board receives and reviews regular reports on overall, divisional and individual business unit performance, financial position, health & safety, regulatory compliance, HR, corporate compliance and governance issues, legal matters and investor relations. In addition, the Board invites other senior managements from around the Group, and external advisers, to provide insight into key strategic areas.

The Board agrees an annual budget, together with corporate goals to underpin the delivery of that budget. The corporate goals will form the basis of the Chief Executive and Chief Financial Officer's personal objectives and these goals and objectives are cascaded down to the senior management team, to form divisional and business unit goals and management objectives.

The Board is responsible for setting Equiniti's culture and for determining our values and standards. The cascade of goals and objectives is used as the framework to establish and guide a unified culture throughout Equiniti. The Board has adopted and regularly reviews a number of policies and codes of conduct, to ensure that Equiniti's obligations to its investors and other stakeholders are clear, understood and observed.

BOARD ATTENDANCE
Details of the Directors' attendance at the Board meetings held during 2017 is show in the table below. The attendance at Committee meetings is shown separately in the Committee reports.

Name	Attended	Maximum possible
Kevin Beeston[1]	9	9
Philip Yea[2]	5	6
Guy Wakeley	12	12
John Stier	12	12
Sally-Ann Hibberd	12	12
Vicky Jarman[3]	11	12
Dr Tim Miller[4]	11	12
John Parker[5]	9	9
Darren Pope	12	12

1 Kevin Beeston stepped down from the Board on 29 September 2017. He attended all of the meetings held during his tenure.
2 Philip Yea joined the Board on 3 July 2017. Six meetings were scheduled during his tenure and, before he became Chairman, he could not attend one due to a prior commitment.
3 Vicky Jarman could not attend one meeting due to a prior commitment.
4 Dr Miller could not attend one meeting due to a prior commitment.
5 John Parker stepped down from the Board on 30 September 2017. He attended all of the meetings held during his tenure.

LEADERSHIP

A summary of the key activities undertaken by the Board during 2017 is shown below.

Principal Board Activities

Responsibilities	Activities during 2017
Strategy and Operational Performance Links to the following strategy elements: 1 2 3 4 5	• Held a Strategy Day in May 2017 at which a new five year strategic plan was approved • Monitored the performance of the Group's revenue and earnings growth • Reviewed and monitored the delivery of the 2017 business plan • Oversaw the expansion of the Group's addressable markets • Oversaw the expansion of service capabilities • Reviewed the Group's business development plan • Maintained focus on procurement efficiencies and property rationalisation
Financial Statements	• Approved 2016 financial results and dividend • Approved 2017 half year results and interim dividend
Annual Budget Links to the following strategy elements: 1 2 3 4 5	• Reviewed amendments to 2017 budget • Approved 2018 budget
Dividend Policy Links to the following strategy element: 5	• Monitored dividend policy
Risk, Governance and Internal Controls	• Reviewed and approved the risk appetite • Reviewed the risk management process • Reviewed the principal risks • Monitored the effectiveness of the Group's risk management and internal control systems • Reviewed corporate governance compliance • Approved the non-audit services and fees policy • Approved going concern review • Approved viability statement
Acquisitions and Disposals Links to the following strategy element: 3	Discussed and approved the acquisitions of: • Gateway2Finance • Nostrum Group • WFSS business
Values	• Reviewed and approved the Diversity & Inclusion Policy • Annual review and approval of the Modern Slavery Statement • Reviewed the draft gender pay gap statement for approval by April 2018.
Succession Planning	• Appointment of new non-executive Chairman • On-going search for a new non-executive Director • Succession planning for executive Directors and senior leadership roles • Successful appointment of new Group Business Development director to the Executive Committee • Development of the talent pool and succession plan to support the leadership team
Effectiveness Review	• Annual external audit effectiveness review completed • Internal Board and Committee effectiveness evaluation completed and actions agreed • Reviewed the annual employee survey

Focus areas for 2018
• Monitor 2018 business plan
• Approve financial results and consider dividends as appropriate
• Approve 2019 budget
• Review dividend policy
• Review Group risks and risk reporting processes • Review risks facing the business • Approve risk appetite • Monitor effectiveness of the Group's risk management and internal control systems
• Review the acquisition and disposal pipeline • Undertake a post-acquisition review of processes followed in acquiring businesses within the last two year • Monitor the integration and embedding of appropriate governance processes within the recently acquired WFSS business
• Review implementations of key initiatives with regards to diversity and inclusion within the Group • Monitor implementation of learning and development initiatives agreed for 2017 • To approve the gender pay gap statement and to track ongoing actions to reduce it.
• Successful appointment of new non-executive Director • Continue to monitor Group succession planning • Continue to monitor talent pool
• Consider independent reviewers for the first externally facilitated evaluation of the Board and Committees

CONFLICTS OF INTEREST

The Board has an established framework for the identification, approval and recording of actual or potential conflicts of interest of its Directors and subsidiary company Directors. All conflicts of interest must be declared to the Board and are recorded in Equiniti's register of Directors' interests. The Companies Act 2006 (the Act) and Equiniti's Articles of Association contain detailed provisions for the proper management of conflicts of interest. The circumstances in which the Board can approve the ongoing participation by a conflicted Director in any discussions or decisions of the Board, where the Director is or may have a conflict, are clearly defined.

As part of the framework referred to above, towards the end of the year, each director is provided with a copy of the information held about them – personal information, declared conflicts, shareholding in the Company, who their connect persons are – requesting that they confirm that the details held are still valid and up to date. This annual attestation process ensures that the Director is aware of the details held on them and that the details are up to date.

The Board maintains oversight of each Directors' external interests, to ensure that they continue to be able to devote sufficient time to discharge their duties and responsibilities effectively and efficiently. Where there are external commitments, the Board makes sure it is satisfied that these do not have any adverse effect on Equiniti or the ability of any particular Director to discharge their duties fully.

More information about the Board and the Executive Committee is available on pages 66 to 69.The following documents are available to review on our website at www.investors.equiniti.com/investors/shareholder-services/ corporate-governance

- Schedule of matters reserved for the decision of the Board; and
- Terms of reference of the committees of the Board, setting out their objectives, responsibilities and any delegated authority.

LEADERSHIP

BOARD

Audit Committee

Reviews the integrity, adequacy and effectiveness of Equiniti's system of internal control and risk management and the integrity of Equiniti's financial reporting, whistleblowing and anti-bribery and corruption obligations.

A

Risk Committee

Reviews the effectiveness of Equiniti's risk management and processes to ensure that key risks are adequately mitigated.

R

Remuneration Committee

Sets, reviews and recommends Equiniti's overall remuneration policy and strategy and monitors their implementation.

Rm

Nomination Committee

Evaluates and makes recommendations regarding Board and Committee composition, succession planning and Directors' potential conflicts of interest.

N

Executive Committee

Weekly reviews of performance, allocation of resources and directs activity to deliver business plan.

E

Disclosure Committee

Oversee continuing obligations in respect of the disclosure and control of inside information directly concerning the Company.

D

Sales & Bid Committee

Weekly review of all sales submissions, tenders and renewals.

Sb

Group Investment & Change Committee

Monthly review of all capital expenditure and acquisitions.

GC

Executive Risk & Compliance Committee

Assure performance of business in accordance with policies, relevant legislation and risk appetite.

RC

Operating Committee

Challenge and review of P&L performance, business planning and resourcing, budgeting, central costs and overhead.

O

KEY

BOARD COMMITTEES

- A — Audit Committee
- D — Disclosure Committee
- N — Nomination Committee
- Rm — Remuneration Committee
- R — Risk Committee

EXECUTIVE COMMITTEES

- E — Executive Committee
- RC — Executive Risk & Compliance Committee
- Sb — Sales and Bid Committee
- O — Operating Committee
- GC — Group Investment & Change Committee

BOARD COMMITTEES

As shown in the table to the left, the Board has four main Committees comprising only non-executive Directors: Audit; Nomination; Remuneration; and Risk. The Committees' reports that follow on pages 82 to 124 set out their members, attendance, responsibilities and activities. These Committees take the lead with the following:

- the detailed oversight of Equiniti's internal and external audit work;
- oversight of Equiniti's risk identification and management;
- establishing the remuneration policy and overseeing implementation for Equiniti as a whole, and specifically the Directors and leadership team; and
- determining appropriate succession and contingency plans for the Directors and senior managers and undertaking appropriate searches for new Directors as required.

Disclosure Committee

In addition to the four main Board Committees, the Board has delegated responsibilities to the Disclosure Committee to oversee Equiniti's compliance with its obligations (as laid down by the UKLA's Listing Rules, Disclosure and Transparency Rules and the Market Abuse Regulation) in respect of the disclosure and control of inside information directly concerning the Company. The Committee will meet as and when it is deemed necessary and its members consists of the Chairman, Chief Executive, Chief Financial Officer and the Company Secretary.

Executive Committees

In addition to the oversight provided by the Board and Committees noted above, the executive Directors are supported by a number of executive management committees, which help them discharge their duties. These include monthly reviews with the senior and divisional management teams, covering areas such as business performance and development, financial management, risk management, HR, IT and operational performance.

The Chief Executive leads Equiniti's operational management and is supported by the executive management team. The executive management team gives strategic focus and is responsible for managing the operational and financial performance of the Group, by coordinating the work of the specialist business areas. This enables the efficient and effective day to day operation of the Group's businesses. The Board is kept up to date with developments in the business, including the work of the leadership teams, through the Chief Executive and Chief Financial Officer's regular reports, which are discussed in detail at each Board meeting.

The Executive Committee is the most senior executive management committee and consists of:

Guy Wakeley	Chief Executive
John Stier	Chief Financial Officer
Mark Churley	Group Business Development Director
Adam Green	Chief Risk Officer
Liam McGrath	Group COO; Intelligent Solutions Division – CEO EQ Digital
Paul Matthews	Investment Solutions Division – CEO EQ Boardroom
Thera Prins	Investment Solutions Division – CEO EQ Invest
Mark Taylor	Chief Customer Officer
Ric Williams	Pension Solutions Division – CEO EQ Paymaster

The Executive Committee meets weekly to review performance and allocation of resources and directs activity to deliver the business plan. Biographies of this executive management team are set out on pages 68 to 69.

The Executive Committee is supported by four management sub-committees:

- The Sales & Bid Committee, chaired by the Chief Executive, meets weekly and is responsible for reviewing performance against P&L budgets and forecast, planning, resourcing and costs, and reviewing sales submissions, tenders and contract renewals.
- The Operating Committee chaired by the Chief Executive, meets monthly and is responsible for reviewing performance against P&L budgets, forecast and monitor central costs and run the budget process.
- The Group Investment and Change Committee (formerly the Investment and Projects Committee) chaired by the Chief Financial Officer, also meets monthly and reviews capital expenditure requests and acquisition targets.
- The Executive Risk and Compliance Committee is also chaired by the Chief Financial Officer and meets at least quarterly, to ensure performance of the business is in accordance with policies, legislation and agreed risk appetite.

BOARD AND COMMITTEE BALANCE

It is a core feature of good corporate governance that the Board and Committees have an appropriate balance of skills and experience, (as shown in the table opposite) independence and knowledge, to enable the effective discharge of their duties and responsibilities, whether individually or collectively. Part of the role of the Chairman and the Nomination Committee is to keep the balance of skills and expertise on the Board and its Committees under review and make recommendations to the Board where changes are appropriate to maintain that balance. The Board considers that the range of skills, experience and background of each of the Directors is sufficiently relevant and complementary to allow appropriate oversight, challenge and review of Equiniti's progress in achieving its corporate goals.

The individual experience and background of each Director is set out in their biographies on pages 66 to 67.

It is Equiniti's policy, in line with the Code, that proposed appointments to the Board follow an open and transparent recruitment process and that candidates are assessed on merit against objective criteria.

DIVERSITY

The Board notes and supports the aims of the Hampton-Alexander Review and the aspiration to achieve at least 33% representation of women on the Board by 2020 where deemed appropriate. We continue to seek to improve opportunities for talented women to progress throughout Equiniti and particularly to the ranks of senior and executive management. Further details on Equiniti's gender diversity statistics as at 31 December 2017 are set out on page 54 and details of the Group's diversity and inclusion policy can be found on page 53.

The Board, supported by the Nomination Committee, values diversity in its broadest sense and when considering new non-executive Director appointments will, in addition to considering gender, age, disability, ethnicity or experience, look to maintain within the boardroom the appropriate balance of skills, experience, independence and knowledge of Equiniti and the industry as a whole.

TRAINING, DEVELOPMENT, INDUCTION AND INFORMATION FLOW

A key part of my role as Chairman is to ensure all Directors have access to ongoing training and development to provide them with the relevant expertise and skills for their roles on the Board and its Committees.

TRAINING AND DEVELOPMENT ON:

- the General Data Protection Regulations;
- the Market Abuse Regulations; and
- Cyber Security.

Additional activities included:

- Attendance at a risk workshop;
- Deep dive (in-depth) reviews on particular areas;
- Briefings on updates to changes in the UK Corporate Governance Code;
- Briefings on updates to changes in the regulations affecting the Group's business; and
- Directors' are encouraged to visit Group operational sites and frequently do so.

INDUCTION

On appointment, Directors take part in an induction programme to increase their knowledge and understanding of the business. The programme is designed for each individual, taking account of their existing knowledge of the business, specific areas of expertise and proposed Committee appointments. They will receive information about Equiniti including financial data and the key policies supporting Equiniti's business practices, together with previous Board and Committee meeting packs. We also give new Directors details on the role of the Board, its terms of reference, membership of the main Board committees and the matters reserved for decision by the Board and Committees.

ACCESS TO INDEPENDENT ADVICE:

Each Director has access to the advice and services of the Company Secretary and can arrange for independent professional advice at the Company's expense where they judge it is necessary in order to discharge their responsibilities as Directors. There is an agreed procedure enabling them to do so, which is managed by the Company Secretary. No such independent advice was sought during the year.

INFORMATION FLOW AT BOARD MEETINGS

The information flow before and after Board meetings is described in the chart below.

The Board uses an electronic Board pack system which provides quick, easy and secure access to Board papers and materials.

The Chief Executive and Chief Financial Officer provide the Board with regular updates both during and outside of scheduled Board meetings.

- Chairman sets Board agenda with input from the Chief Executive & the Company Secretary
- Agenda and Board papers circulated to the Directors at least four days before the meeting
- Board meeting schedule (at least ten a year)
- Company Secretary follows up on action points agreed by the Board
- An updated action list forms part of the agenda for the next Board meeting

BOARD EVALUATION

Progress made against the 2016 Board Evaluation

2016 Evaluation Recommendations:	Progress Against 2016 Recommendations:
Restructuring Board meetings and pack to allow maximum debate and strategic discussion	Meeting packs have been restructured to make them easier to use, and the time allocated to each meeting was extended to allow for more debate.
Organising more informal opportunities for Board members to integrate and build rapport	Non-executive Directors hold meetings, without executive management present, prior to each scheduled Board meeting, for informal discussions. Two informal Board dinners, with members of the senior management team invited, were held during 2017.
Continue to evolve the operations of the Board Committees	The Committees are operating well and continue to evolve with best practice and the change in regulations affecting them.

2017 BOARD EVALUATION

During the year a Board assessment was carried out by Philip Yea as incoming Chairman, using an initial questionnaire which was then followed up by a series of one to one interviews. A summary paper describing its findings was considered by the Board. The evaluation focused on a number of key areas:

- The skills and experience of the Board
- Meetings and Board administration
- The effectiveness of the Board's decision making
- The Board's role with respect to the Group's strategy
- The Board's management of risk
- The Board's engagement with key stakeholders, including employees and shareholders
- The operation of the Board's committees

The evaluation was divided into four stages:

STAGE 1

Completion of questionnaire
A comprehensive questionnaire was sent to each Director. Directors completed and returned the questionnaire to the Company Secretary.

STAGE 2

Evaluation of responses
The Chairman reviewed the responses to the questionnaire.

STAGE 3

Initial discussion between the Chairman and the Directors
The Chairman met with each Director individually to discuss the feedback and gather their views.

STAGE 4

Feedback to the Board
Feedback was provided to the Board as a whole at its Board meeting in February 2018 and an action plan discussed and approved.

Given that the Chairman was only appointed to his role on 29 September 2017, the non-executive Directors will meet, without the Chairman present, in late 2018 to discuss his performance in the role.

Key recommendations from the 2017 evaluation

Although overall the Board and its Committees were felt to be operating well, a number of new actions were agreed. These included allowing more time for Board discussion through extending the average length of meetings and simplifying and summarising key information packs. It was also agreed that more Board time should be spent on considering medium term issues and a schedule of forward topics was agreed to allow this to happen. Each of the principal committees was felt to have improved over the last year, and specific actions were agreed to build on the progress.

The evaluation of the Board and its Committees during 2018 will be led by an external consultant in accordance with Clause B.6.2 of the Code, which states that Board evaluations must be externally facilitated at least every three years.

EFFECTIVENESS

ANNUAL RE-ELECTION OF THE BOARD

In compliance with the Code, apart from Vicky Jarman who is standing down from the Board at the AGM, all Directors will retire and offer themselves for reappointment at the AGM to be held on 3 May 2018. Full details of the resolutions, together with explanatory notes and supporting biographies, are set out in the Notice of 2018 Annual General Meeting. Alison Burns, who is being appointed to the Board on 1 April 2018, will also stand for re-appointment at the 2018 AGM.

The Board has reviewed and re-affirmed that it considers each of the non-executive Directors to be independent in character and judgement and that there are no relationships that might prejudice this independence.

	Date of appointment	Term of Current Service Contract, Notice Period	Independent*
Executive Directors			
Guy Wakeley	27 October 2015	Rolling contract, terminable on 12 months' notice	–
John Stier	27 October 2015	Rolling contract, terminable on 12 months' notice	–
Non-executive Directors			
Philip Yea	3 July 2017	Initial period of three years, terminable on three months' notice	Yes
Sally-Ann Hibberd	27 June 2016	Initial period of three years, terminable on three months' notice	Yes
Vicky Jarman	27 October 2015	Initial period of three years, terminable on three months' notice	Yes
Dr Tim Miller	27 October 2015	Initial period of three years, terminable on three months' notice	Yes
Darren Pope	6 October 2016	Initial period of three years, terminable on three months' notice	Yes

* Considered independent as defined under The UK Corporate Governance Code

BUSINESS MANAGEMENT

The Chief Executive is responsible for delivering Equiniti's agreed strategy and prepares the annual budget, which is subject to formal scrutiny and approval by the Board. Progress in delivering this annual budget is reported on at each Board meeting.

Monthly business forecasts are prepared by the operating divisions to identify variances against the annual budget at the earliest opportunity, reflecting changes in expectations and market conditions. Negative variances to budget are subject to rigorous challenge at Operating Committee meetings.

There are clear policies outlining delegated authority limits for all types of business transactions and associated authorised signatories. The authority limits and processes are verified by reviews undertaken by compliance and internal audit. Additional detail on the work of the compliance and internal audit functions is set out on page 87.

All employees are required to undergo an objective-based personal appraisal process, with individual objectives derived from the corporate strategy and the objectives of their line managers and set within the context of Equiniti's corporate goals and annual budget.

REGULATED ACTIVITIES

A number of Equiniti's businesses include regulated activities and the Company has several regulated subsidiaries. The main such subsidiary is Equiniti Financial Services Limited (EFSL), which has a Board consisting of two independent non-executive Directors, two non-executive Directors and two executive Directors. The Board works closely with the EFSL Board, to ensure that appropriate governance is followed in respect of all regulated activities. The Board maintains oversight of the regulated activities through receiving regular reports, and specifically the ICAAP process and risk appetite and framework within EFSL, from the Chief Executive and the Chief Risk Officer. Copies of the EFSL board and committee minutes are made available to the Board.

ACCOUNTABILITY

THE BOARD'S REVIEW OF THE SYSTEM OF INTERNAL CONTROL

The Board has responsibility for Equiniti's overall approach to risk management and internal controls and considers their effectiveness fundamental to the achievement of Equiniti's strategic objectives. During 2017, the Board, through its Audit and Risk Committees, has reviewed with management the process for identifying, evaluating and managing the principal risks faced by Equiniti.

INTERNAL AUDIT

The Group Chief Audit Executive and his team report on a day-to-day basis to the Executive Committee.

This work is summarised and reported to the Audit Committee on a quarterly basis.

The Group Chief Audit Executive can raise any issues with the Audit Committee or its Chair at any time during the year.

The Internal audit function advises the executive management team on the extent to which systems of internal control are adequate and effective to manage business risk, safeguard Equiniti's resources, and ensure compliance with Group policies and legal and regulatory requirements, as well as advising on ways in which areas of risk can be addressed. It provides objective assurance on risk and controls to senior management, the Audit Committee and the Board. Internal audit's work is focused on the Group's principal risks. The mandate and programme of work of the internal audit team is considered and approved by the Audit Committee. Based on the approved internal audit plan, a number of internal audits took place across the Group's divisions to facilitate improvement of the Group's internal controls. Findings were reported to the relevant operational management and the Audit Committee. Internal audit follows up on the implementation of recommendations and reports on progress to senior management and to the Audit Committee.

The Group Chief Audit Executive, Group Internal Audit, reports regularly to the Chair of the Audit Committee and attends each Audit Committee meeting to present the internal control findings from the internal audits performed. The Audit Committee reviews and discusses the effectiveness of internal audits on an annual basis with the Group Chief Audit Executive. This is done by the review of the internal audit plan of work for the year and monitoring progress against the plan and actions identified by internal audit. The Group Chief Audit Executive meets with the Audit Committee at least twice a year, without executive Directors present, and is a regular attendee at the Risk Committee meetings.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Board to prepare financial statements for each financial year. 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 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.

ACCOUNTABILITY

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 and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the 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 have a further responsibility to establish and maintain adequate internal control over financial reporting for the Group. The Group's internal control over financial reporting is designed to provide reasonable assurance regarding the accuracy and reliability of financial reporting and includes clearly defined lines of accountability, policies and procedures that cover financial planning and reporting, and preparing consolidated accounts. The Directors have delegated responsibility for reviewing the effectiveness of the Group's systems of internal financial and non-financial controls to the Audit and Risk Committees.

The Directors are responsible for the maintenance and integrity of Equiniti's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. A copy of the financial statements is available on Equiniti's website: http://investors.equiniti.com/investors.

Pursuant to Rule 4.1.12 of the Disclosure Guidance and Transparency Rules each of the Directors, the names and functions of whom are set out on pages 66 to 67, confirm that to the best of their knowledge:

- The Group's financial statements, which have been prepared in accordance with IFRSs, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group.
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.
- The Directors have concluded that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy in accordance with the Code.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

As required by sections 418 and 419 of the Act, each Director has approved this report and confirmed that, so far as they are aware, there is no relevant audit information (being information needed by the auditors in connection with preparing their audit report) of which the Company's auditors are unaware. They have also confirmed that they have taken all the steps they ought to as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

GOING CONCERN

Equiniti's business activities, together with factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 20 to 37. The financial position of the Company, its cash flows, liquidity position and borrowing facilities, as well as the Company's objectives, policies and processes for managing capital, are described on pages 38 and 43. Financial risk management objectives, details of financial instruments and hedging activities, and exposures to credit risk and liquidity risk are described in notes 5 and 6.10 - 6.13 to the Accounts on pages 164 and 170 to 175.

During the year, the Directors assessed the viability of the Company over a three-year period, taking into account the Group's current financial position and the principal risks, particularly those that could threaten the business model. The Directors consider that the Company's business activities and financial resources ensure that it is well placed to manage its business risks successfully and the Group viability statement can be found on page 48.

The Directors are satisfied that:

- The Company's activities are sustainable for the foreseeable future, and that the business is a going concern.
- It is appropriate to continue to adopt a going concern basis in the preparation of the financial statements.

Audit Committee report

Dear Shareholder

On behalf of the Board I am pleased to present my first Audit Committee (the Committee) report, having recently succeeded Vicky Jarman who stood down as Chair of the Committee on 1 November 2017. I would like to thank Vicky for her excellent chairmanship since May 2014 and I am pleased to advise that she remains as a member of the Committee.

I would also like to welcome Jaskamal Sarai as our new Senior Statutory Auditor from PricewaterhouseCoopers LLP (PwC), our external Auditor.

The Committee has continued to focus on its key objectives of overseeing financial reporting, internal controls, whistleblowing and internal and external audit.

The Committee has continued to ensure that all externally reported financial results remain fair, balanced and understandable, challenging both management and the external Auditor as necessary.

Given the introduction of a number of new International Financial Report Standards (IFRS) that are likely to impact the business in the near future, the Committee has spent time during the year reviewing the planning for their implementation and understanding what effect they will have on future financial reporting, with IFRS 15 "revenue from contracts with customers" being the most material of these.

As a relatively recently listed, FTSE 250, company responding to external scrutiny of our annual reporting is an expected, necessary and welcome part of the Committee's work. During the year the Corporate Reporting Team at the Financial Reporting Council which periodically reviews all listed company annual reports wrote to the Company with some questions and observations on its 2016 Annual Report. The useful observations made, primarily on disclosures, have been incorporated in this 2017 Annual Report to further improve the reader's understanding of the accounts.

The Committee has also continued to work closely with the Risk Committee to ensure that the business has a strong Risk Framework supported by effective risk management processes. Members of this Committee also sit on the Risk Committee to facilitate this and ensure that the Board has an end-to-end view of risks and internal control processes across all elements of the business.

During the year the Committee assessed the quality and effectiveness of the Internal Audit function and monitored the agreed 2017 internal audit plan and approved the 2018 equivalent plan.

With regard to external audit, the Committee also reviewed quality and effectiveness during the year as well as independence and the level of non-audit work being undertaken by PwC.

I would like to thank my fellow Committee members, Jaskamal Sarai and his team at PwC, the finance and internal audit teams within the Group.

Darren Pope
Chair of the Audit Committee

6 March 2018

COMMITTEE MEMBERSHIP & ATTENDANCE

The Committee is made up exclusively of independent non-executive Directors, one of whom is also the Chair of the Risk Committee, Sally-Ann Hibberd. Vicky Jarman stood down as Committee chair on 1 November 2017, but remains as a Committee member. Darren Pope was appointed as the new Committee chair. Biographies of the current Committee members are set out on pages 66 to 67.

There were four Committee meetings held during 2017 and the Committee members, together with a schedule of their attendance at meetings during 2017, are shown below:

Name	Attended	Maximum possible
Committee Chair: Darren Pope	4	4
Sally-Ann Hibberd	4	4
Vicky Jarman	4	4
Dr Tim Miller[1]	3	4

1 Dr Miller could not attend one meeting due to prior commitments.

The Company Secretary acts as Secretary to the Committee and attends all meetings. Other attendees include:

Attendee	Regular attendee	Attends as required
Chairman of the Board		●
Chief Executive		●
Chief Financial Officer	●	
Group Financial Controller	●	
Group Chief Audit Executive	●	
Senior Statutory Auditor from PwC	●	

COMMITTEE DISCHARGE OF RESPONSIBILITIES, SKILLS, EXPERIENCE & EVALUATION

The Committee acts independently of management and reports and makes recommendations to the Board.

The Committee discharges its responsibilities through a series of scheduled meetings each year, the agendas of which are linked to events in the financial calendar of the Company. Reports are commissioned from external advisers, the Group Chief Audit Executive and management and these, together with the appropriate challenge that the Committee undertakes during the scheduled meetings, have enabled the Committee members to discharge their duties and responsibilities.

An evaluation of the Committee was undertaken including an internal questionnaire amongst its members and those stakeholders who work closely with the Committee. The Board considers that each Committee member has broad commercial experience as a director and that each Committee member is financially literate with relevant sector experience. As a qualified accountant with over 30 years' experience, most recently as CFO of TSB Bank plc, the Board considers that Darren Pope has significant, recent and relevant financial experience as required by the UK Corporate Governance Code.

In addition the review concluded that the Committee worked well together and robustly challenged management and the external Auditor where necessary. The Committee will consider a broader programme of professional education during 2018.

Members of the Committee also sit on the Risk Committee to facilitate efficient cross communication between the two committees, which ensures that all risk and audit issues are addressed effectively.

ROLE OF THE AUDIT COMMITTEE

The Committee provides an independent overview of the effectiveness of the internal financial control systems and financial reporting processes. Its principal responsibilities are:

- reviewing and approving external financial reporting for adoption by the Board;
- monitoring the Group's financial statements, including annual and half year results and announcements and reporting to the Board on significant financial reporting issues and judgments;
- reviewing the accounting principles, policies and practices adopted throughout the period;
- making recommendations to the Board on the appointment of the external Auditor, including on effectiveness, independence, non-audit work undertaken (against a formal policy) and remuneration;
- together with the Risk Committee, assisting the Board in achieving its obligations under the Code in areas of risk management and internal control, focusing particularly on compliance with legal requirements, accounting standards and the Listing Rules;
- ensuring that an effective system of internal financial and non-financial controls is maintained;
- approving, monitoring and annually reviewing a formal whistleblowing policy whereby staff may confidentially disclose concerns about possible malpractice or wrongdoings by any of the Group's businesses or employees without fear of reprisal, and including arrangements to investigate and respond to any issues raised; and
- in conjunction with the Risk Committee, approving the Group's systems and controls for the prevention of bribery and corruption, including the receipt of any reports on non-compliance.

The Committee's terms of reference are available on the investor section of the Company's website: http://investors.equiniti.com/investors/shareholder-services/corporate-governance.

COMMITTEE ACTIVITIES DURING 2017

The Committee met four times during 2017 and a summary of the key activities were as follows:

FINANCIAL REPORTING

During 2017, the Committee has:

- reviewed the Group's full-year and half-yearly results for publication, and considered the significant accounting policies, critical accounting estimates and accounting judgements used in their preparation and the transparency and clarity of disclosures within them, and compliance with financial reporting standards and governance;
- reviewed the matters which informed the Board's assessment that it was appropriate to prepare accounts on a going concern basis;
- reviewed the ongoing process for assessing the long term viability of the Company. Both of these assessments were based on the Group's capital, funding and strategic plans and included consideration of the principal and emerging risks that could impact on performance, including the risks associated with the acquisition of the WFSS business. After appropriate challenge the Committee advised the Board that it was satisfied that the Company could continue to operate and meet its liabilities over a 12 month period and that it was satisfied that the business was viable and a three year period was suitable;
- received reports from management and the external Auditor on accounting, financial reporting regulation and taxation issues;
- reviewed reports from the external Auditor on its audit in respect of the full-year and review of the half-yearly results, prior to them being signed on behalf of the Board;
- reviewed and assessed the process by which the Annual Report and Accounts, taken as a whole and including the use of alternate performance measures, were fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- reviewed reports from the Chief Financial Officer and the external Auditor concerning the impact that the introduction of IFRS 15 will have on the Group, and the work undertaken by the finance team to prepare for it. IFRS 15 establishes the principles that a company applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. This is a particularly important standard for our business and so we will need to report on it in full in the 2018 Annual Report. We have assessed the impact of IFRS 15 on the Group and, while important, have concluded it is not likely to be material to our reporting, although further disclosure will be required under the new standard. Further information about this can be found in note 2.3 on page 150;
- reviewed the initial assessment of the effect of IFRS 9 on the Group. IFRS 9 is an international financial reporting standard which specifies how a company should classify and measure financial assets, financial liabilities and some contracts to buy or sell non-financial items. This IFRS is effective for annual reporting periods commencing on or after 1 January 2018. However an assessment has been undertaken as to what impact it may have on our business and this can be found on page 151;
- reviewed the work undertaken by the finance team on the introduction of IFRS 16. This concerns the reporting of lease transactions and bringing leases onto the balance sheet. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019, however work has started now to prepare for its implementation;
- reviewed and answered the letter received from the Financial Reporting Council (FRC) concerning the 2016 Annual Report; and
- overseen the incorporation of improvements agreed with the FRC concerning their observations on the 2016 Annual Report.

AUDIT COMMITTEE REPORT

INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDIT

During 2017, the Committee has:

- reviewed the overall structure and effectiveness of the Group's system of risk management and internal control, and the disclosures made in the Annual Report on this matter;
- reviewed the reports arising from the Internal Audit risk management process;
- approved the annual Internal Audit plan, monitored progress against the plan and any deviations to the plan were agreed;
- considered reports on resourcing of the Internal Audit function and made recommendations as to increasing the frequency of some audits and the size of the audit team;
- received a report from the Group Financial Controller and Group Compliance on the annual fraud risk assessment;
- approved annual updates to the Internal Audit Charter; and
- met with the Group Chief Audit Executive without management present twice.

EXTERNAL AUDITOR

During 2017, the Committee:

- approved the terms of engagement of, the fees paid to and the scope of work carried out by the external Auditor;
- reviewed the non-audit fees services and related fees policy for the external Auditor;
- reviewed the performance and effectiveness of the external Auditor in respect of the previous financial year. For details of this review, please see the Effectiveness and Independence paragraph on page 88;
- assessed the objectivity and independence of the external Auditor. For details of this review, please see the Effectiveness and Independence paragraph on page 88;
- received reports on the findings of the external Auditor during the half-yearly review and annual audit, and reviewed the recommendations made to management by the external Auditor and management's responses;
- reviewed letters of representation to the external Auditor; and
- met with the external Auditor without management present twice.

WHISTLEBLOWING & ANTI BRIBERY

- The Committee reviewed and approved the Whistleblowing policy and, in conjunction with the Risk Committee approved their recommended changes to the Anti-Bribery policy.

SIGNIFICANT ISSUES RELATING TO THE FINANCIAL STATEMENTS

In considering the financial results contained in the 2017 Annual Report, the Committee reviewed the significant issues and judgements made by management to determine those results and these are set out in the following table:

AREA OF FOCUS	WHY WAS THIS SIGNIFICANT	HOW DID THE COMMITTEE ADDRESS THIS ISSUE
Revenue recognition on complex contracts	The Group has entered into a number of complex revenue contracts. These arrangements can include multiple elements and as a result revenue recognition in connection with these contracts can be complex and can involve a significant degree of management judgement and may not be in accordance with IAS 18 and the Group's stated accounting policy for such items.	Management presented the accounting judgement relating to material transactions that included multiple elements of delivery to the Committee. Evidence was provided and discussed to support how these transactions aligned to the Group's accounting policy and accounting standards; the Committee also discussed PwC's findings in relation to these transactions.
Other items included in revenue	The Group's results for the year ended 31 December 2017 include a number of items where management have recorded accruals for revenue in advance of invoicing customers and involve a degree of management judgement and estimate.	Management presented the accounting judgement relating to material transactions that included revenue recognised in advance of invoicing to the customers to the Committee. Evidence was provided and discussed to support how these transactions aligned to the Group's accounting policy and accounting standards; the Committee also discussed PwC's findings in relation to these transactions.
Classification of exceptional items	Management had initially proposed to classify costs of £10.5m as exceptional items during the year, a significant portion of which were in relation to the Group's acquisition of WFSS. Management subsequently recommended to move away from reporting exceptional items as such items can involve a degree of management judgement and subjectivity.	The Committee discussed and agreed with management's recommendation to move away from reporting Exceptional items separately in the financial statements and to move to presenting underlying earnings with a reconciliation to statutory earnings as an alternative performance measure. Management provided evidence to support the view that underlying earnings best represent the ongoing results of the business and that reconciling items to statutory earnings were no recurring in nature.

ACCOUNTING POLICIES

The Committee assessed whether suitable accounting policies have been adopted in the preparation of the financial statements and whether management has made appropriate estimates and judgements. In assessing the exercise of management judgements, the Audit Committee reviewed accounting papers prepared by management and the external Auditor. The effects of the new International Financial Reporting Standards that are coming into effect on 1 January 2018 and 1 January 2019 have been included in the Committee's activities for the year as highlighted on page 84 and are also detailed on page 150.

VIABILITY STATEMENT

The viability statement can be found on page 48. The Committee reviewed management's work in conducting a robust assessment of the business model, the risks that could threaten the model, and the future viability of the Company. This assessment included assessing a reasonable time period for the review, reviewing financial forecasts for that period, identifying severe but plausible scenarios for each of our principal risks, as well as considering their interdependencies and scenarios involving multiple risks. To support the final conclusion on viability, the assessment also took into account the mitigations available to the Company to protect against these downside scenarios and also the adequacy of the internal audit control environment. Based on this analysis, the Committee recommended to the Board that it could approve and make the viability statement.

INTERNAL AUDIT

The Group has a dedicated in-house Internal Audit function which is supported via a co-source arrangement with KPMG LLP who provide additional specialist expertise when required. Internal Audit reports directly to the Committee Chair and in addition reports on an administrative basis to the Chief Financial Officer.

Internal Audit principally review the design and effectiveness of governance, risk management and controls operating within the business by undertaking an agreed schedule of independent audits each year. The Committee determines the nature and scope of the annual internal audit programme (which is derived from an audit universe including financial and commercial processes, governance considerations and key corporate risks) and revises it from time to time, in response to changes to business circumstances and risk profile.

The findings of the internal audits are reported to executive management, and any necessary corrective actions are agreed and tracked. Summaries of these reports are presented to, and discussed with, the Committee, along with details of progress against management action plans as appropriate.

The Committee agrees the annual Internal Audit plan for the year and confirms that Internal Audit has appropriate resources available to it to complete that plan. Following the external review by PwC of the Internal Audit function in 2015 and appointment of the Group Chief Audit Executive in January 2016, Internal Audit has received further investment and strengthened its headcount and capability.

The Committee remains very focused on agreed audit actions being completed in a timely manner.

RISK MANAGEMENT & INTERNAL CONTROLS

The Audit Committee and the Risk Committee support the Board when considering the nature of the Group's risks, its risk management framework and its risk appetite. Details of these are included within the Risk Committee report which can be found on pages 92 to 97. Details of the Group's principal risks and uncertainties can be found in the Strategic Report on pages 44 to 47.

The Committee has overall oversight of the Group's systems of financial controls, including their design, implementation and effectiveness and details of these controls can be found on page 95.

Having considered reports from Risk, Finance and Internal Audit the Committee is satisfied that internal controls over financial reporting and risk management systems were appropriately designed and operating effectively in all material respects.

EXTERNAL AUDITOR

The Committee is responsible for overseeing the Group's relationship with its external auditor, PwC.

The Committee considers the nature, scope and results of PwC's work and reviews, develops and implements the policy on the supply of any non-audit services that are to be provided by PwC. The Committee receives and reviews reports from PwC relating to the Company's Annual Report & Accounts and the external audit process.

Tenure

During 2016, the Committee undertook a full tender of the Company's external audit services following which the recommendation to approve the reappointment of PwC as external Auditor was approved by the Board and subsequently by shareholders at the 2017 AGM. 2017 was the first year for Jaskamal Sarai as the Company's Senior Statutory Auditor. Following a review of PwC's effectiveness and independence (see page 88) the Committee recommended PwC's re-appointment as external Auditor to the Board. This recommendation was approved by the Board and a resolution will be put to shareholders at the AGM to be held in May 2018.

Effectiveness and Independence

During the year, an assessment of the quality and effectiveness of the external audit process was undertaken. The primary purpose of the assessment was to gain assurance that the external Auditor had conducted a comprehensive, appropriate and effective audit. The broad areas of the assessment are shown in the table below. The observations from the assessment were presented and discussed at a Committee meeting, with the Committee concluding that the audit process was robust, challenging and appropriately targeted to focus on the key areas of audit risk.

The Committee noted as part of the review that the new Senior Statutory Auditor brought a stronger sector and listed company experience which was valuable as the business continued to develop and mature. The Committee also reviewed the external Auditor's objectivity and independence and confirmed that sufficient procedures are in place to safeguard these. Details of the Group's non-audit services policy are shown opposite.

EXTERNAL AUDITOR EFFECTIVENESS

AUDIT PLANNING AND EXECUTION

- Team structure and leadership demonstrated by the audit partner
- Audit plan provides a framework & procedures to obtain sufficient appropriate evidence effectively & efficiently

KNOWLEDGE AND RESOURCES

- Strong understanding of the business by the Senior Statutory Auditor
- Audit team have sufficient experience, technical & industry knowledge
- Continuity of audit team

INDEPENDENCE AND OBJECTIVITY

- Auditor has strong internal quality control processes in place
- Audit team is robust in dealing wth issues identified during the audit & clearly articulate rationale for reaching conclusions

ROLE OF MANAGEMENT

- Detailed questioning of the role of management at both operating company and Group level
- Challenge of the Auditor's report based upon management's own internal assessment

Non-audit Services Policy and Fees

While the insight gained as the Group's Auditor may sometimes make it logical for the external Auditor to undertake work outside of the annual audit, the Committee recognises that the engagement of the external Auditor to provide non-audit services to the Group may impact on the external Auditor's independence.

Accordingly, the Group has established a policy which governs the provision of any non-audit services. The policy specifies services which cannot be carried out by the external Auditor (primarily activities which would involve the external Auditor taking up management responsibilities) and sets the framework within which non-audit work may be provided. The policy states that the external Auditor will only be able to perform non-audit work in limited circumstances and where approved by the Committee.

The Group paid £300,000 in audit and audit related fees, and £400,000 in non-audit related fees, for the financial year ended 31 December 2017. This work was primarily services performed in relation to the CASS audit of Equiniti Financial Services Limited (EFSL) and the Group's rights issue. The CASS audit of EFSL is required by Financial Conduct Authority (FCA) to provide them with assurance on client assets. Under the guidance issued by the FCA, the auditor undertaking a CASS audit should obtain an understanding of the firm's business model that is sufficient to enable the CASS auditor to establish expectations about the existence or otherwise of client assets, including:

- the nature of the services it provides to clients;
- how it is remunerated for those services and other ancillary services;
- the nature of any transactions which it undertakes with or on behalf of, or facilitates or advises on, for clients and how those transactions are executed or settled;
- the nature of relationships within a group and with other related parties;
- the sources and destinations of cash and other asset inflows and outflows in its own accounts and any accounts it holds or controls on behalf of clients and other parties; and
- the role of sub-custodians and third party administrators.

Given that PwC are EFSL's auditors and had the knowledge required by the FCA to undertake the CASS audit, it was logical for them to undertake this work. Had another audit firm been brought in to do the work, the fees would potentially have been much higher as that firm would have had to spend more time on the audit as they gained the required knowledge.

The Group has committed to reducing the ratio of audit to non-audit fees to a maximum of 70% of the average statutory audit fee. For further information on how the fees are broken down between the CASS audit and rights issue, please see note 7.4 on page 178.

FINANCIAL REPORTING COUNCIL REVIEW OF 2016 ANNUAL REPORT & ACCOUNTS

- In mid-October 2017, the Corporate Reporting Review Team from the FRC wrote to the Company concerning its 2016 Annual Report which the FRC had reviewed. Such a review is normal practice as the FRC reviews a number of annual reports during the reporting season.
- The FRC requested some additional clarification/information on the following areas:

  a) revenue accounting policies and their practical application,

  b) information about the sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation, including the reasons for the sensitivity, or ranges of possible outcomes

  c) clarification on the application of the Company's accounting policy for exceptional items

  d) clarification on the measurement basis used to determine the provision for contingent consideration where businesses are combined.
- The Committee, together with management, reviewed the letter and the Company formally responded with the information requested.
- Following the comments made by the FRC, and a continuous effort to improve our financial reporting, we have enhanced and improved various disclosures related to the areas noted above in our 2017 Annual Report and Accounts.
- We acknowledge that the FRC's review is based on the Group's 2016 Annual Report and the FRC does not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into. The FRC's review provides no assurance that the 2016 Annual Report is correct in all material respects.
- The enquiry is now formally closed.

WHISTLEBLOWING AND ANTI-BRIBERY

The Group is committed to the highest standards of quality, honesty, openness and accountability.

Accordingly, the Group has anti-bribery and corruption risk policies in place. Employees and contingent workers are trained online about the policies as part of their induction process when joining the Group. The anti-bribery policy prohibits the offering, soliciting or accepting of any bribe or corrupt inducement, unorthodox or unauthorised payment or inducement of any kind to anyone to perform improperly, whether in cash or in any other form:

- To or from any person or company wherever located, whether a public official or public body, or a private person or company; by
- Any individual employee, director, agent, consultant, contractor, or other person or body acting on the Group's behalf; in order to
- Gain any commercial, contractual or regulatory advantage for the Group, in any way which is unethical or to gain any personal advantage, pecuniary or otherwise, for the individual or anyone connected with the individual.

The Corruption policy covers the various anti-money laundering regulations that the Group has to comply with and ensures that employees are trained and made aware of their responsibilities under these regulations.

The anti-bribery and corruption risk policies were updated during the year and, together with the Risk Committee, the Committee reviewed and approved the updates prior to the revised policies being communicated to employees.

The Group is required to provide a means for staff to raise concerns, in confidence, about possible legal, regulatory or other improprieties in matters of financial reporting and other areas – the Group's Whistleblowing policy. All concerns are investigated carefully, and thoroughly, to assess what action, if any, should be taken. As part of their induction process, new employees and contingent workers are trained online about the policy.

The Group's Whistleblowing policy was reviewed during the year by the Committee. Resulting from the review, the Committee approved the introduction of a Safe Call facility, managed by an independent third party, to enhance the policy for the Group's employees in the UK and India. Otherwise, the Committee was satisfied that the Whistleblowing process operated in an effective manner.

Copies of the policies have been uploaded to the Group's intranet so that they can be referred to at any time.

STATEMENT OF COMPLIANCE

Having tendered the audit in 2016, the Company confirms that it has complied with the terms of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the Order) throughout the year.

In addition to requiring mandatory audit re-tendering at least every ten years for FTSE350 companies, the Order provides that only the Audit Committee, acting collectively or through its Chair, and for and on behalf of the Board is permitted:

- to the extent permissible in law and regulation, to negotiate and agree the statutory audit fee and the scope of the statutory audit;
- to initiate and supervise a competitive tender process;
- to make recommendations to the Directors as to the auditor appointment pursuant to a competitive tender process;
- to influence the appointment of the audit engagement partner; and
- to authorise an auditor to provide any non-audit services to the Group, prior to the commencement of those non-audit services.

FAIR, BALANCED AND UNDERSTANDABLE

The Board is committed to ensuring that all external financial reporting presents a fair, balanced and understandable assessment of the Group's position and prospects. In line with provision C.1 of the Code, the Committee has been requested by the Board to consider whether it supports the view that the Company's Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and, further, that it provides shareholders the information necessary to assess the Company's position and performance, business model and strategy.

In forming its view, the Committee has considered the processes undertaken to prepare for, and produce, the Annual Report and how consideration was given for each of the fair, balanced and understandable criteria in the compilation of the narrative and presentation of the numbers, themes and highlights. To support this, the Committee received a detailed briefing note as an integral part of the Annual Report sign off process, which set out how this had been achieved by the internal teams who prepared the report. Furthermore the Committee received briefings and updates during the course of the year, appraising them of the Code requirements and business performance. The Committee was presented with a draft of the 2017 Annual Report with sufficient time to review, challenge and provide feedback.

The briefing note:

- Explained how the process of preparing and compiling the report was collaborated across the business's internal teams (Investor Relations, Finance, HR and Company Secretariat) and also involved specialist advisors with the requisite skills to structure and review the 2017 Annual Report;
- Explained how the 2017 Annual Report was designed to be understandable, with consistent presentation of key messages throughout the report. In arriving at their conclusion the Committee also noted that internal reporting aligned to the KPIs, key financial measures and narrative themes as presented in the 2017 Annual Report;
- Allowed the Committee to ensure a fair picture was presented by drawing out the key judgements formed in preparing the accounts and where any challenges lay; and
- Demonstrated that the 2017 Annual Report was put together in a balanced manner, with the narrative aligning to the business model, strategy and financial performance. This was achieved through our business leaders reviewing and signing off on the content.

The Committee therefore concluded that the 2017 Annual Report and Accounts are presented in a fair, balanced and understandable manner, allowing shareholders to assess the Group's performance, strategy, risk and business as a whole.

Risk Committee report

Dear Shareholder

I am pleased to present the Report of the Risk Committee (the Committee) for 2017, updating you on the work undertaken by the Committee since my last report for 2016. We have continued to review, refine, and develop our risk framework and the Group's appetite for risk. We have also refined the categorisation of our risks and assessed them all to ensure effectiveness.

In our 2016 Report, we highlighted five objectives for 2017, and these have been addressed as follows:

- **continue to develop and refine the Group's risk appetite and key risk indicators**
  - a risk management workshop was held in March 2017 to discuss this and we now have in place a defined and Board approved risk appetite statement for all risk categories. This defined appetite will be subject to annual review in line with the other elements which form part of the risk management framework;
- **follow up actions from the implementation of the recalibrated risk framework and re-assessment of risks and additional actions identified to mitigate risks**
  - the risk assessment matrix was amended in early 2017 to ensure it reflected the current risk landscape and risk management framework. A new cloud-based risk management tool, details of which can be found on page 96, was introduced during the year and enforces the current assessment process and classification of risks. The method for undertaking risk assessment and its mitigation will be reviewed on an annual basis.
- **continue to monitor progress in implementing changes being brought in by Markets In Financial Instruments and Derivatives II (MIFID II), General Data Protection Regulations (GDPR) and European Union Data Protection Regulations (EUDPR), as well as other regulatory and legislative changes**
  - the Committee received two presentations from the Group's Director of Change & Transformation updating it on the progress made in addressing the above legislative changes and the Committee will continue to review these during 2018;
- **continue to give oversight, in conjunction with EFSL's risk committee, on progress to develop and improve its regulatory processes and controls for the Group**
  - this is ongoing and good progresss has been made to date. Oversight will continue as part of the Committee's remit; and
- **review the scope of the terms of reference of the Committee to ensure that the document is fit for purpose with the Group's evolving risk management**
  - these were reviewed, amended and approved during the year. A copy of the terms of reference is available on the investor section of the Company's website: http://investors.equiniti.com/investors/shareholder-services/corporate-governance.

Further information on the activities of the Committee during the year, and on the Group's risk structures are provided in this report and on pages 44 to 47 of the Principal Risks and Uncertainties section.

Sally-Ann Hibberd
Chair of the Risk Committee

6 March 2018

RISK COMMITTEE REPORT

MEMBERSHIP AND COMMITTEE ATTENDANCE

The Committee is made up exclusively of independent non-executive Directors, one of whom is also the Chair of the Audit Committee, Darren Pope. Biographies of the current Committee members are set out on pages 66 to 67.

There were five Committee meetings during 2017 and the Directors' attendance during that period was as follows:

Name	Attended	Maximum possible
Committee Chair: Sally-Ann Hibberd	5	5
Vicky Jarman[1]	4	5
Dr Tim Miller[1]	4	5
Darren Pope	5	5
John Parker[2]	3	3

1 Vicky Jarman and Dr Tim Miller were unable to attend one meeting due to prior commitments.
2 John Parker stood down from the Board and left the Company on 30 September 2017. He attended all of the meetings held during his tenure in 2017.

The Company Secretary acts as Secretary to the Committee and attends all meetings. Other attendees include:

Attendee	Regular attendee	Attends as required
Chairman of the Board	●	
Chief Executive	●	
Chief Financial Officer	●	
Chief Risk Officer	●	
Group Chief Information Security Officer		●
Group Chief Audit Executive	●	
Director of Change & Transformation		●

ROLE OF THE RISK COMMITTEE

Supported by the Company Secretary and the Chief Risk Officer, the Committee provides experienced, 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. Its principal responsibilities are:

- to advise the Board and the Audit Committee on the development of the Group's overall current and future risk appetite, exposure, tolerance and strategy, taking into account the current and forecast macroeconomic and financial environment;
- to assist the Board in overseeing the implementation of that strategy by senior management;
- to assess the Group's risk management framework, principles, policies, methodologies, systems, processes, procedures, people and risk culture; and
- to oversee the Enterprise-Wide Risk Management Framework

The Committee's terms of reference are available on the investor section of the Company's website: http://investors.equiniti.com/investors/shareholder-services/corporate-governance.

Committee activities during 2017

The effectiveness of the Committee was reviewed as part of the internally facilitated evaluation of the Board and its Committees. The key activities were as follows:

Risk Appetite, Risk Management and Risk Reporting

- At each meeting, the Committee receives a formal report from the Chief Risk Officer. This report brings to the Committee's attention key factors in the operating environment of the Group's businesses and an assessment of the potential risks that may emerge.
- In March 2017, the Committee Chair and members of the Committee attended a risk management workshop facilitated by the Chief Risk Officer and attended by the Group's senior management. The workshop reviewed and discussed the Group's risk appetite, key risk indicators, a review of its risk categories and the risk toolkit for 2017. The toolkit ranks risks by their probability (from rare to highly likely) against their impact (from minor to severe).
- The Committee reviews reports from the Group's compliance function.
- The Committee approved the Group's risk policies for recommendations to the Board.
- Reviewed the Group's risk management activities undertaken by the divisions and at Group level, in order to identify, measure and assess the Group's principal risks.
- Reviewed the reports arising from Internal Audit's risk management process.
- Monitored and assessed the Group's insurance arrangements.
- Received a report from the Group Chief Information Security Officer on information security and management's approach to the threat of such attacks.

Policy Reviews

The Committee reviewed routine updates to a number of policies during the year relating to fraud and risk management, including:

- Fraud
- Market Abuse – for both directors and employees
- Politically Exposed Persons
- Sanctions risk
- Anti-Bribery
- Anti-Money Laundering
- Employee Leavers
- Payment Risk
- Business Continuity Management

Brexit

- The impact of Brexit on the Group has been considered by the Committee and the Group remains well capitalised and relatively insulated against changes resulting from Brexit. While Brexit could result in a more challenging operating environment, there would not be an export risk, nor a principal equity market risk, nor a principal currency risk for the Group. Accordingly, the Committee noted that Brexit was not a specific risk, other than at macro level, and therefore would not be a viability issue for the business.

Information Security

- The Committee received two presentations from the Group's Chief Information Security Officer covering information security, social engineering and internal threat tests.

Legislative Changes

- The Committee received two presentations from the Group's Director of Change & Transformation updating it on the progress made in addressing MIFID II, GDPR and EUDPR. Each of these topics is a major legislative change which will affect the Group's business. As such, the implementation of these changes requires a lot of detailed work, time and resource. The Committee was satisfied that good progress had been made during the year on preparing for the implementation of these legislative changes, however it will continue to review the ongoing implementation of these changes during 2018.
- In addition, the Committee received training on the GDPR and the potential implications for the Group's business.

RISK MANAGEMENT AND INTERNAL CONTROLS

Our Enterprise-Wide Risk Management Framework

As the Group grows, either organically or through acquisitions, the complexity of the business increases and the risk landscape changes. The Group's Enterprise-Wide Risk Management (EWRM) Framework is a stable platform from which the Group can assess, prioritise and mitigate this changing risk landscape.

While the Board has ultimate responsibility for the system of risk management and internal control, it delegates responsibility for overseeing and directing the EWRM Framework's development to the Risk Committee. The Chief Risk Officer oversees the risk management system as a whole and, together with the Group Chief Audit Executive, ensures that all parts of the business, with regards to compliance monitoring and internal audit reviews, are covered and regularly reviewed.

The EWRM Framework is defined by the Group Risk Management Policy, and is based on the following model:

(1): The managing directors of each of our businesses (our "risk leaders") are responsible for proactive risk identification and application of systems and controls in line with the EWRM Framework. Our risk leaders attend quarterly Executive Risk & Compliance Committee (ERCC) meetings chaired by the Chief Financial Officer and attended by the Chief Executive, the Chief Risk Officer and the Group Chief Audit Executive. At these ERCC meetings, the EWRM Framework is reviewed to ensure that it remains effective; risks for each of the businesses are discussed with actions to mitigate these risks approved; and any new potential risks raised and considered. If they are deemed to be risks, they are ranked from low to high in probability and impact so that they can be included within the EWRM Framework for ongoing tracking. Members of the ERCC are invited to attend Risk Committee meetings where appropriate so that they can update the Committee on the effectiveness of the EWRM Framework and any changes that have occurred since the last meeting; and

(2): The Group's internal audit function reports directly into the Audit Committee. The function overseas the ongoing challenge of the design and operation of the EWRM Framework to provide comfort that it is effective, but also to raise any necessary remedial actions if required.

Principal Risks & Uncertainties

For details of our Principal Risks and Uncertainties, please see pages 44 to 47. These principal risks and uncertainties are linked to KPIs and the Remuneration Committee reviews those KPIs with the Chief Risk Officer when considering the remuneration and bonuses of the executive Directors and members of the Executive Committee.

Governance of Regulated Entities and Prudential Capital Risk

Two subsidiary companies are subject to FCA regulatory capital requirements where they must maintain minimum levels of capital in order to manage their affairs.

The first such subsidiary company is Equiniti Financial Services Limited (EFSL) and which is the Group's most significant FCA regulated entity. 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. It must ensure that it can meet its regulatory capital requirements and has sufficient liquidity to meet its liabilities as they fall due, including under potentially highly stressed circumstances. It must also comply with a range of other regulatory obligations, such as the FCA's conduct of business rules and the need for periodic regulatory supervisory visits.

To help it meet these requirements, EFSL has its own governance structure. This includes a Board with an independent chair, who also chairs EFSL's Audit Committee. One of the Group's independent non-executive Directors, Dr Tim Miller, is also a non-executive Director of EFSL and chairs the EFSL Risk Committee.

EFSL has monthly Board meetings and quarterly Risk and Audit Committee meetings, with its Remuneration and Nomination Committees meeting biannually. EFSL's Risk Committee reviews and challenges the Company's risk assessment and log, which flow up from its executive management and risk processes. This is reviewed by the Chief Risk Officer, to ensure risk management is consolidated across all of Equiniti.

A detailed description of EFSL's risk management approach, risk governance and risk appetite can be found in its Capital Requirement Directive "Pillar 3 disclosures", which are available on our website at https://equiniti.com/about/statutory-and-regulatory-reports/2016/04/capital-requirements-directive-2016/

The second such subsidiary company is Paymaster (1836) Limited (P1836L). P1836L 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 on the market in which it operates. As a MiFID exempt firm, P1836L is not bound to comply with the Capital Requirements Directive. P1836L does, however, assess its capital requirements and is subject to Equiniti's EWRM and three lines of defence risk management model.

New risk management tool

Equiniti implemented a risk management tool during 2017 to support the roll out and embedding of a devolved Enterprise-Wide Risk Management Framework. The tool is a cloud-based solution which has been tailored to reflect Equiniti's risk model.

Risks are inputted and maintained by risk leaders who sit in the first line of defence across the whole business. It brings together reporting on risk mitigation activity, allowing monitoring of actions to ensure they are on track, in addition to oversight of those "accepted" risks which are outside the risk appetite but where no mitigation is taking place.

Centralising risk information on the tool has provided more transparency, consistency and improved the efficiency of reporting. Hours of manual re-work performed by both the central risk function and the risk leaders in the first line of defence have been eliminated, allowing more time to be spent coaching risk leaders and challenging risks and assessments to improve understanding and decision making. The ease of automated reporting has not only saved time, but provided improved support for governance processes both centrally within the Group and at a local business unit level.

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks, including credit risk, liquidity risk and the effects of changes in interest rates on debt and cash balances. The EWRM Framework seeks to limit the adverse effects on the Group's financial performance, by monitoring levels of cash and debt finance and the related financial impact.

The Group's principal financial instruments comprise sterling cash and bank deposits, a bank term loan and revolving credit facility, and a portfolio of interest rate swaps, together with trade debtors and trade creditors that arise directly from its operations.

Cash Flow Interest Rate Risk

The Group is exposed to interest rate risk in three main respects and protected against this as outlined below:

- floating rates are generally earned on client and corporate balances, which are partially mitigated by interest rate derivatives which mature in July and August 2018
- the mid-term risk of change in long-term interest rate swaps, through which income is earned in our SAYE share-plan products, is protected by notional fixed rate interest rate swap agreements; and
- expense relating to our bank debt term loan. The variable rate on our £250m term facility is fixed by an interest rate swap, which expires in October 2018. We have not hedged the revolving credit facility as this is a flexible instrument and the drawn proportion of the facility is offset by cash we hold for day to day trading matters.

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 the Group. The Group's principal financial assets are bank deposits, 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 financial statements 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 and have never been material.

Foreign Currency Risk

There is some exposure to foreign currency risk, particularly in relation to the Group's Indian based operations, this risk is hedged on a rolling basis. Pursuant to the acquisition of the WFSS business in February 2018, the Group will review both its exposure to and management of foreign currency risk for its US business.

RISK COMMITTEE REPORT

Price Risk

Price risks result from changes in market prices such as interest rates, foreign exchange rates and equity dealing prices, which influence our income or the value of our financial instruments.

The Group's financial instruments are mainly in sterling, so foreign exchange movements do not have a material effect on our 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. We are therefore exposed to movements in the interest rate in both our intermediary fee revenue and net finance costs. Intermediary fee revenue is linked to the bank base rate, while both our term facility and revolving credit facility are linked to Libor.

As noted above, interest swaps are used to manage medium term exposure to movements in interest rates.

As detailed above, in 2015 Equiniti entered into interest rate swaps for a total of £650m, agreeing to receive fixed rate income in exchange for variable rates for a period of three years to July and August 2018.

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

CAPITAL RISK MANAGEMENT

During the IPO in 2015, funds were raised to reduce the overall level of debt. Our objectives when managing capital are to maximise shareholder value while safeguarding our ability to continue as a going concern. We continue to proactively manage our capital structure (for example through debt repayment, share issuance and repurchase or management of dividend payments), 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.

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 we will have sufficient liquidity at all times to meet the Group's liabilities when due, under both normal and stressed conditions.

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

Our principal uncertainties about our income relate to activities that are more difficult to predict, such as corporate action income. These depend on the specific activities of corporate clients, the timing of which may be influenced by underlying market conditions.

During the three year period covered by the business plan we expect to remain compliant with all covenants. As such, the Board is 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.

2018 OBJECTIVES

For 2018, the Committee's objectives are to:

- continue to oversee the implementation and embedding of the Enterprise-wide Risk Management Framework within the Group;
- continue to monitor progress made in implementing changes brought in by MiFID II, GDPR and EUDPR, as well as other relevant regulatory and legislative changes;
- review the time allocated to Committee meetings to ensure that sufficient time is provided to cover all matters under review;
- review the risk skills and experience within the risk and compliance functions and the business divisions; and
- review the embedding of the WFSS business into the Group and consider any risks that potentially may arise as a result.

Nomination Committee report

Dear Shareholder

I am pleased to present my first report on behalf of the Nomination Committee (the Committee) having succeeded Kevin Beeston as Chairman of the Company in September 2017.

In addition to Kevin stepping down as Chairman of the Board and leaving the Company in September, John Parker also stepped down from the Board and left the Company in September. Details of my recruitment to the Board can be found on page 100.

> Our main objective for 2017 was for the Committee to focus on leadership, succession and contingency planning for the Board and senior management.

Our main objective for 2017 was for the Committee to focus on leadership, succession and contingency planning for the Board and senior management. We have done this and further details on the planning can be found on the page opposite. In February 2017, the Committee recommended to the Board that it approve the introduction of a Diversity & Inclusion Policy for the Group as a whole. This was approved and was communicated to all employees in March. Further details on this can be found on page 53.

Our focus for 2018 is:

- to successfully recruit, and induct, a new non-executive Director to the Board;
- to grow our talent pool;
- to continue monitoring and refreshing the succession plans for both the Board and senior leadership team; and
- to monitor how the implementation of the Diversity and Inclusion Policy is progressing and the feedback received on this from employees.

Philip Yea
Chair of the Nomination Committee

6 March 2018

MEMBERSHIP AND COMMITTEE ATTENDANCE

The Committee is comprised of the non-executive Directors and chaired by the Chairman of the Board, Philip Yea. Biographies of the current Committee members are set out on pages 66 to 67.

The Committee discharges its responsibilities through a series of scheduled and additional meetings held during the year. There were four Committee meetings held during 2017 and the Committee members, together with a schedule of their attendance at meetings during 2017, are shown below.

Name	Attended	Maximum possible
Committee Chair: Philip Yea[1]	1	1
Sally-Ann Hibberd	4	4
Vicky Jarman	4	4
Dr Tim Miller	4	4
Darren Pope	4	4
Kevin Beeston[1]	3	3
John Parker[1]	3	3

1 Philip Yea joined the Committee upon his appointment as Chairman to the Board in September 2017, following Kevin Beeston stepping down from the Board. John Parker also stood down from the Board in September 2017. All Directors attended those meetings held in the year during their tenure.

The Company Secretary acts as Secretary to the Committee and attends all meetings. At the request of the Chairman, the Chief Executive, Group HR Director, and New Bridge Street (the external remuneration consultant) have been invited to attend all or part of any meeting as and when appropriate.

ROLE OF THE COMMITTEE

The role of the Committee is to develop and maintain a formal, rigorous and transparent procedure for making recommendations on appointments and reappointments to the Board. In addition, it is responsible for reviewing the succession plans for the executive Directors and the non-executive Directors. The Committee has also taken on responsibility for ensuring that talent development and succession planning is undertaken for senior management throughout the Group.

The Committee's terms of reference are available on the investor section of the Equiniti website: http://investors.equiniti.com/investors/shareholder-services/corporate-governance

NOMINATION COMMITTEE REPORT

2017 ACTIVITIES

During the year, the Committee met to deal with a number of matters, the key outcomes of which are considered to be:

- the search and successful appointment of a new non-executive Chairman;
- the establishment of a Diversity and Inclusion policy which has been rolled out across the Group. Further details on this policy can be found on page 53;
- further advancement of the leadership succession and contingency planning and development plans for the Board and executive management team;
- the appointment of the new Group Business Development Director, which is a matter for the Nomination Committee as the role is a member of the Executive Committee; and
- making progress in reviewing talent and leadership development as part of the succession and contingency planning.

SUCCESSION PLANNING

One of the key roles of the Committee is to ensure that plans are in place for the orderly and progressive refreshing of the Board and to identify and develop individuals with potential for Board and Executive Committee positions. A plan has been developed which provides short to long-term leadership succession and contingency planning over the following periods:

SHORT TERM – emergency cover

MEDIUM TERM – within the next 12 months

LONG TERM – within the next two to three years

The succession plan is linked to appropriate talent development and targeted training programmes which are summarised in the table below.

RISING STARS/ GRADUATE PROGRAMME	SENIOR LEADERSHIP DEVELOPMENT PROGRAMME
OBJECTIVE Identify and develop leaders of the future with ability, aspiration and engagement to make a difference	**OBJECTIVES** Create a strong leadership network for a small group of forward thinking high-potentials
METHOD Individual Development plans in combination with formal learning online and face-to-face	**METHODS** • Individual development • Stretch project • Peer-Learning network including. Master classes • Mentoring programme
OUTCOME Create leader bench strength for mid-level roles (First time leaders and leading leaders)	**OUTCOME** Solid bench of high performing leaders ready to deliver business growth and step up into broader roles

As a result of this, both the Board and the Committee have visibility of a wide range of employees with leadership potential, together with their individual development plans.

NOMINATION COMMITTEE REPORT

BOARD CHANGES

On 3 July 2017, Philip Yea was appointed to the Board as Chairman designate and, following the resignation of Kevin Beeston on 29 September 2017, he became Chairman of the Company. Details of the process followed for his appointment as Chairman are show below. John Parker resigned as a non-executive Director on 30 September 2017. Alison Burns will be appointed as an independent non-executive Director on 1 April 2018. Vicky Jarman has decided to step down from the Board at the Company's AGM to be held on 3 May 2018. Darren Pope will replace her as the Company's Senior Independent non-executive Director (SID).

Appointment Process

Vicky Jarman, as SID, took the lead on the selection and appointment process for Philip Yea in succession to Kevin Beeston as Chairman. The appointment process for the new Chairman is described in the following chart.

Search Consultants Selection	Having used Lygon Group* (Lygon) for the recruitment of Sally-Ann Hibberd and Darren Pope, it was decided to use them again for the Chairman's selection as they knew the Company and the Board
Specification	Based on the criteria for new non-executive Directors', and following discussions wth Lygon, a specification for the new Chairman was agreed by the Committee
Interviews	A long list of candidates was provided by Lygon to the SID and Chief Executive for feedback and a shortlist of three candidates was then prepared. Interviews with the selected candidates were conducted by the SID and Chief Executive. The preferred candidate then met with the remainder of the Board
Due Diligence Recommendation	A thorough due diligence and referencing process was conducted. Following a satisfactory conclusion of the process, the Committee recommended the appointment of the preferred candidate to the Board for approval

* Lygon is a signatory to the voluntary code of conduct for executive search firms to address gender diversity on corporate boards. Lygon has acted for the Company before in recruiting two other non-executive Directors', but otherwise has no other connection with the Company.

Philip Yea is also Chairman of listed company Greene King plc and Senior Independent Director of Computacenter plc (from which he will stand down from in April 2018). In addition, he is a non-executive director of Aberdeen Asia Smaller Companies Investment Trust plc and Marshall of Cambridge (Holdings) Limited. Philip is an independent director and trustee of The Francis Crick Institute. In considering his appointment, the Board was aware of these appointments and do not consider that they impose any restriction on his ability to perform his duties.

Non-executive Director Succession

The Chairman, with assistance from the Chief Executive and the Company Secretary, led the process to appoint Alison Burns as a successor to John Parker. The appointment process followed was similar to those used for the appointment of both Sally-Ann Hibberd and Darren Pope in 2016. More detail on the process followed for her appointment, and for her induction, will be included within the 2018 Annual Report.

The criteria used when seeking a candidate is for someone who has the following:

- a diverse mix of experience, recognising the importance of diversity, in its widest sense, in Board effectiveness;
- could make a genuine contribution to the Board and all its Committees and add value by offering wise counsel and advice, based on their experience and successful track record of achievement;
- could attend and contribute to the effective running of all the Committees;
- has held an executive role or has related business experience and capabilities, particularly in relation to financial services and/or accounting, and could provide input on strategic and operational matters;
- could support the Chairman in ensuring that the Board provides effective direction for and oversight of management of the Group and its compliance with its statutory and regulatory responsibilities; and
- could help set the values and standards of the Group and ensure that its obligations to its customers, shareholders, finance providers, regulators and others are understood and met.

DIRECTORS' INDUCTION AND TRAINING

Led by the Chairman with the support of the Company Secretary, an induction programme is tailored for each new Director prior to their appointment to the Board.

The induction process takes account of the Director's existing knowledge of the industry, specific areas of expertise and proposed Committee appointments. Information is typically provided on director duties, the Code, Board and Committee composition, operational and management structure across the Group, key Group policies and procedures, Group strategy and financials, and governance framework, including matters reserved for the Board, Committee terms of reference, forward agendas, previous Board and Committee meeting minutes, and Board and Committee meetings schedule.

The induction process includes detailed briefings with the Chairman, Chief Executive and Committee Chairs and further meetings with the rest of the Board and key individuals from the senior leadership team, in order to understand the issues being discussed at Board and Executive Committee levels. Members of the Board have access to all Board and Committee papers.

The Chairman discusses training requirements with the Board throughout the year and with the Company Secretary, and arranges meetings, key site visits or information to be provided as appropriate. As a part of the ongoing development of Directors, they are each supplied with appropriate information in a suitable format. All Directors have access to the advice and services of the Company Secretary and independent professional advice.

As part of the Philip Yea's induction as Chairman designate, he met with senior members of the Group's statutory auditor PricewaterhouseCoopers LLP and with the Group's corporate adviser to gain an independent view of the business, its markets and what the Group's advisers thought the challenges ahead would be. Philip also met with a number of major investors to ascertain their views on the Group and to provide them with an opportunity to provide feedback on the Group without executive management being present. Philip also visited the main UK operational sites in Birmingham, Crawley, Lancing, London and Worthing.

DIVERSITY AND INCLUSION

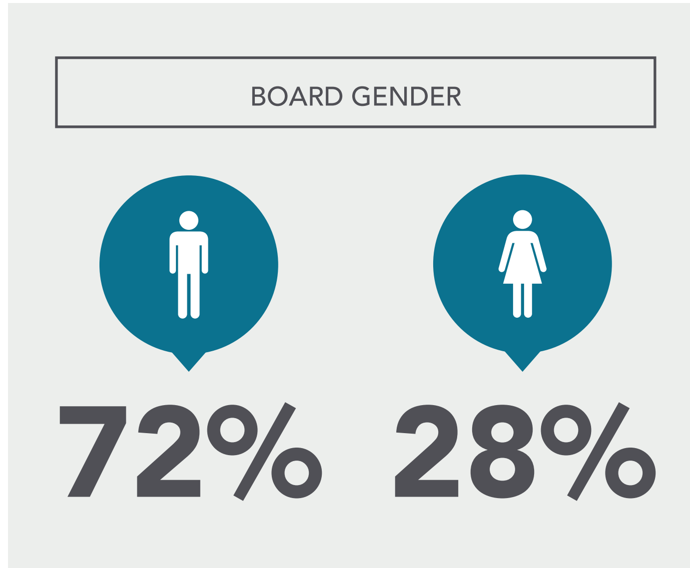
At Equiniti, we want diversity and inclusion to mean understanding, appreciating and valuing 'difference' – both visible and invisible, and understanding that these differences in our employees enrich and enhance our culture, creating a business that is open and inclusive.

In February 2017, we approved the implementation of a Diversity and Inclusion Policy which seeks to create an open and inclusive culture able to support, sustain, and develop our diverse workforce to support our customers and the markets we serve. We believe this will increase engagement with our people and positively impact upon their performance enabling us to achieve better business outcomes.

Specifically a diverse & inclusive workforce helps us to:

- make objective decisions about how we organise and optimise resources and work by eliminating structural and cultural barriers & bias, enabling us to working together effectively;
- protect and enhance our reputation by recognising, respecting and harnessing the needs and interests of diverse stakeholders;
- deliver strong performance and growth by being able to attract, engage and retain diverse talent;
- innovate by drawing upon the diversity of perspectives, skills, styles and experience of our employees and stakeholders; and
- adapt and respond effectively to societal changes and growth.

Further details on the Diversity & Inclusion Policy can be found on page 53.



The Board currently consists of seven Directors, two of whom are women, representing 28% of the Board. The 25% target established by the Davies Report and the increased target of 33% by 2020 established by the Hampton-Alexander Review, are both supported by the Board.

In addition to considering gender, age, disability, ethnicity and experience, the Group seeks to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of Equiniti and the industry as a whole. A similar approach is used for the senior leadership team.

Equiniti is committed to ensuring that our employees are treated fairly and with dignity, which includes being free from any direct or indirect discrimination, harassment, bullying or any other form of victimisation. Our Whistleblowing Policy and associated policies encourage employees to speak up, including through an independent whistleblowing contact facility, against any inappropriate practices or behaviour.

Remuneration Report

Dear Shareholder

On behalf of the Board of Directors, I am pleased to present you with our Directors' Remuneration Report for the year ended 31 December 2017. The Remuneration Committee (the Committee) has continued to focus on the need for a clear link between pay and performance during 2017.

The Report has two parts:

1. The Annual Report on Remuneration on pages 104 to 117, sets out details of the remuneration paid to our Directors in 2017 and an explanation of the link to Company performance. It also describes how this policy will be implemented in 2018. This report on remuneration, together with this statement, is subject to an advisory vote at the AGM being held on 3 May 2018.
2. The Directors' Remuneration Policy (the Policy) which was approved at the Company's AGM in 2016 is set out on pages 118 to 124.

The Committee keeps the Policy under review to ensure that it still meets our goals. We believe the Policy continues to be fit for purpose and therefore will remain unchanged until its expiry at our 2019 AGM when a binding vote will be held on a new policy.

Key pay outcomes in respect of 2017

2017 Share awards

The executive Directors were granted awards with a face value of 150% of base salary under the 2017 Performance Share Plan (PSP) on 21 March 2017. These awards will vest three years after grant subject to performance against two performance conditions: average normalised EPS growth (50% of the award); and Relative TSR (50% of the award). The awards are subject to malus, clawback requirements, together with a two year post-vesting holding period. Further detail regarding these award can be found on page 111.

Bonus awards

As described more fully in the Strategic Report, the Group delivered a strong set of results in a challenging operating environment as we continued to make progress on our strategic objectives. Long-term client relationships are a key strength of our business and we once again retained 100% of our FTSE clients whilst extending and expanding a number of major contracts. Our performance in winning new clients was equally strong as we continued to gain market share with a record number of share registration clients choosing to move from our competitors. We have also grown our client base through the IPO market, securing 17 mandates from newly listed companies. The Group has delivered revenue and profit ahead of expectations, reduced leverage whilst continuing to deliver strong and dependable cash generation, enabling the Group to invest in growth and supports our progressive dividend policy.

The most significant event during the year was our proposed acquisition of WFSS which was announced in July 2017 and completed on 1 February 2018. The acquisition combines the number one UK and number three US share registrars to create a multinational share registration and services business spanning the world's deepest capital markets, creating a more diversified, multinational Group. Since completion, we have made good progress on integration activities, having undertaken extensive planning and preparation since announcement in July 2017 and we are on track to commence the migration of WFSS clients to our proprietary Sirius platform from Q2 2018.

We grew revenue by 6.1% reflecting strong organic growth and the benefits of our acquisitions. Underlying EBTIDA rose by 6.6% and underlying earnings per share increased by 7% to 16.9p. Over the course of the year, a Total Shareholder Return in excess of 60% has been delivered.

In assessing performance for bonus purposes, the Committee consulted with the Chief Risk Officer and the Group Chief Audit Executive to ensure the performance achieved was consistent with the Group risk objectives and that underlying performance was satisfactory. The Committee believes the bonus outcome to be representative of underlying Company performance.

This resulted in the 2017 Annual Bonus award for the executive Directors of 79% of maximum. The Committee considers that both the Chief Executive and Chief Financial Officer had performed well against the majority of their 2017 objectives with robust underlying financial performance and outstanding achievements against their individual objectives. Based on their achievements, which were delivered whilst at the same time successfully completing the acquisition of WFSS, the Committee has determined that their performance was outstanding for the personal element relating to their 2017 objectives, resulting in multipliers of 1.5 for both Directors. Under the Policy, 30% of any bonus paid to the executive Directors will be deferred for three years into an award of shares under the Group Deferred Annual Bonus Plan (DABP). Further details on the DABP can be found on page 111.

Effectiveness of the Remuneration Committee

An internal evaluation of the Committee's effectiveness took place during 2017, as part of the Board effectiveness review. The evaluation was positive and it was deemed that the Committee acted effectively and independently during the year. It was noted that Committee papers could be submitted in a more timely manner and that training on Committee specific matters could be increased. These areas will be addressed during 2018.

Remuneration for 2018

The Committee is conscious of the UK Government and investor interest regarding executive remuneration and this is considered when reviewing each executive Director's remuneration package. The Committee has proposed salary increases for the executive Directors, in line with the policy applied to the Group as a whole. For the second consecutive year, the Chief Executive has declined the increase in salary that was offered to him and his salary remains at the 2016 level. The Chief Financial Officer has received an increase of 3.4% to £320,000, which is in line with increases for other higher performers across the Group.

Legislative changes affecting remuneration reporting are coming into force during 2018. The Committee is aware of the Gender Pay Gap disclosure requirements that have to be made by the Company by the end of April 2018. This disclosure has been discussed by the Board as a whole and further details can be found on page 55. The disclosure will be posted on the Government's gender pay gap reporting portal, and the Company's website, in due course.

The Committee is also aware of the future requirement to disclose the ratio of the Chief Executive's pay to the average of the Group's employees. This has been discussed by the full Board and it is intended that this will be disclosed in the Group's 2018 Annual Report. The Board and the Committee will also discuss during 2018 the Committee's remit with regards to engaging with the general workforce about remuneration as suggested by the proposed changes to the UK Corporate Governance Code.

Shareholder engagement

The Committee and I value dialogue with our shareholders. The Committee considers investor feedback and the AGM voting results each year and were pleased to receive a high level of support for the 2016 Remuneration Report with 99.50% of votes cast in favour.

As a Committee, we will continue to implement an executive remuneration framework which is both fair and appropriate and is fully aligned with shareholder interests. I would like to thank my fellow Committee members, and those who support the Committee, for their commitment and guidance during the year. I am also grateful for the input received from our shareholders, which plays an important part in developing responsible pay practices.

Our Policy, which was first approved by shareholders at the Company's April 2016 AGM, will be due for renewal at the AGM in April 2019. During the coming year we will be reviewing the existing Policy and, as appropriate, engaging with our shareholders in relation to any proposed changes.

I look forward to receiving your continued support at the AGM to be held on 3 May 2018.

Dr Tim Miller
Chair of the Remuneration Committee

6 March 2018

ANNUAL REPORT ON REMUNERATION

AT A GLANCE: IMPLEMENTATION OF REMUNERATION POLICY FOR 2018 AND KEY DECISIONS FOR 2017

A summary of how key elements of the Remuneration Policy will be implemented in 2018 and key decisions taken by the Committee in relation to base pay and incentives for executive Directors in respect of the year ended 31 December 2017 are shown in the following table.

Element	Chief Executive Guy Wakeley	Chief Financial Officer John Stier
Base salary from 1 April 2018	£460,000	£320,000
Pension	15% cash in lieu of pension	15% cash in lieu of pension
Annual bonus	Maximum: 150% On-target: 100%	Maximum: 150% On-target: 100%
Annual bonus measures	• For 2017, Financial (equally weighted) – Profit before Tax, Revenue and Cash flow. • For 2018, Financial – Profit before Tax (50%), Revenue (30%) and Operating Cash flow Conversion (20%). • Non-financial – performance against the individual non-financial metrics act as a multiplier ranging from 0 to 1.5, determined through the Remuneration Committees' review of performance against personal objectives, with a multiplier of 1.0 for on-target performance. • A cap on the overall bonus pool to ensure above target bonus payments do not exceed 40% of incremental profit in excess of budget.	
Deferred Annual Bonus Plan	30% of earned bonus is compulsorily deferred into an award over shares, which normally vest after three years.	
Performance Share Plan (PSP)	Maximum 150%	Maximum 150%
PSP measures	• Three year vesting period. • EPS – average normalised EPS growth. An EPS growth range of 8% to 12% will apply to the 2018 awards. • TSR – relative to the FTSE250 index (excluding investment trusts but including Equiniti).	
Holding requirement	Vested shares from the PSP to be held for two years post vesting (after payment of tax).	
Shareholding requirement	200% of salary within five years of appointment to the Board.	
Malus and clawback	• Recovery and withholding mechanisms apply for a period of three years from the date of grant for the annual bonus. • Recovery and withholding mechanisms apply for a period of at least three years from the date on which an award vests under the PSP.	
Changes for 2018	Change in bonus weightings, as detailed above	
Year-end decisions made:		
1 April salary review	0% increase	3.4% increase
2017 Bonus outcome:		
• Value	£545,100	£366,876
• % of salary	118.50%	118.50%
• % of maximum	79%	79%
Non-executive directors		
Chairman's fee	The fee for the new Chairman on appointment was lower than the outgoing Chairman's fee	

ANNUAL REPORT ON REMUNERATION

This part of the Directors' Remuneration Report sets out a summary of how the Directors' Remuneration Policy was implemented over the financial year ended 31 December 2017 and will be subject to an advisory vote at the AGM to be held on 3 May 2018. Details of how we intend to operate our policy in 2018 and the remuneration earned by executive and non-executive Directors, the outcomes of the incentive schemes, together with the link to Equiniti's performance, are provided in this section.

Where stated, disclosures regarding the Directors' remuneration has been audited by Equiniti's independent external Auditor, PricewaterhouseCoopers LLP.

COMMITTEE MEMBERS AND ATTENDANCE DURING 2017

The Committee is made up exclusively of independent non-executive Directors whose biographies are set out on pages 66 to 67. There were six Committee meetings held during 2017 and the Directors' attendance during that period was as follows:

Name	Attended	Maximum possible
Committee Chair: Dr Tim Miller	6	6
Sally-Ann Hibberd[1]	5	6
Vicky Jarman[1]	5	6

(1) Sally-Ann Hibberd and Vicky Jarman were unable to attend one meeting each due to prior commitments.

The Company Secretary acts as secretary to the Committee. Other attendees to the Committee include:

Attendee	Regular attendee	Attends as required
Chairman		●
Remaining NEDs		●
Chief Executive	●	
Chief Financial Officer		●
Group HR Director	●	
Reward & Benefits Director	●	
Committee Adviser – New Bridge Street	●	

No person was present during any discussion relating to their remuneration arrangements.

COMMITTEE ADVISER

The Committee has access to external advice as required. New Bridge Street, (NBS), part of Aon plc, were appointed in 2015 after due consideration by the Committee and provide remuneration advice to the Committee. NBS have provided advice throughout the year mainly around the following key executive reward areas:

- support in reviewing the Director's Remuneration Report;
- advice on the performance share plan and deferred annual bonus plan documentation;
- informing the Committee on market practice and governance issues; and
- responding to general and technical reward queries.

The Committee has reviewed the advice provided to it by, and the performance of, NBS and is satisfied that the advice has been objective and independent. NBS are paid on a time worked basis and the total fees paid to NBS for providing advice and information during the year were £26,561.

NBS is also the appointed advisor to the Remuneration Committee of Equiniti Financial Services Limited (EFSL), an FCA regulated subsidiary of the Group. They do not provide any other services to the Group.

NBS is a signatory to the Remuneration Consultants' Code of Conduct which requires that its advice be objective and impartial. The Code of Conduct can be found at www.remunerationconsultantsgroup.com.

THE ROLE OF THE REMUNERATION COMMITTEE

The Committee has responsibility for determining Equiniti's overall pay policy. In particular, the Committee is responsible for:

- approving the framework or broad policy for the remuneration of the Chairman, the executive Directors, and certain other senior executives;
- approving their remuneration packages and service contracts;
- reviewing and approving decisions made by the Remuneration Committee of EFSL;
- reviewing the ongoing appropriateness and relevance of the Remuneration Policy;
- approving the design of, and determining targets for, all performance related pay schemes operated by Equiniti and approving the total annual payments made under such schemes; and
- reviewing the design of all share incentive plans for approval by the Board and shareholders. For any such plans, the Committee determines each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to executive Directors and other senior management, and the performance targets to be used.

During 2018, the Board and the Committee will discuss the renewal of the Directors' Remuneration Policy and the Committee's remit with regards to remuneration for the wider workforce in accordance with the proposed changes to the UK Corporate Governance Code. Details of how the Committee's remit will have expanded will be disclosed in the 2018 Annual Report.

ANNUAL REPORT ON REMUNERATION

TERMS OF REFERENCE

The Committee's terms of reference are available in the corporate governance section contained within the investor section of the Company's website: http://investors.equiniti.com/investors/shareholder-services/corporate-governance.

SUMMARY OF THE COMMITTEE'S ACTIVITIES DURING THE FINANCIAL YEAR

Meetings	Matters Considered
March x 2	• Reviewed the salary proposals for the executive Directors, Executive Committee and the Operating Committee; • Approved the final draft of the 2016 Remuneration Report; • Confirmed the quantum of bonuses payable and made deferred annual bonus plan award; • Approved 2017 bonus targets; and • Approved 2017 PSP grant.
July x 2	• Approved the remuneration package for the Group Business Development Director; and • Reviewed proposals for bonus payments to senior non-Board roles relating to the acquisition of WFSS.
December x 2	• Received an update on the performance of Chief Executive's direct reports; • Reviewed potential bonus payment proposals, including an acquisition bonus proposal for non-Board roles; • Reviewed the current status of share awards; and • Reviewed proposed 2018 bonus structure and targets.

SINGLE FIGURE – EXECUTIVE DIRECTORS REMUNERATION (AUDITED)

The following table reports the total remuneration receivable by each executive Director during the year and previous year:

		Fixed Pay £000s			Variable Pay £000s			
		Base Salary	Benefits	Pension Contributions	Annual Bonus	PSP	SAYE	Total
Executive								
Guy Wakeley	2017	460	47	69	545	1,984	1	3,106
	2016	460	47	65	393	–	–	965
John Stier	2017	308	18	46	367	1,315	1	2,055
	2016	305	33	46	295	–	–	679

BENEFITS

- Benefits – executive Directors are entitled to taxable benefits as described below:

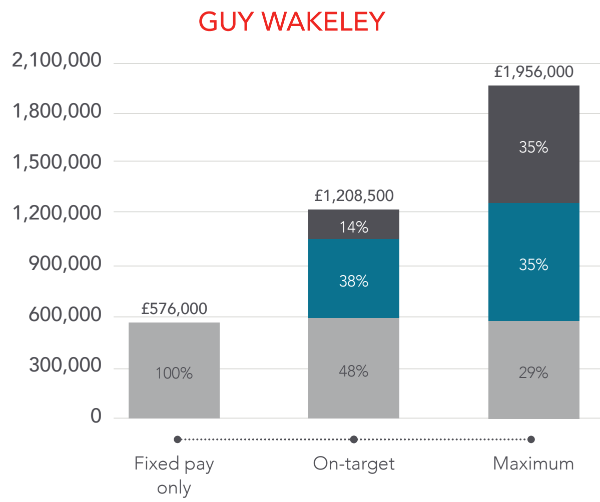
£000s	Car Allowance	Private Medical Insurance	Life Assurance	Benefit in kind charge payable on loans	Total
Guy Wakeley	15	2	2	28	47
John Stier	15	2	1	0	18

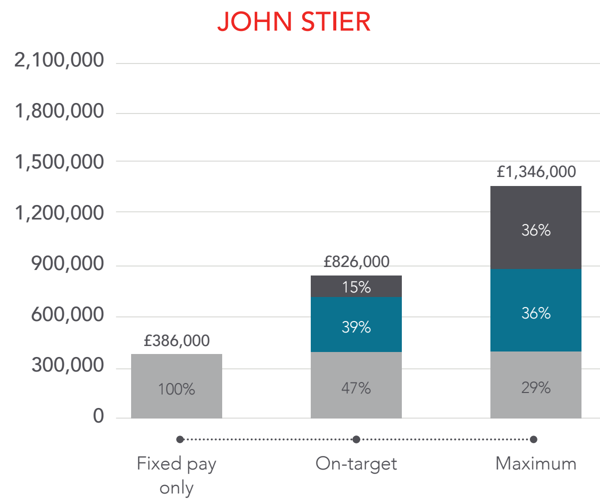
- A cash allowance of 15% of base salary is received in lieu of pension contributions. No executive Director participates in, or is a deferred member of, an Equiniti pension plan.
- 30% of the bonus shown above will be deferred into shares. Further details of the DABP can be found on page 111.
- The first awards under the PSP were made in 2015 and the performance period for the EPS element of this award ended during the year. In accordance with the regulations the estimated value of the awards is included in the 2017 single figure. For details of the PSP performance conditions see page 112.
- Both executive Directors participate in the Sharesave Scheme and the value given is the value of all of the shares that will become available at the end of the three year saving period. There are no performance conditions for this plan save being an employee of the Group at the maturity date.

ANNUAL REPORT ON REMUNERATION

REMUNERATION SCENARIOS FOR EXECUTIVE DIRECTORS

The charts below show hypothetical values for the 2018 package under three scenarios.





- Minimum – fixed pay only (2018 salary + estimated value of ongoing benefits + pension of 15% of salary)
- On-target – fixed pay plus two thirds payout of the maximum Annual Bonus opportunity (100% of base salary) + 25% of maximum PSP award (37.5% of salary)
- Maximum – fixed pay plus 100% payout of the Annual Bonus (150% of base salary) + PSP awards (150% of base salary)

FIXED PAY
ANNUAL VARIABLE
MULTI PERIOD VARIABLE

Notes: The scenarios in the graphs are defined as follows:

Fixed elements of remuneration	Base salary as at 1 April 2018 Estimated value of benefits provided under the remuneration policy Cash allowance in lieu of pension of 15% of salary		
	Fixed pay only	On-target	Maximum
Annual bonus (payout as a % of salary)	0%	100%	150%
Multi period variable (payout as a % of salary)	0%	37.5%	150%

The executive Directors can participate in all-employee share schemes on the same basis as other employees. The value that may be received under these schemes is subject to tax approved limits. For simplicity, the value that may be received from participating in these schemes has been excluded from the above charts and in accordance with the Regulations, no assumption is made as to future share price movements.

VARIABLE PAY OUTCOMES (AUDITED)

ANNUAL BONUS

For the financial year ended 31 December 2017, annual bonuses for the executive Directors were based on corporate financial and personal objectives. A bonus of up to 150% of salary could be earned. The Committee reviewed the achievements against the targets for the year through the annual performance review process. The table on page 108 shows the achievement against the financial and personal performance measures and the proposed bonus payments.

Corporate Financial Objectives

The corporate financial metrics were based on profit before tax, revenue and cash flow, equally weighted.

ANNUAL REPORT ON REMUNERATION

Individual personal objectives and Individual multiplier

The individual personal objectives were set following consultation between the Committee and each executive Director, and are detailed in the table on page 109.

The individual multiplier ranges from 0 to 1.5, determined through the Committee's review of performance against personal objectives, with a multiplier of 1.0 for on-target performance. The performance breakdown and resulting multiplier is shown in the table opposite:

Performance Rating	Maximum multiplier
Outstanding	1.50
High	1.25
Good	1.00
Off track	0.50
Low	0

A cap on the overall bonus pool will apply to ensure that bonus payments which are above target do not exceed 40% of incremental profit in excess of budget.

OUTCOME OF PERFORMANCE AGAINST INDIVIDUAL PERSONAL OBJECTIVES ACTS AS A MULTIPLIER WITH ANNUAL BONUS CALCULATED USING THE FOLLOWING FORMULA:

Salary × On-target bonus opportunity × Corporate financial outcome × Individual multiplier = Annual bonus

Corporate Financial Outcome

Performance measures	Weighting	Threshold target (m)	Budget target (m)	Maximum target (m)	Actual performance (m)	% of bonus payable
		0%	75%	125%		
Profit before tax*	1/3	32.2	35.8	42.9	35.5	23.1%
Revenue	1/3	391.1	411.7	432.2	406.1	18.3%
Cash flow	1/3	(2.8)	(2.5)	(2.1)	8.1	41.7%
Management adjustment following qualitative assessment						-4.1%
Total						79%

* Adjusting for acquisition related non-operating charges.

Performance against the corporate financial performance measures was subject to a qualitative review of the underlying performance achieved. As a result of this review, the Committee concluded the overall score should be reduced by 4.1%, reflecting the fact that some elements of reported revenue were outside of management's control.

Individual multiplier	Guy Wakeley	John Stier
Multiplier awarded	1.50	1.50

	Guy Wakeley	John Stier
Bonus amount achieved as % of salary	118.50%	118.50%
Bonus amount achieved	£545,100	£366,876
Paid in cash (70%)	£381,570	£256,813
Deferred in shares (30%)	£163,530	£110,063

Individual non-financial objectives

Guy Wakeley's objectives focussed on:	Evidenced by:	Score
• Delivering sustainable growth through organic sales, operational efficiency and cost prudence	Material growth in key sectors including end-of-life and complaints management. All material contracts across the Group renewed, with customer SLA's substantially green all year.	Exceeded
• Continued growth into new product sets, markets and geographies	Acquisitions completed in data & cyber security (MarketingSource) and loan platforms (Nostrum). Acquisition of WFSS announced in July with significant progress made towards completion.	Exceeded
• Significantly improving client satisfaction and customer journeys	New share-dealing platforms and native apps launched (D2C) and responsive platform designs deployed for Shareview (B2B2C). Customer satisfaction scores consistently at or above 95% and complaints reduced to 24 per million. Average net promoter score 33 ranging from 14 to 52 across the Group.	Exceeded
• Improving digitisation and automation of internal operations and customer facing services	Selftrade re-launched following extensive customer consultation and Shareview re-presented in a responsive format. Good resilience to reported cyber attacks and no known loss of data. Business readiness for MiFID2 achieved.	Exceeded
• Continued progress with talent, succession, leadership, culture and diversity	Improved colleague engagement and motivation, with reduced turnover and absence, celebration of our 10 year anniversary and 3,071 employee shareholders. Group Diversity and Inclusion policy successfully launched and employee networks set-up.	Exceeded
• Developing framework for risk and audit	Improved rigour, presentation and embedding of the Group risk appetite and framework. No material breaches and no interventions, MiFID2 compliance achieved and programme for GDPR compliance in place.	Exceeded
• Understanding and improving our top five customer processes	Business units committed to customer process improvement objectives - improvements delivered to multiple processes including account opening for retail sharedealing, DRIP election changes, funding of dealing accounts and reduced requirement of authentic documents.	Exceeded

John Stier's objectives focussed on:	Evidenced by:	Score
• Creating clear accountability for capital allocation, including returns and benefit realisation from acquisitions, capex and projects	Capex management improved through reformatting of the Group Investment & Change Committtee, improving the PMO function, better project prioritisation and introducing post capex benefit reviews to help the business better focus on benefits realisation.	Exceeded
• Optimising net interest receivable through treasury strategy, protection of SAYE income, asset diversification, and interest payable	Strong management of interest rates, moving deposits to 30 and 95 days, managing cash tightly to minimise RCF draw down and putting in place further interest receivable swaps to best manage the interest receivable curve. Interest receivable ahead of budget.	Exceeded
• Managing net cash, trade receivables and working capital to maintain deleveraging profile and achieving 2.4x end of year net leverage	Cash flow over all ahead of budget, excellent management of working capital and out performance of budgeted cash flow.	Exceeded
• Developing the Group people function, both through silent running of core people services, and step change improvement in staff experience and engagement	Payroll stabilised and payroll consolidation project commenced. Exit interviews introduced and talent board created to drive the talent agenda and support succession planning across the Group.	Exceeded
• Extending the effectiveness of property and procurement functions, with particular emphasis on property and IT fixed asset estate	New head of function appointed, Birmingham and Cardiff re-geared delivering a £500k saving, consolidation and reduction of M4 footprint delivering a further £400k saving.	Exceeded

Individual multiplier

The performance of each of the executive Directors was assessed through the annual performance review process, with excellent performance against their individual objectives. Based on their achievements, which were delivered whilst at the same time successfully completing the acquisition of WFSS, the Committee has determined that their performance was outstanding for the personal element relating to their 2017 objectives, resulting in multipliers of 1.5 for both Directors.

Performance rating	Maximum multiplier
Outstanding	1.50
High	1.25
Good	1.00
Off Track	0.50
Low	0

2015 PERFORMANCE SHARE PLAN AWARD

The table below summarises the EPS performance condition and performance achieved for the November 2015 LTIP award over the performance period which ended on 31 December 2017. This condition determines the vesting of 50% of the award. This condition was based on the average annual growth in Equiniti's fully diluted normalised earnings per share over the 2016 and 2017 financial years, measured from a proforma EPS for the financial year ending 31 December 2015 of 13.5p . In accordance with the Regulations, performance against this performance condition is shown in the table below and the estimated value of this element of the award is included in this year's single figure, although the shares awarded will not actually vest until October 2018.

The remaining 50% of the award is subject to a relative TSR performance condition with performance measured over three years from Admission. As the performance period for this element of the award ends in October 2018, performance against the TSR performance condition and the value of this part of the award will be reported in our 2018 Remuneration Report.

Award	Measure	Weighting	Vesting Scale	Base EPS	Fully diluted normalised EPS for year ended 31 December 2017	Average annual growth	Performance achieved	% of this award vesting
2015	Average annual growth in Equiniti's fully diluted normalised earnings per share	50%	No vesting if average EPS growth is below 6%, 25% vests if average EPS growth is equal to 6%, 100% vests if average EPS growth is 12% or more. Straight-line pro rata vesting from 25% to 100% for average EPS growth between 6% and 12%	13.5p	16.9p	12.03%	100%	100%

The number of shares which will vest in October 2018 and an estimate of their value is shown in the table below:

	Number of shares subject to the EPS condition	% that will vest	Estimated market price at vesting(pence)[1]	Estimated value at vesting
Guy Wakeley	669,888	100%	296.14	1,983,806
John Stier	444,165	100%	296.14	1,315,350

1 In accordance with the Regulations, the value of the market price of the shares at vesting has been estimated based on the average market value over the last three months of 2017.

DEFERRED ANNUAL BONUS PLAN (AUDITED)

30% of the bonus awarded in respect of the 2016 financial year was deferred into shares for three years subject to continued service and malus and clawback.

	1 January 2017	Granted (number)[1]	Lapsed (number)	Rights Issue Adjustment (number)[2]	31 December 2017	Market price at date of grant (pence)[3]	Date of award	Vesting date
Guy Wakeley	–	32,239	–	2,190	34,429	194	21/03/2017	21/03/2020
John Stier	–	24,142	–	1,640	25,782	194	21/03/2017	21/03/2020

1 The number of shares awarded is equal to the net of tax value of the bonus deferred.
2 Due to the rights issue in October 2017, the number of shares were adjusted and increased in-line with market practice as indicated above.
3 The market price at date of grant was calculated using the prior day's closing price

PERFORMANCE SHARE PLAN (PSP) (AUDITED)

On 21 March 2017, the executive Directors received nil-cost options with a face value equivalent to 150% of base salary and are summarised along with their previous awards in the table below:

Nil-cost Performance Share Plan Awards

	1 January 2017	Granted (number)	Lapsed (number)	Rights Issue Adjustment (number)	31 December 2017	Market price at date of grant (pence)	Date of award	Vesting date	Expiry date
Guy Wakeley	1,254,545	–	–	85,230	1,339,775	165	03/11/15	27/10/18	02/11/25
	434,864	–	–	29,543	464,407	158.67	24/03/16	24/03/19	23/03/26
	–	355,670	–	24,163	379,833	194	21/03/17	21/03/20	20/03/27
John Stier	831,818	–	–	56,511	888,329	165	03/11/15	27/10/18	02/11/25
	288,334	–	–	19,588	307,922	158.67	24/03/16	24/03/19	23/03/26
	–	235,824	–	16,021	251,845	194	21/03/17	21/03/20	20/03/27

Due to the rights issue in October 2017, the number of options were adjusted and increased in-line with market practice as indicated above. When the PSP options are granted, the market price at date of grant is calculated using the prior day’s closing share price. This is used to calculate the number of options to be granted to the participant, it is not the price that the participant has to pay to receive the options once they have vested. The options are “nil-cost” options which means that there is no price to be paid to receive them once they have vested. However, the participant will have to pay income tax and national insurance at their respective tax rate on the overall market value of the vested award, priced at the time of exercise.

The first set of awards to vest will be those granted in November 2015. Performance against the EPS performance condition (50% of the award) which ended on 31 December 2017 is shown on the previous page. Performance against the relative TSR performance which will be measured in October 2018 will be reported in next year's remuneration report.

ANNUAL REPORT ON REMUNERATION

Each of the awards granted in 2015, 2016 and 2017 are subject to the following performance measures:

Performance Measure	Weighting of Measure	Performance Target
EPS growth	50%	Average annual growth in Equiniti's fully diluted normalised earnings per share (EPS) over three financial years. If average growth in EPS over three financial years is 6% or more, 25% of the award will vest. The award will vest in full for average growth of 12%, with payment on a sliding scale in between these points. No award will vest if growth is below 6%.
Relative TSR	50%	Total shareholder return (TSR) performance relative to the constituent companies of the FTSE 250 Index (excluding investment trusts) on the date of grant. Vesting of 25% of the award will occur for median ranking and the award will vest in full for upper quartile or above ranking, with straight line vesting in between these points based on ranking. No awards will vest if TSR ranks below the median.

Following vesting, a further two-year holding period will apply to the PSP awards, whereby executive Directors will be restricted from selling the net of tax shares which vest.

SAVE-AS-YOU-EARN SCHEME (SHARESAVE)

The Company offers a Sharesave scheme to all employees, including executive Directors. The first grant under the Sharesave Scheme was when the Company first listed in 2015. Participants can save a sum of money each month for a period of three years. Under the tax approved limits, the maximum that each participant can save each month is £500, however the Sharesave Scheme was oversubscribed and the monthly limit was capped at £100 per month. At the end of the three year period, the money saved can either be returned to the participant or used to acquire shares in the Company at a price of £1.18 per share. This price was set at a 20% discount to a market price being an amount equal to the average of the daily middle-market quotation of a share over the three dealing days prior to the grant date. The original price, with the 20% discount was £1.27, however this was reduced to £1.18 following the rights issue on 17 October 2017.

ANNUAL REPORT ON REMUNERATION

SINGLE FIGURE – NON-EXECUTIVE DIRECTORS REMUNERATION (AUDITED)

The Chairman is paid a single consolidated fee. The non-executive Directors are paid a basic fee, with the Chairs of the Board committees and the Senior Independent Director paid additional fees to reflect their extra responsibilities.

£000s		Fees	Benefits	Total
Non-executive				
Philip Yea[1]	2017	100	–	100
	2016	–	–	–
Sally-Ann Hibberd	2017	65	–	65
	2016	27	–	27
Vicky Jarman[2]	2017	73	–	73
	2016	75	–	75
Dr Tim Miller[3]	2017	115	–	115
	2016	115	–	115
Darren Pope[4]	2017	57	–	57
	2016	5	–	5
Sir Rod Aldridge[5]	2017	-	–	-
	2016	58	–	58
Kevin Beeston[6]	2017	158	1	159
	2016	210	18	228
John Parker[7]	2017	56	–	56
	2016	81	–	81

1. Philip Yea joined the Board on 3 July 2017 and his fees are pro-rated from when he joined.
2. Vicky Jarman stood down as Audit Chair during 2017 and her fee for this role has been pro-rated.
3. The fees for Dr Tim Miller include the £50,000 that he receives for serving on the board of EFSL.
4. Darren Pope succeeded Vicky Jarman as Audit Chair during 2017 and his fee for this role has been pro-rated.
5. Sir Rod Aldridge stepped down from the Board on 1 August 2016.
6. Kevin Beeston stepped down from the Board on 29 September 2017 and his fees and benefits have been pro-rated. Kevin received life assurance benefits (£650).
7. John Parker stepped down from the Board on 30 September 2017 and his fees have been pro-rated.

ANNUAL REPORT ON REMUNERATION

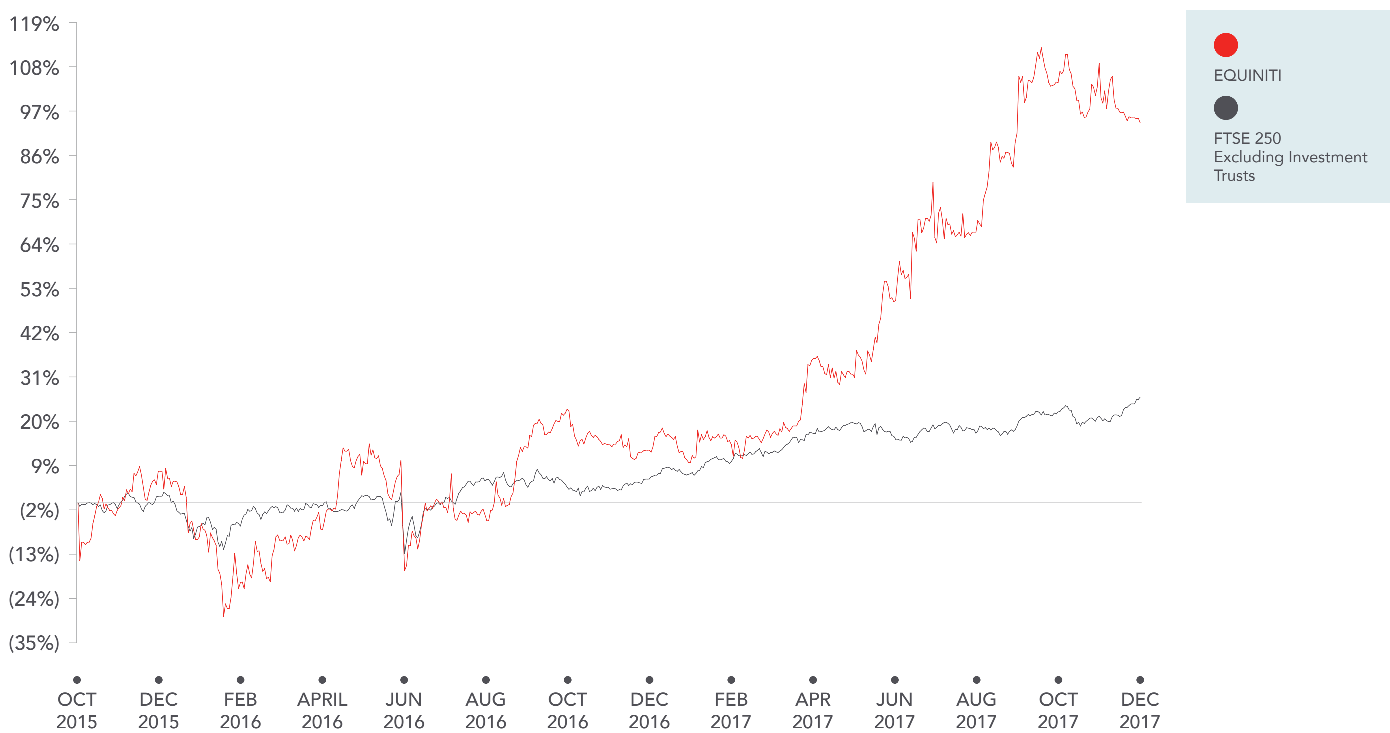
ANNUAL NON-EXECUTIVE DIRECTOR FEES

	Year Ending 31 December		
	2018	2017	Change %
Board Chairman[1]	£200,000	£210,000	-5%
Basic fee	£55,000	£55,000	0%
Additional fee for Senior Independent Director	£10,000	£10,000	0%
Additional fee for Committee Chair	£10,000	£10,000	0%

1 The fee for the new Chairman has been set at £200,000 which is below the previous Chairman's fee.

PERFORMANCE GRAPH AND TABLE

The following graph shows the Company's TSR performance since listing in October 2015 to the end of the 2017 financial year against the FTSE 250 index. The FTSE 250 (excluding investment trusts) has been has selected as it comprises companies of a comparable size and complexity and provides a good indication of Equiniti's relative performance.



ANNUAL REPORT ON REMUNERATION

CHIEF EXECUTIVE'S PAY IN THE LAST FOUR FINANCIAL YEARS

The total remuneration of the Chief Executive over the last four years is shown in the table below:

	Year Ended 31 December			
	2017	2016	2015	2014
Total Remuneration (£000)	3,106	965	2,743	528
Annual Bonus (as % of target opportunity)	118.50%	85.51%	98.10%	56.00%
PSP Vesting (as % of maximum opportunity)	50%	N/A	N/A	N/A

PERCENTAGE CHANGE IN CHIEF EXECUTIVE'S REMUNERATION

The table below shows the percentage change in each of the Chief Executive's salary, taxable benefits and annual bonus earned in 2017 and 2016, compared to that for the average employee of Equiniti (on a per capita basis):

	Guy Wakeley, Chief Executive	Average Employee
	% change	% change
Salary	0.00%	1.72%
Benefits	0%	0%
Annual Bonus	38.67%	8.64%

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below details the percentage change in dividends and overall expenditure on pay compared with the previous financial year:

	2017 vs 2016	2017	2016
Total dividend paid	108%	4.55p	2.18p
Total employee remuneration	7%	£174.6m	£163.2m

PAYMENTS FOR LOSS OF OFFICE (AUDITED)

There were no payments for loss of office made in 2017.

PAYMENTS TO PAST DIRECTORS (AUDITED)

There were no payments made to any past Directors during the year, except payments made in accordance with the signed service contracts and letters of appointment for those Directors who served during the period.

ANNUAL REPORT ON REMUNERATION

DIRECTORS' SHAREHOLDING REQUIREMENTS AND SHARE INTERESTS (AUDITED)

To align the interests of the executive Directors with shareholders, each executive Director must build up and maintain a beneficial shareholding, excluding share options, in the Company equivalent to 200% of base salary. Executive Directors must meet the shareholding guideline within five years of appointment to the Board. As at 31 December 2017, the Chief Executive beneficially held shares with an equivalent value of 900% of his base salary and the Chief Financial Officer beneficially held shares with an equivalent value of 297% of his base salary. Accordingly all executive Directors have met the shareholding requirements.

Director	Beneficial Share Interest		Unvested share options[4]		Total Interest
	As at 31 December 2017 or date of leaving if earlier	PSP with performance conditions	DABP without performance conditions	SAYE[5] without performance conditions	
Guy Wakeley[1]	1,462,616	2,184,015	34,429	3,026	3,684,086
John Stier[1]	323,057	1,448,096	25,782	3,026	1,799,961
Philip Yea	48,802	–	–	–	48,802
Sally-Ann Hibberd	–	–	–	–	–
Vicky Jarman	34,175	–	–	–	34.175
Dr Tim Miller	70,118	–	–	–	70,118
Darren Pope	–	–	–	–	–
Kevin Beeston[2]	506,304	–	–	–	506,304
John Parker[3]	57,669	–	–	–	57,669

(1) The Partnership, Matching and Free shares that Guy Wakeley and John Stier hold in the Share Incentive Plan are included in the figure for beneficially owned shares.
(2) Kevin Beeston stepped down from the Board and left the Company on 29 September 2017.
(3) John Parker stepped down from the Board and left the Company on 30 September 2017.
(4) For details of each of the share plans, please see the relevant paragraphs within this report.
(5) Following the rights issue, the number of SAYE options and exercise price of outstanding awards was adjusted in line with market and best practice.

There have been no changes in the number of shares beneficially owned, or interested in, by the Directors between 1 January 2018 and the publication date of this Annual Report.

OTHER SHAREHOLDING INFORMATION (AUDITED)

The closing share price of the Company's ordinary shares at 31 December 2017, was 285p and the price range for financial year was 173p to 311p.

Source: FactSet. All closing share prices prior to the completion of the rights issue on 17 October 2017 have been adjusted by the rights issue bonus factor to ensure comparability with the closing share prices post the rights issue.

Shareholder dilution

Awards granted under the Company's share plans are met by the issue of new shares when awards vest. The Board monitors the number of shares issued under the various share plans and the impact on dilution limits. The relevant dilution limits established by the Investment Association in respect of share plans is 10% in any rolling ten-year period and in respect of discretionary share plans is 5% in any ten-year rolling period.

Based on the Company's issued share capital as at 31 December 2017, and assuming that all current awards made under the Company's share plans as at that date vest in full, the dilution level was 3.73% against all share plans and 2.83% against discretionary schemes.

Director loans

As previously disclosed, Advent transferred shares to certain Directors of the Group on IPO in recognition of their contribution and management of the IPO process. The shares are subject to lock up arrangements, as disclosed in the price range prospectus. As the shares vested immediately, they were therefore taxable at the point of grant. The Company lent three of those Directors who received the shares monies to cover their income tax and National Insurance liabilities. These loans were all subject to relevant approvals through the IPO process and are treated as a benefit in kind to the receiving individuals. All benefiting individuals have entered into a loan agreement with the Company. These loans must be repaid no later than April 2018. Loans were originally made to three of the Directors. As at 31 December 2017, £928,000 remained outstanding to one Director.

ANNUAL REPORT ON REMUNERATION

STATEMENT OF VOTING AT THE 2017 ANNUAL GENERAL MEETING

The voting outcome at the 2017 Annual General Meeting in respect of the 2016 Annual Report on Remuneration reflected very strong shareholder support.

Shares voted	232,995,806	77.65% of shares in issue
In Favour	231,834,403	99.50% of shares voted
Against	1,161,403	0.50% of shares voted
Withheld	82,144	–

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE 2018 FINANCIAL YEAR

Base Salary (Audited)

The table below sets out the increases in base salary for each of the executive Directors:

	2018	2017	% change
Guy Wakeley	£460,000	£460,000	0
John Stier	£320,000	£309,600	3.4

Bonus Performance Measures

The executive Directors will have the opportunity to earn a bonus up to 150% of their base salary on the basis of their achievement. The exact performance measures have not been disclosed due to commercially sensitive reasons to ensure that our peers and competitors do not use them to their advantage, however the headline measures are stated below and we will report against them in full in the 2018 Remuneration Report:

Measure			Proportion of salary payable
Corporate Performance	Profit before tax	50% weighting	For on-target performance: 100% For maximum performance: 150%
	Revenue	30% weighting	
	Operating cash flow conversion	20% weighting	
Personal	Achievement against a number of business, strategic, organisational, stakeholder and financial targets tailored to the role of each executive Director		

For 2018, cash flow has been replaced by operating cash flow conversion as this measure is one of the key metrics used in the business and highly visible to investors as it is one of the measures we use to report performance in the year. In addition, the weighting between each metric has been altered to increase the emphasis on profit before tax, to reinforce the focus on profitable growth.

DIRECTORS' REMUNERATION POLICY

The Company's remuneration policy (the Policy) was approved by shareholders on 26 April 2016 at the Company's AGM with a vote of 99.94% in favour. Since its approval the Committee has kept the Policy under review to ensure that it still meets our goals. As a result, we believe the Policy continues to be fit for purpose and therefore will remain unchanged until its expiry at the Company's 2019 AGM and is shown below in full as approved.

Future Policy Table

The following table sets out each element of reward and how it supports the Company's short and long-term strategic objectives.

Element	Purpose and link to policy	Operation (including framework used to assess performance)	Opportunity
Base Salary	Provides a competitive and appropriate level of basic fixed pay, to help attract and retain Directors with the skills and experience required to deliver Equiniti's strategic goals and business objectives. Reflects an individual's experience, performance and responsibilities within the Group.	Set at a level which provides a fair reward for the role and which is competitive amongst relevant peers. Normally reviewed annually with any changes taking effect from 1 April each year. Set taking into consideration individual and Group performance, the responsibilities and accountabilities of each role, the experience of each individual, his or her marketability and Equiniti's key dependencies on the individual. Reference is also made to salary levels amongst relevant peers and other companies of equivalent size and complexity. The Committee considers the impact of any basic salary increase on the total remuneration package.	There is no formal maximum. However, increases will normally be in line with the general increase for the broader employee population. More significant increases may be awarded from time to time, to recognise, for example, development in an individuals' role and change in position or responsibility. Current salary levels are disclosed in the annual report on Remuneration.
Benefits	Provides a competitive, appropriate and cost effective benefits package. The main benefits provided currently include a company car allowance, private medical insurance and life assurance.	The benefits provided may be subject to minor amendment from time to time by the Committee within this policy. In addition, executive Directors are eligible for other benefits which are introduced for the wider workforce on broadly similar terms. Equiniti may also reimburse any reasonable business related expenses (including tax thereon) incurred in connection with their role, if these are determined to be taxable benefits.	A car allowance of £15,000 is provided. The cost of the provision of other benefits varies from year to year depending on the cost to Equiniti and there is no prescribed maximum limit. However, the Committee monitors annually the overall cost of the benefits provided, to ensure that it remains appropriate.
Pension	Provides a competitive, appropriate and cost effective pension package.	Each executive Director has the right to participate in one of Equiniti's defined contribution pension plans or elect to be paid some or all of their contributions in cash.	Pension contributions and/or cash allowances in lieu of pension contributions are capped at 15% of salary.

DIRECTORS' REMUNERATION POLICY

Element	Purpose and link to policy	Operation (including framework used to assess performance)	Opportunity
Annual Bonus	Incentivises the execution of key annual goals, by driving and rewarding performance against individual and corporate targets. Compulsory deferral of a proportion into Equiniti shares provides alignment with shareholders.	Paid annually, the bonus is subject to achievement of a combination of stretching corporate financial and personal performance measures. Financial measures determine the majority of the annual bonus opportunity. From the 2016 financial year onwards, 30% of bonus earned will be deferred into awards over shares under the Deferred Annual Bonus Plan (the DABP), with awards normally vesting after a three-year period. The Committee has the discretion to increase the deferral percentage if required. In respect of the annual bonus for the financial year 2016 and future years, in the case of gross misconduct, fraud, material misstatement of Equiniti's results or accounts or error made in assessing the satisfaction of any bonus conditions, recovery and withholding mechanisms apply for a period of three years from the date of grant.	The on-target bonus payable to executive Directors is 100% of base salary with 150% of base salary the maximum payable. The bonus payable at the minimum level of performance varies from year- to-year and is dependent on the degree of stretch. Dividends may accrue on DABP share awards over the vesting period and be paid out either as cash or as shares on vesting in respect of the number of shares that have vested.
Performance Share Plan (PSP)	Rewards the achievement of sustained long-term financial performance and shareholder returns and is therefore aligned with the delivery of value to shareholders. Facilitates share ownership to provide further alignment with shareholders. Granting of annual awards aids retention.	Annual awards of performance shares[1], normally vest after three years, subject to performance conditions and continued service. Performance is normally tested over a period of at least three financial years but, in the case of the initial PSP awards, is tested over the periods described below. Awards are subject to a financial growth measure and total shareholder return (TSR) relative to the constituents of a relevant comparator index or peer group. The measures for the Initial PSP Awards are based on average normalised earnings per share (EPS) growth over the financial years 2016 and 2017 (50%) and TSR vs. the FTSE 250 index (excluding investment trusts but including Equiniti) on the date of Admission over a three year period to the third anniversary of the date of Admission (50%). 25% of the award vests at threshold under the EPS condition and 25% vests at median for the relative TSR condition. There is straight-line vesting for performance between threshold and maximum. Following vesting, a further two-year holding period will apply to the awards whereby executive Directors will be restricted from selling the net of tax shares which vest. In the case of gross misconduct, fraud, material misstatement of Equiniti's results or accounts or error made in assessing the satisfaction of a performance condition, recovery and withholding mechanisms apply for at least three years from the date on which an award vests.	Other than the Initial PSP Awards, under which awards over shares worth up to 450% of the executives' basic annual salary could be granted, the maximum opportunity is 150% of base salary. In exceptional circumstances, this may be increased to 300%. Dividends may accrue on PSP awards over the vesting period and be paid out either as cash or as shares on vesting, in respect of the number of shares that have vested.

DIRECTORS' REMUNERATION POLICY

Element	Purpose and link to policy	Operation (including framework used to assess performance)	Opportunity
All-employee share plans	Encourages employee share ownership and therefore increases alignment with shareholders.	Equiniti may from time to time operate tax-approved share plans (such as the HMRC approved Save As You Earn Option Plan and Share Incentive Plan) for which executive Directors are eligible.	The schemes are subject to the limits set by HMRC from time-to-time.
Shareholding guideline	Encourages executive Directors to build a meaningful shareholding in Equiniti, so as to further align interests with shareholders.	Each executive Director must build up and maintain a shareholding in Equiniti equivalent to 200% of base salary within five years of their appointment to the Board.	Not applicable.

Notes to the policy table:
(1) Awards may be structured as nil-cost options which will be exercisable until the tenth anniversary of the grant date or as conditional awards.

PERFORMANCE MEASURES AND TARGETS

The table below sets out the rationale for the performance conditions chosen for annual bonus and PSP and how the targets are set.

Element	Performance measures and rationale	How targets are set
Annual bonus	• Financial and personal performance measures. • Financial measures are set taking account of Equiniti's key operational objectives but will typically include measures of revenue, profitability and a cash flow metric as these are KPIs aligned with Equiniti's strategy. • Personal performance objectives are agreed by the Committee at the beginning of the year.	• The Committee reviews the focus each year and varies them as appropriate to reflect the priorities for the business in the year ahead.
Performance Share Plan	• Financial growth measure and TSR performance. • Relative TSR has been selected as it reflects comparative performance against a broad index of companies. It also aligns the rewards received by executives with the returns received by shareholders. • Average growth in normalised EPS has been used as a performance measure as it rewards improvement in Equiniti's underlying financial performance and is a measure of Equiniti's overall financial success.	• The Committee will review the choice of performance measures and the appropriateness of the performance targets and TSR peer group prior to each PSP grant. • Different performance measures and/or weightings may be applied for future awards as appropriate. However, the Committee will consult in advance with major shareholders prior to any significant changes being made.

The Committee operates various incentive plans according to their respective rules. To ensure the efficient operation and administration of these plans, the Committee retains discretion in relation to a number of areas. Consistent with market practice, these include (but are not limited to) the following:

- selecting the participants;
- the timing of grant and/or payment;
- the size of grants and/or payments (within the limits set out in the Policy Table);
- the extent of vesting based on the assessment of performance;
- determination of a good leaver and where relevant the extent of vesting in the case of the share based plans;
- treatment in exceptional circumstances such as a change of control, in which the Committee would act in the best interests of Equiniti and its shareholders;
- making the appropriate adjustments required in certain circumstances (such as rights issues, corporate restructuring events, variation of capital and special dividends);
- cash settling awards; and
- the annual review of performance measures, weightings and setting targets for the discretionary incentive plans, from year to year.

Any performance conditions may be amended or substituted if one or more events occur which cause the Committee to reasonably consider that the performance conditions would not, without alteration, achieve their original purpose. Any varied performance condition would not be materially less difficult to satisfy in the circumstances.

REMUNERATION POLICY FOR OTHER EMPLOYEES

The Policy described in the previous table applies specifically to the executive Directors of Equiniti. The Committee believes that the structure of management reward at Equiniti should be linked to Group strategy and performance. The table below explains how the Policy has been cascaded below executive Directors, to achieve alignment of policy across the Company.

Element	Difference in remuneration policy for other employees
Base salary	• The same principles and considerations that are applied to the executive Directors are, as far as possible, applied to all employees.
Benefits	• Equiniti also has provisions for market-aligned benefits for all employees.
Pension	• The Group operates a number of defined benefit and defined contribution schemes.
Annual bonus	• Approximately 500 members of the management team are eligible for a bonus award under The Leadership Incentive Scheme.
Deferred Annual Bonus Plan (DABP)	• Members of the Operating Committee have 30% of their earned bonus deferred into an award over shares on the same terms as the executive Directors.
Performance Share Plan (PSP)	• The PSP is awarded to members of the Operating Committee and key individuals in the Senior Management Team.
Sharesave	• An all-employee plan. Options are normally granted at a discount to the market value.
Share Incentive Plan	• An all-employee plan. Employees can purchase up to £1,800 of partnership shares each year from gross salary. For every three partnership shares participants purchase they receive two free matching shares, on the first £180 that they invest annually.

CONSIDERATIONS OF CONDITIONS ELSEWHERE IN THE GROUP

Although the Committee does not consult directly with employees on the Directors' Remuneration Policy, the Committee seeks to ensure that the underlying principles which form the basis for decisions on executive Directors' pay are consistent with those on which pay decisions for the rest of the workforce are taken. For example, the Committee takes into account the general salary increase for the broader employee population when conducting the salary review for the executive Directors.

However, there are some structural differences in the executive Directors' Remuneration Policy (as set out on pages 118 to 124) compared to that for the broader employee base, which the Committee believes are necessary to reflect the differing levels of seniority and responsibility. A greater weight is placed on performance-based pay through the quantum and participation levels in incentive schemes. This ensures the remuneration of the executive Directors is aligned with the performance of Equiniti and therefore the interests of shareholders.

APPROACH TO RECRUITMENT REMUNERATION

In the event of hiring a new executive Director, the ongoing remuneration package would be set in accordance with the terms of the approved remuneration policy at the time of appointment and the maximum limits set out therein.

Salaries may be set below market level initially with a view to increasing them to the market rate subject to individual performance and developing into the role by making phased above inflation increases.

Benefits will be provided in line with those offered to other executive Directors, although these may be varied for an overseas appointment taking account of local market practice.

Annual bonus payments will not exceed 150% of base salary and PSP payments will not normally exceed 150% of base salary (not including any arrangements to replace forfeited entitlements).

Where necessary, specific annual bonus and PSP targets and different vesting and/or holding periods may be used for an individual for the first year of appointment, if it is appropriate to do so to reflect the individual's responsibilities and the point in the year in which they joined the Board. A PSP award can be made shortly following an appointment (assuming Equiniti is not in a close period).

The Committee retains flexibility to offer additional cash and/or share based awards on appointment, to take account of remuneration or benefit arrangements forfeited by an executive on leaving a previous employer. If shares are used, such awards may be made under the terms of the PSP or as permitted under the Listing Rules.

Such payments would take into account the nature of awards forfeited and would reflect (as far as possible) performance conditions, the expected value foregone and the time over which they would have vested or been paid. Awards may be made in cash if Equiniti is in a close period at the time an executive joins.

The Committee may agree that Equiniti will meet certain relocation, legal, tax equalisation and any other incidental expenses as appropriate so as to enable the recruitment of the best people including those who need to relocate.

Where a new executive Director is an internal promotion, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, and adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue.

In approving this Directors' Remuneration Policy, authority is given to Equiniti to honour any commitments entered into with current or former Directors that pre-date the approval of the policy. Details of any payments to former Directors will be set out in the annual report on Remuneration as they arise.

Element of remuneration	Maximum percentage of salary
Maximum variable pay:	300%
comprising:	
• Annual bonus	150%
• Performance Share Plan (PSP)	150% (300% in exceptional circumstances)
Pension	15% pension contributions / cash in lieu of pension

Note: Maximum percentage of salary for annual bonus and PSP excludes compensation for awards forfeited.

SERVICE CONTRACTS AND LOSS OF OFFICE PAYMENTS

The policy for service contracts for executive Directors is shown in the table below. Copies of the executive Directors' service contracts are available for inspection at Equiniti's registered office during normal business hours and will be available for inspection at the AGM.

Provision	Detailed terms
Notice period	• 12 months' notice from the Company • 12 months' notice from the Director

Termination payment	• Payment in lieu of notice comprising:
	  • Base salary
	  • Benefits
	  • Pension allowance
	• An executive Director's service contract may be terminated summarily without notice and without any further payment or compensation, except for sums accrued up to the date of termination, if they are deemed to be guilty of gross misconduct or for any other material breach of the obligations under their employment contract.
	• The executive Directors may be suspended or put on a period of garden leave, during which they will be entitled to salary, benefits and pension.
	• If the employment of an executive Director is terminated in other circumstances, compensation may include base salary due for any unexpired notice period, pro-rata bonus (subject to the performance conditions having been achieved) in respect of the proportion of the financial year worked and any amount assessed by the Committee as representing the value of other contractual benefits and pension which would have been received during the period.
	• Equiniti may choose to continue providing some benefits instead of paying a cash sum representing their cost.
	• Any statutory entitlements or sums to settle or compromise claims in connection with a termination (including, at the discretion of the Committee, reimbursement for legal advice and provision of outplacement services) would be paid as necessary.

Treatment of annual bonus on termination under plan rules	• Any bonus paid to a departing executive would normally be paid in cash, at the normal payment date, and reduced pro-rata to reflect the actual period worked.
Treatment of unvested share-based	• Any share-based entitlements granted to an executive Director under Equiniti's share plans will be treated in accordance with the relevant plan rules. • Usually, any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, injury, disability, retirement with the consent of the Committee, the sale of the entity that employs him or her by Equiniti or any other circumstances at the discretion of the Committee, 'good leaver' status may be applied. • Under the PSP, outstanding awards will normally vest at the original vesting date to the extent that the performance condition has been satisfied, and would normally be reduced on a pro-rata basis to reflect the period of time which has elapsed between the grant date and the date on which the participant ceases to be employed by Equiniti. • The Committee retains the discretion to vest awards (and measure performance accordingly) on cessation and/or to dis-apply time pro-rating. However, it is envisaged that this would only be applied in exceptional circumstances. • Under the DABP, unvested awards will vest at the original vesting date unless the Committee exercises its discretion and allows the award to vest in full on or shortly following the date of cessation.
Change of control	• Outstanding awards on a takeover, winding up or other corporate event will vest early to the extent that the performance condition has been satisfied, and would normally be reduced on a pro-rata basis to reflect the period of time which has elapsed between the grant date and the date on which the participant ceases to be employed by Equiniti. • The Committee would retain discretion to waive time pro-rating, if it felt it was in the interests of shareholders to do so. • In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company, unless the Committee decides that awards should vest on a basis which would apply in the case of a takeover.
Exercise of discretion	• In determining whether a departing executive Director should be treated as a 'good leaver', the Committee will take into account the performance of the individual and the reasons for their departure.

DIRECTORS' REMUNERATION POLICY

THE CHAIRMAN AND NON-EXECUTIVE DIRECTORS' FEES

The table below sets of the remuneration policy for the Chairman and non-executive Directors. For a new Chairman or non-executive Director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time.

Element	Purpose and link to policy	Operation (including framework used to assess performance)	Opportunity
Non-executive Director fees	To attract and retain a high-calibre Chairman and non-executive Directors by offering market competitive fee levels.	The Chairman is paid a single consolidated fee. The non-executive Directors are paid a basic fee with the Chairmen of the main Board committees and the Senior Independent Director paid additional fees, to reflect their extra responsibilities and time commitments. If there is a temporary yet material increase in the time commitments for non-executive Directors, the Board may pay extra fees on a pro-rata basis to recognise the additional workload. The level of fees is reviewed periodically by the Committee and Chief Executive for the Chairman and by the Chairman and executive Directors for the non-executive Directors and set taking into consideration market levels in comparably sized FTSE companies, the time commitment and responsibilities of the role and to reflect the experience and expertise required. The Chairman and the non-executive Directors are not eligible to participate in incentive arrangements or to receive benefits, save that they are entitled to reimbursement of reasonable business expenses and tax thereon. They may also receive limited travel or accommodation related benefits in connection with their role as a Director.	The fees are subject to maximum aggregate limits, as set out in Equiniti's Articles of Association (£2m). The Committee is guided by the general increase for the broader employee population, but on occasions may need to recognise, for example, changes in responsibility, and/or time commitments. Current fee levels are disclosed in the annual report on Remuneration.

APPROVAL

This report was approved by the Board of Directors on 6 March 2018 and signed on its behalf by:

Dr Tim Miller
Chair of the Remuneration Committee

6 March 2018

DIRECTORS' REPORT

The Directors' have pleasure in presenting the Directors' Report, together with the audited Accounts of the Group and of the Company for the year ended 31 December 2017.

The Directors' Report comprises pages 125 to 127, and incorporates by reference those sections of the Annual Report set out below:

In accordance with Listing Rule LR 9.8.4C, the information to be included in the Annual Report, where applicable, under LR 9.8.4, is set out in this Directors' Report, with the exception of related party transactions which is set out in note 7.3 to the Accounts on page 178.

The Annual Report and Accounts have been drawn up and presented in accordance with UK Company law and the liabilities of the Directors in connection with the report shall be subject to the limitations and restrictions provided by such law.

Equiniti Group plc is incorporated as a public limited company and is registered in England with the registered number 07090427. Equiniti Group plc's registered office is Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH. The Company's registrar is Equiniti Limited which is situated at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

Directors

The directors who have held office during the year ended

PHILIP YEA	APPOINTED 3 JULY 2017
GUY WAKELEY	
JOHN STIER	
VICKY JARMAN	
SALLY-ANN HIBBERD	
DR TIM MILLER	
DARREN POPE	
KEVIN BEESTON	RESIGNED 29 SEPTEMBER 2017
JOHN PARKER	RESIGNED 30 SEPTEMBER 2017

31 December 2017 and to date are as follows:

Biographical details of the Directors are set out on pages 66 to 67.

Retirement & Reappointment

Except for Vicky Jarman, who will step down from the Board at the AGM to be held on 3 May 2018, all of the remaining Directors appointed will retire and offer themselves for re-appointment at the 2018 AGM. Alison Burns, who is being appointed to the Board on 1 April 2018, will also stand for re-appointment at the 2018 AGM.

Equiniti's Articles of Association regulate the appointment and removal of Directors, as does the Companies Act 2006 and related legislation. In general, the Directors may fill any casual vacancy in the number of Directors subject to reappointment by shareholders at the next Annual General Meeting.

The Articles of Association contain authority for shareholders by ordinary resolution to remove any Director from office regardless of the terms of their appointment. The Articles of Association may only be amended by special resolution of the shareholders. The powers of the Directors are described in the Governance Report on pages 70 to 71.

Directors' Interests

Details of the Directors' share interests in the Company can be found on page 116.

Insurance

A Directors' and Officers' Liability Insurance policy is maintained for all of our Directors and each Director has the benefit of a Deed of Indemnity given by the Company.

Third Party Indemnity

Equiniti Group has made qualifying third party indemnity provisions for its Directors, in relation to certain losses and liabilities they may incur in the course of acting as Directors of the Company, its subsidiaries or associates, which remain in force at the date of this report.

Charitable Donations

We are committed to being a responsible corporate citizen through support for appropriate charitable projects, organisations and charities. The needs of our local communities are varied and diverse and although there are no Group sponsored charities, there are numerous charitable efforts carried out within the regions in which we are located.

The Group also aims to promote economic and social wellbeing around all of our locations and is active in supporting local community projects and initiatives, including supporting a number of local schools and investing in young talent.

Political Donations

Equiniti does not make any political donations and does not incur any political expenditure. As a precautionary measure, authority is to be sought at the 2018 AGM to make limited political donations or incur political expenditure and there is a full explanation in the explanatory note of Resolution 16 to the 2018 AGM Notice.

DIRECTORS' REPORT

Research & Development

Equiniti continues to commit resources to the development of new and improved technologies and capabilities, in order to derive new solutions and to enhance our client and customer experiences, improve our services and products and meet the ever changing regulatory requirements for the services we provide. Expenses incurred are required to be capitalised when it is probable that future economic benefits will be attributable to the asset and that costs can be measured reliably, in accordance with the relevant accounting standards and our accounting policies.

Change of Control

In the event of a takeover, a scheme of arrangement (other than a scheme of arrangement for the purposes of creating a new holding company) or certain other events, unvested executive Director and employee share awards may in certain circumstances become exercisable. Such circumstances may but do not necessarily depend on the achievement of performance conditions or the discretion of the Remuneration Committee.

Equiniti does not have any agreements with any Director or officer that provide for compensation for loss of office or employment resulting from a takeover. Equiniti has facility arrangements with its bank lenders which contain provisions giving those lenders certain rights on a change of control.

Save as otherwise disclosed above, there are no other significant agreements to which Equiniti is a party that take effect, alter or terminate upon a change of control following a takeover bid.

Shareholder	Number of ordinary shares	% of voting rights
Woodford Investment Management	25,060,554	6.88
Paradice Investment Management	19,893,482	5.46
Blackrock Investment Management	17,333,371	4.76
Legal & General Investment Management	13,957,934	3.83
Rathbone Investment Management	13,236,814	3.63
Mondrian Investment Partners	12,756,904	3.50
GVQ Investment Management	11,878,758	3.26
Invesco Perpetual Asset Management	11,737,731	3.22
CRUX Asset Management	11,148,407	3.06

Substantial Shareholdings

As at 28 February 2018 (the latest practicable date before the publication of this Annual Report), the Company was aware, that the following shareholders held, or were beneficially interested in, 3% or more of Equiniti's ordinary shares at that date:

Share Capital Structure

Equiniti's share capital as at 31 December 2017 comprised only Ordinary Shares of £0.001 each, which rank equally in all respects. In October 2017, the Company undertook a 3 for 14 rights issue and 64,309,234 new Ordinary Shares of £0.001 each were issued as a result. The rights attaching to the Ordinary Shares are set out in Equiniti's Articles of Association. Details of Equiniti's issued share capital as at 31 December 2017 and of the movements during the year are set out in note 6.2 to the Accounts on page 166.

There are no restrictions on the transfer of shares or on the exercise of voting rights, except in circumstances where:

i. Equiniti has exercised its right to suspend the voting rights or to prohibit the transfer of shares, as a result of the failure by the shareholder to provide us with information requested by us in accordance with part 22 of the Companies Act 2006; or

ii. the shareholder is prohibited from exercising voting rights by the Listing Rules or the City Code on Takeovers and Mergers.

Equiniti operates a share incentive scheme open to all employees. The Trustees of the Employee Benefit Trust abstain from voting the Ordinary Shares of £0.001 held in the Trust.

Except as noted above any shares acquired through a share incentive scheme rank equally with existing ordinary shares and have no additional or special rights.

Post Balance Sheet Events

On 1 February 2018, the Company completed its acquisition of the WFSS business for $227 million. The acquisition combines the #1 UK and #3 US share registrars to create a multi-national share registration and services business spanning the world's deepest capital markets, which will create a more diversified, multi-national group. The acquisition is expected to be strongly earnings accretive in the first full year of ownership and double digit earnings accretive by the end of the second full year of ownership. Further details of the acquisition can be found on page 22.

Dividend

The Board has adopted a progressive dividend policy, reflecting Equiniti's long-term earnings and cash flow potential. We target a pay-out ratio of 30% of underlying profit attributable to ordinary shareholders which is split one-third and two-thirds between interim and final dividends respectively.

The Board is recommending a final dividend of 2.73 pence per share which, subject to shareholder approval at the 2018 AGM, will result in a full year dividend of 4.48 pence per share (including the interim dividend of 1.75 pence per share). The final dividend will be paid on 17 May 2018 to shareholders on the register of members at close of business on 13 April 2018. Any shareholder wishing to participate in the Equiniti Dividend Reinvestment Plan needs to have submitted their election to do so by 25 April 2018.

DIRECTORS' REPORT

External Auditor

Having conducted an independence and effectiveness assessment during the year as described in the Audit Committee Report on page 88, the Audit Committee has recommended to the Board the reappointment of PricewaterhouseCoopers LLP (PwC) as the Group's external Auditor. PwC has indicated its willingness to continue in office. Following the recommendation of the Audit Committee and in accordance with section 489 of the Companies Act 2006, a resolution to reappoint PricewaterhouseCoopers LLP will be put to shareholders at the 2018 AGM. The Audit Committee will be responsible for determining the audit fee on behalf of the Board.

Authority to Allot and Purchase Shares

Equiniti was granted authority at our 2017 Annual General Meeting to allot equity securities up to a nominal amount of £100,008.97, subject to certain restrictions, and allot equity securities up to a nominal amount of £15,001.34 on a non-pre-emptive basis, subject to certain restrictions. During the year ended 31 December 2017 a total of 112,138 Ordinary Shares were allotted at an average price of 126.31 pence per share, to satisfy the share options exercised under the Equiniti Group UK Sharesave Plan during that period. At the 2017 Annual General Meeting Equiniti was also granted authority to make market purchases of up to 30,002,690 of our own Ordinary Shares, as permitted by the Companies Act 2006.

Resolutions to renew these authorities and permit Directors to allot equity securities up to a nominal amount of £121,489.67 (representing one third of Equiniti's share capital as at 28 February 2018 being the latest practicable date before the publication of this Annual Report), of which £18,223.45 (representing 5% of Equiniti's share capital as at 28 February 2018 being the latest practicable date before the publication of this Annual Report) could be allotted on a non-pre-emptive basis, subject to certain restrictions, and make market purchases of up to 36,446,900 of our own Ordinary Shares (representing 10% of Equiniti's issued share capital as at 28 February 2018 being the latest practicable date before the publication of this Annual Report), will be put to shareholders at the 2018 Annual General Meeting. A further explanation of the resolutions is set out in the Notice of 2018 Annual General Meeting.

The Directors are not aware of any agreements or rights between shareholders that place restrictions on the transfer of shares or exercise of voting rights.

Annual General Meeting

Equiniti's 2018 Annual General Meeting (2018 AGM) will be held at the offices of Weil, Gotshal & Manges LLP, 110 Fetter Lane, London, EC4A 1A at 11.00 a.m. on 3 May 2018. The Notice of Meeting of the 2018 AGM (2018 AGM Notice) will be available on our website: http://investors.equiniti.com/investors.

An explanation of the resolutions to be put to shareholders at the 2018 AGM, and the recommendation of the Directors in relation to them, is as set out in the 2018 AGM Notice.

The Directors' Report was approved by the Board of Directors on 6 March 2018.

By Order of the Board

Kathy Cong
Company Secretary

6 March 2018

03 Financial Statements

Report on the audit of the financial statements

OPINION

In our opinion, Equiniti Group plc’s Group financial statements and Company financial statements (financial statements):

- give a true and fair view of the state of the Group’s and of the Company’s affairs as at 31 December 2017 and of the Group’s profit and the Group’s and the Company’s cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and, as regards the Company’s financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and Company statements of financial position as at 31 December 2017; the consolidated income statement and statement of comprehensive income, the consolidated and Company statements of cash flows, and the consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC’s Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC’s Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in the Directors’ Report, we have provided no non-audit services to the Group or the Company in the period from 1 January 2017 to 31 December 2017.

OUR AUDIT APPROACH

Overview

- Overall Group materiality: £3.1 million (2016: £2.7 million), based on 3.5% of Earnings Before Interest Tax Depreciation and Amortisation (EBITDA).
- Overall Company materiality: £2 million (2016: £2 million), based on 1% of total assets but capped to a level below overall Group materiality.

- Of the Group's 33 trading entities, we performed full scope procedures on five trading entities and also on a further two holding Companies.
- Specific procedures were performed on deferred and accrued revenue in three additional statutory entities.
- Overall this accounted for 78% of Group revenue and 70% of Group EBITDA.

- Revenue recognition on complex contracts.
- Recognition and recoverability of accrued income.
- Classification and presentation of exceptional items.

FOR THE YEAR ENDED 31 DECEMBER 2017

THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Group and Company financial statements, including, but not limited to, the Companies Act 2006, the Listing Rules, Pensions legislation, UK tax legislation and the Financial Conduct Authority's Client Asset Sourcebook. Our tests included, but were not limited to review of the financial statement disclosures to underlying supporting documentation, review of correspondence with and reports to the Financial Conduct Authority in respect of the Group's regulated business, review of correspondence with legal advisers, enquiries of management and review of significant component auditors' work. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

KEY AUDIT MATTERS

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on complex contracts The Group has entered into a number of complex revenue contracts. These arrangements can straddle accounting periods and include multiple elements. We focused on revenue recognition in connection with these contracts which can be complex, can involve a significant degree of management judgement and may not be in accordance with IAS 18 and the Group's stated accounting policy for such items (see note 2.1).	We assessed whether the revenue recognised on these contracts was in line with the Group's accounting policy and IAS 18. For a sample of multiple element contracts, we assessed whether each element was separately identifiable and whether it was reasonable for specific elements to be considered as a separate performance obligation. We performed testing over the fair value of each element by comparing the margins or selling prices used in management's calculations to those achieved on similar contracts when sold separately. For software licence revenue, we assessed whether the customer had an enforceable right to use the licence at the year end and if Equiniti had an enforceable right to payment and where necessary challenged management to provide additional evidence of delivery and acceptance of the related deliverable. In certain instances we sought and received additional evidence directly from the customer. We obtained sufficient and appropriate evidence to support the accounting treatment adopted by management.
Recognition and recoverability of accrued income The Group's results for the year ended 31 December 2017 include a number of items where management have recorded accruals for revenue in advance of invoicing customers. We focused on this area as elements of accrued revenue involve a degree of management judgement and estimate (see note 2.1).	We obtained a breakdown of the £32.7 million of accrued revenue as 31 December 2017 including an analysis of the ageing of this balance. We assessed whether the revenue recognised on these contracts was in line with the Group's accounting policy and IAS 18 and also obtained explanations from management to understand why accrued revenue items that were more than six months old as at 31 December 2017 had not been invoiced to customers. We obtained sufficient and appropriate evidence to support the accounting treatment adopted by management.

FOR THE YEAR ENDED 31 DECEMBER 2017

Key audit matter	How our audit addressed the key audit matter
Classification and presentation of exceptional items Management had initially proposed to classify certain transaction, integration and restructuring costs totalling £10.5m as exceptional items during the year, a significant portion of which were in relation to the Group's acquisition of Wells Fargo Share Registration & Services Business ("WFSS") (see page 42). We focused on this area as exceptional items are not specifically defined in International Financial Reporting Standards and as such the classification of such items can involve a degree of management judgement and subjectivity.	We obtained an analysis of amounts that management had proposed to classify as exceptional items and were able to agree them to supporting documentation such as invoices from external providers or allocations of internal costs. As the classification of these costs involved a degree of management judgement and subjectivity, we challenged the nature of certain items that were intended to be presented as exceptional. We specifically focused on costs that could recur from one accounting period to the next, were not incremental or for which the Group would derive ongoing benefit. Following our procedures and in-depth discussions with management and the Audit Committee, management concluded that it was appropriate to move away from the presentation of specific costs as exceptional items in the income statement. The approach was changed to disclose "Non-operating charges" which highlights items that may obscure the understanding of the underlying results of the operating business. The narrative in the Strategic Report was aligned to this new presentation and management have disclosed the representation of items previously reported in the income statement in note 2.1. We considered the revised and expanded disclosure of the non-operating charges in the Strategic Report, including related narratives. They are supported with appropriate documentation and are consistent with our discussions with management and the Audit Committee.

We determined that there were no key audit matters applicable to the Company to communicate in our report.

HOW WE TAILORED THE AUDIT SCOPE

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group is organised into three operating divisions (Investment Solutions, Pension Solutions and Intelligent Solutions) which comprise 33 trading entities and a further 25 holding Company entities, and our Group audit approach was aligned with this structure. All but 11 of these entities are based in the UK. All of the overseas entities are financially insignificant to the Group.

We performed full scope audit procedures on five trading entities which are financially significant to the Group financial statements. In addition to this we performed audit work on two holding Companies including Equiniti Group plc. These seven entities contributed 78% to Group revenue and 70% to Group EBITDA.

Of the five full scope audits, four audits are completed by the Group engagement team in Gatwick. For one entity, MyCSP Limited, a separate component audit team performed the audit under instruction from the Group team. The risks and proposed response for MyCSP Limited were agreed with the component team prior to the commencement of that audit. The Group engagement team reviewed the work of the component team and attended the clearance meeting to discuss the findings to ensure the risk and the planned response had been appropriately executed.

As part of our work we also visited the Group's dedicated shared service centre in Chennai, India to understand the finance related processes conducted outside of the UK that are relevant to the preparation of the financial statements. A sample of transactions processed by the shared service centre were subject to audit procedures that were performed by the Group audit team from the UK.

Specified audit procedures in relation to deferred and accrued income were performed at three additional entities to gain sufficient audit coverage over these balances. Additionally the Group engagement team performed all audit work over tax balances, exceptional items, share based payments, and business combinations as these balances are controlled centrally. The Group engagement team also performed audit procedures over the consolidation.

FOR THE YEAR ENDED 31 DECEMBER 2017

MATERIALITY

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£3.1 million (2016: £2.7 million).	£2.0 million (2016: £2.0 million).
How we determined it	3.5% of EBITDA.	1% of total assets
Rationale for benchmark applied	We believe EBITDA is an important measure used by shareholders to assess the performance of the Group. And is hence and appropriate benchmark for us to use to calculate materiality.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. Materiality for the Company using this benchmark was capped to a level below overall materiality used in the Group financial statements.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £0.3 million and £2.0 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £150,000 (Group audit) (2016: £150,000) and £150,000 (Company audit) (2016: £150,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

GOING CONCERN

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

STRATEGIC REPORT AND DIRECTORS' REPORT

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

THE DIRECTORS' ASSESSMENT OF THE PROSPECTS OF THE GROUP AND OF THE PRINCIPAL RISKS THAT WOULD THREATEN THE SOLVENCY OR LIQUIDITY OF THE GROUP

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 87 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 87 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the Code); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)environment obtained in the course of the audit. (Listing Rules)

REPORT ON THE GROUP AND COMPANY FINANCIAL STATEMENTS

OTHER CODE PROVISIONS

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 81, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on page 86 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

DIRECTORS' REMUNERATION

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

AAs explained more fully in the Statement of Directors' Responsibilities set out on page 80, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

COMPANIES ACT 2006 EXCEPTION REPORTING

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

APPOINTMENT

Following the recommendation of the audit committee, we were appointed by the directors on 10 February 2011 to audit the financial statements for the year ended 31 December 2010 and subsequent financial periods. The period of total uninterrupted engagement is 8 years, covering the years ended 31 December 2010 to 31 December 2017.

Jaskamal Sarai (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
6 March 2018

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £m	2016 (Re-presented[1]) £m
Revenue	3.1, 3.3	**406.1**	**382.6**
Administrative costs	3.2	(318.1)	(295.2)
Depreciation of property, plant and equipment	4.2	(5.7)	(5.4)
Amortisation of software	4.3	(18.3)	(16.0)
Amortisation of acquisition-related intangible assets	4.3	(26.7)	(25.3)
Finance income	6.1	0.8	0.2
Finance costs	6.1	(12.5)	(12.4)
Profit before income tax		**25.6**	**28.5**
Income tax (charge)/credit	8.1	(10.0)	4.9
Profit for the year		**15.6**	**33.4**
Profit for the year attributable to:			
– Owners of the parent		11.9	30.5
– Non-controlling interests		3.7	2.9
Profit for the year		**15.6**	**33.4**
Basic and diluted earnings per share attributable to owners of the parent:			
Basic earnings per share (pence)	6.5	3.6	9.5[2]
Diluted earnings per share (pence)	6.5	3.6	9.5[2]

[1]The comparative income statement has been re-presented to reflect exceptional items, which were previously reported separately, within administrative costs (see note 2.1).

[2]Restated to reflect the bonus element of the rights issue associated with the WFSS acquisition (see note 2.1)

The notes on pages 145-188 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £m	2016 £m
Profit for the year		**15.6**	**33.4**
Other comprehensive (expense)/income			
Items that may be subsequently reclassified to profit or loss			
Fair value movement through hedging reserve		(12.2)	3.1
Deferred tax credit on movement in hedging reserve		0.8	-
Net exchange (loss)/gain on translation of foreign operations		(0.1)	3.1
		(11.5)	**6.2**
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial gain/(loss)	9.3	0.8	(11.3)
Deferred tax (charge)/credit		(0.1)	1.9
		0.7	**(9.4)**
Other comprehensive expense for the year		**(10.8)**	**(3.2)**
Total comprehensive income for the year		**4.8**	**30.2**
Total comprehensive income attributable to:			
– Owners of the parent		1.0	28.0
– Non-controlling interests		3.8	2.2
Total comprehensive income for the year		**4.8**	**30.2**

The notes on pages 145-188 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 £m	2016 £m
Assets			
Non-current assets			
Property, plant and equipment	4.2	18.0	17.1
Intangible assets	4.3	667.0	670.1
Other financial assets	9.1	1.9	7.8
Deferred income tax assets	8.2	26.8	29.1
		713.7	**724.1**
Current assets			
Trade and other receivables	5.1	80.3	75.4
Agency broker receivables		18.4	15.9
Other financial assets	9.1	-	0.2
Cash and cash equivalents	6.9	115.2	56.7
		213.9	**148.2**
Total assets		**927.6**	**872.3**
Liabilities			
Non-current liabilities			
External loans and borrowings	6.7	244.0	301.5
Post-employment benefits	9.3	22.7	23.9
Provisions for other liabilities and charges	5.3	18.8	16.2
Other financial liabilities	9.2	4.5	4.5
		290.0	**346.1**
Current liabilities			
Trade and other payables	5.2	96.0	105.4
Agency broker payables		18.4	15.9
Income tax payable	8.1	2.3	2.2
Provisions for other liabilities and charges	5.3	3.9	-
Other financial liabilities	9.2	6.4	0.5
		127.0	**124.0**
Total liabilities		**417.0**	**470.1**
Net assets		**510.6**	**402.2**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 £m	2016 £m
Equity			
Equity attributable to owners of the parent			
Share capital	6.2	0.4	0.3
Share premium	6.2	115.8	-
Capital contribution reserve	6.3	181.5	181.5
Hedging reserve	6.3	(6.5)	4.9
Share-based payments reserve	6.3	7.4	2.1
Translation reserve	6.3	3.0	3.1
Retained earnings		189.4	191.5
		491.0	**383.4**
Non-controlling interest	6.4	19.6	18.8
Total equity		**510.6**	**402.2**

The notes on pages 145-188 form part of these financial statements.

The financial statements on pages 138-188 were approved by the Board of Directors on 6 March 2018 and were signed on its behalf by:

John Stier
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium	Capital contribution reserve	Hedging reserve	Share-based payments reserve	Translation reserve	Retained earnings	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 January 2016	**0.3**	**-**	**181.5**	**1.8**	**0.2**	**-**	**176.7**	**20.0**	**380.5**
Comprehensive income									
Profit for the year per the income statement	-	-	-	-	-	-	30.5	2.9	33.4
Other comprehensive income/(expense)									
Changes in fair value through hedging reserve (Note 6.3)	-	-	-	3.1	-	-	-	-	3.1
Net exchange gain on translation of foreign operations (Note 6.3)	-	-	-	-	-	3.1	-	-	3.1
Actuarial losses on defined benefit pension plans (Note 9.3)	-	-	-	-	-	-	(10.4)	(0.9)	(11.3)
Deferred tax on defined benefit pension plans (Note 8.2)	-	-	-	-	-	-	1.7	0.2	1.9
Total other comprehensive income/(expense)	-	-	-	3.1	-	3.1	(8.7)	(0.7)	(3.2)
Total comprehensive income	**-**	**-**	**-**	**3.1**	**-**	**3.1**	**21.8**	**2.2**	**30.2**
Dividends (Note 6.6)	-	-	-	-	-	-	(7.0)	(1.6)	(8.6)
Transactions with non-controlling interests	-	-	-	-	-	-	-	(1.8)	(1.8)
Share-based payments expense (Note 7.2)	-	-	-	-	1.7	-	-	-	1.7
Deferred tax relating to share option schemes (Note 8.2)	-	-	-	-	0.2	-	-	-	0.2
Transactions with owners recognised directly in equity	**-**	**-**	**-**	**-**	**1.9**	**-**	**(7.0)**	**(3.4)**	**(8.5)**
Balance at 31 December 2016	**0.3**	**-**	**181.5**	**4.9**	**2.1**	**3.1**	**191.5**	**18.8**	**402.2**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium	Capital contribution reserve	Hedging reserve	Share-based payments reserve	Translation reserve	Retained earnings	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 January 2017	**0.3**	**-**	**181.5**	**4.9**	**2.1**	**3.1**	**191.5**	**18.8**	**402.2**
Comprehensive income									
Profit for the year per the income statement	-	-	-	-	-	-	11.9	3.7	15.6
Other comprehensive (expense)/income									
Changes in fair value through hedging reserve (Note 6.3)	-	-	-	(12.2)	-	-	-	-	(12.2)
Deferred tax on movement through hedging reserve (Note 8.2)	-	-	-	0.8	-	-	-	-	0.8
Net exchange loss on translation of foreign operations (Note 6.3)	-	-	-	-	-	(0.1)	-	-	(0.1)
Actuarial gains on defined benefit pension plans (Note 9.3)	-	-	-	-	-	-	0.7	0.1	0.8
Deferred tax on defined benefit pension plans (Note 8.2)	-	-	-	-	-	-	(0.1)	-	(0.1)
Total other comprehensive (expense)/income	-	-	-	(11.4)	-	(0.1)	0.6	0.1	(10.8)
Total comprehensive (expense)/income	**-**	**-**	**-**	**(11.4)**	**-**	**(0.1)**	**12.5**	**3.8**	**4.8**
Issue of share capital, net of transaction costs (Note 6.2)	0.1	115.8	-	-	-	-	-	-	115.9
Dividends (Note 6.6)	-	-	-	-	-	-	(14.6)	(1.5)	(16.1)
Transactions with non-controlling interests (Note 6.4)	-	-	-	-	-	-	-	(1.5)	(1.5)
Share-based payments expense (Note 7.2)	-	-	-	-	3.5	-	-	-	3.5
Deferred tax relating to share option schemes (Note 8.2)	-	-	-	-	1.8	-	-	-	1.8
Transactions with owners recognised directly in equity	**0.1**	**115.8**	**-**	**-**	**5.3**	**-**	**(14.6)**	**(3.0)**	**103.6**
Balance at 31 December 2017	**0.4**	**115.8**	**181.5**	**(6.5)**	**7.4**	**3.0**	**189.4**	**19.6**	**510.6**

The notes on pages 145-188 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £m	2016 £m
Cash flows from operating activities			
Cash generated from operations	9.5	83.4	64.0
Interest paid		(9.8)	(9.7)
Income tax paid		(3.7)	(2.2)
Net cash inflow from operating activities		**69.9**	**52.1**
Cash flows from investing activities			
Interest received	6.1	0.8	0.2
Business acquisitions net of cash acquired	4.1	(3.5)	(12.0)
Payment relating to prior year acquisitions		(17.5)	(7.3)
Acquisition of property, plant and equipment		(6.2)	(8.3)
Acquisition of intangible assets		(24.8)	(19.9)
Net cash outflow from investing activities		**(51.2)**	**(47.3)**
Cash flows from financing activities			
Proceeds from issue of share capital		116.8	-
Repayment of revolving credit facility balance	6.7	(56.0)	(14.0)
Payment of loan set up fees		(2.6)	-
Payment of finance lease liabilities		(0.7)	(0.4)
Dividends paid	6.6	(14.6)	(7.0)
Dividends paid to non-controlling interests		(1.5)	(1.6)
Transactions with non-controlling interests		(1.6)	(1.7)
Net cash inflow/(outflow) from financing activities		**39.8**	**(24.7)**
Net increase/(decrease) in cash and cash equivalents		58.5	(19.9)
Foreign exchange gains on cash and cash equivalents		-	0.1
Cash and cash equivalents at 1 January		56.7	76.5
Cash and cash equivalents at 31 December		**115.2**	**56.7**

The notes on pages 145-188 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 GENERAL INFORMATION

Equiniti Group plc (the Company) is a public limited company which is listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom. The Company and its subsidiaries (collectively, the Group) provide complex administration and payment services, supported by technology platforms, to a wide range of organisations. 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.

2 BASIS OF PREPARATION

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), IFRS Interpretation Committee (IFRS IC) interpretations as adopted by the EU and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on the going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The Group's presentational currency is the British Pound (£).

The 2016 income statement has been re-presented to reflect the Group's revised approach to the presentation of non-statutory accounting measures within the financial statements. Under this revised approach items previously classified as exceptional items amounting to £5.0m have been represented to be included within administrative expenses. Additionally, non-statutory measures such as EBITDA and EBIT have been removed from the income statement.

Earnings per share for 2016 has been restated to reflect the bonus issue of shares following the Group's rights issue associated with the WFSS acquisition. The average number of shares in issued has been restated to 320,391m (previously 300,002m). This has had the impact of reducing basic earnings per share from 10.2p to 9.5p and diluted earnings per share from 10.1p to 9.5p.

Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the 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.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Going Concern

The Group meets its day-to-day working capital and financing requirements through its cash generated from operations and its bank facilities. The Directors, after making enquiries and on the basis of current financial projections and the facilities available at the reporting date, believe that the Group has adequate financial resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the historical financial information.

Investments in subsidiaries

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

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.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases, the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

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. The estimated useful lives are as follows:

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

Goodwill and Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGU) that is expected to benefit from the synergies of the combination. Each unit to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design, development 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.

Other intangible assets

Other intangible assets consist of intangible assets identified as part of a business combination. They are stated at fair value at date of acquisition less accumulated amortisation and impairment losses.

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. Brand valuation is based on net present value of estimated royalty returns.

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:

- Software development 3 - 5 years
- Other intangible assets 1 - 20 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.

Classification of financial instruments issued by the Group

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired and management will determine the classification of its financial assets on initial recognition.

Other financial assets include loans and receivables and derivatives. Derivatives are explained below. 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.

The Group classifies debt and equity instruments as either financial liabilities or as equity, in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the Group, after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

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.

Derivative financial instruments and hedging activities

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 cash flow hedges 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.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and a current liability when the remaining maturity of the hedged item is less than 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 transaction 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.

Trade receivables

Trade receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest method 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 receivable and the estimated future cash flows, discounted where appropriate. Any impairment is recognised in the statement of comprehensive income within operating costs.

Agency broker balances

Where the Group 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.

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 of the statement of financial position and the statement of cash flows, where the Group has a legally enforceable right to offset and there is an intention to settle on a net basis.

External loans and 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. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Employee benefits

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separately administered fund. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in the statement of comprehensive income as incurred. Prepaid contributions are recognised as an asset, to the extent that a cash refund or reduction in future payments is available.

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.

Current service costs reflect the increase in the defined benefit obligation resulting from employee service in the current year, benefit curtailments and settlements. Payments are recognised as employee benefit expense in the statement of comprehensive income.

Past-service costs, which arise as a result of current changes to plan arrangements affecting the obligation for prior periods, are recognised immediately as employee benefit expense in the statement of comprehensive income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets. The net cost is included within finance costs in the statement of comprehensive income.

Equity settled share-based payment transactions

The Group operates a number of equity-settled, share based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

– including any market performance conditions (for example, an entity's share price);

– excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee over a specified period of time); and

– including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At the end of each reporting date, the Group revises its estimates of the number of options that are expected to vest, based on the non-market vesting conditions and service conditions. It recognises the impact of the revisions to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

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 costs to revert leased premises back to a 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.

Provisions for onerous leases have been made for unused property space on operating leases for the period up until the space is estimated to become used or the break clause in the lease, whichever comes earlier.

Contingent consideration is provided on the acquisition of a business, where the monetary amount is dependant on the future performance of the acquired business. Contingent consideration is measured at fair value through profit or loss in accordance with IAS 39 Financial Instruments: Recognition and Measurement. A provision is initially recognised as the discounted expected liability and unwound over the period until the legal date of settlement. The liability is regularly reviewed and the subsequent fair value is calculated by comparing the latest performance and available budgets and forecasts of the acquired company to the earn-out arrangement in the share purchase agreement, to determine the most likely outcome.

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.

Foreign currency translation

The results and financial position of all Group entities having a different functional currency from the presentational currency are translated into the presentational currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income within the translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising from retranslation at the closing rate are recognised in other comprehensive income within the translation reserve.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Revenue

Revenue, which excludes sales taxes, represents the invoiced value of services provided and software supplied to customers in the UK and Europe, and also includes interest received on funds under administration of the Group.

Revenue is recognised when the performance obligations have been performed or the significant risks and rewards of ownership are transferred to the customer and it is probable that the economic benefits resulting from this performance will flow to the Group and the revenue can be reliably measured.

Costs incurred prior to the Group being awarded a contract or achieving preferred bidder status and mobilisation costs are expensed to the income statement, as they do not meet the definition of an asset.

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 being performed are deferred in the statement of financial position as deferred income.

Revenue recognition

The Group's principle revenue recognition policies are as follows:

Professional Services

The Group is one of the largest providers of outsourced financial services in the UK, covering pensions administration, pensions payroll, annuity services, complaints handling, resourcing services, employee share plan administration and share registration services.

Revenue from fixed-price contracts, which may span a number of years, is recognised over the period the services are delivered to the client. Where the Group provides staff to customers at hourly or daily rates, revenue is recognised on the basis of time worked.

Software and support

Software and support is provided by the Pensions Solutions and Intelligent Solutions businesses for software such as Compendia, Charter and KYC. Hardware sales and software licences are recognised when goods and perpetual licences are delivered. Technical support revenues and term licences are recognised rateably over the term of the agreement.

Revenue is recognised and deferred on multiple element contracts, for example the sale of a perpetual licence with an annual maintenance and support contract, when an element of the contracted work has not been completed. When products are bundled together for the purpose of sale, the associated revenue, net of all applicable discounts, is allocated between the constituent parts of the bundle on a relative fair value basis. The Group has a systematic basis for allocating relative fair values in these situations, based upon published list prices.

Transactional fees

Transactional fees are earned in the Investment Solutions business through commission earned on the purchase and sale of shares and on foreign exchange transactions.

Transactional based fee revenue is recognised at the time of processing the related transactions.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Out of pocket expenses

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

Long-term contracts

Revenue with respect to long-term contracts, where delivery of a service spans more than one accounting period, is recognised using the 'percentage of completion' method. This occurs within the Investment Solutions division for the supply of corporate actions and within the Intelligent Solutions division for software solutions. These services typically take less than one year to perform but, where the service falls into two or more accounting periods, there is a key management judgement around how much revenue to recognise in each period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period, as a percentage of the total estimated cost for the contract. 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.

Contract revenue is measured at the fair value of the consideration receivable. The fair value of consideration might vary due to variations in a contract. A variation is only included in the contract revenue when it is probable that the customer will approve the variation and that the amount of revenue can be reliably measured. An increase in scope of a contract will increase both the total revenue and the costs to complete of the contract.

Costs to date and costs to complete for each project are continually monitored through a monthly review process. If it becomes apparent that contract costs will exceed contract revenue, then the loss is recognised immediately as an expense."

Intermediary income

Revenue includes interest income earned on funds under administration of the Group. Further, in Investment Solutions, SAYE income includes set up fees, ongoing administration fees, share dealing income and fees derived from interest earned on the scheme balances. Revenue is recognised as it is earned.

The following table illustrates revenue recognition policies predominantly used in each reporting segment:

Segment	Professional services	Out of pocket expenses	Software and support	Transaction-al fees	Percentage complete	Intermediary income
Investment solutions	•	•		•	•	•
Intelligent solutions	•		•		•	
Pensions solutions	•		•			
Interest						•

Accounting estimates and judgements in relation to revenue and related assets and liabilities

The Group enters into a wide range of contractual arrangements that govern the delivery of services to our customers, across many different sectors. The contracts can be complex, given the wide range of services delivered and the various performance targets set, and terms and conditions can be unique to each customer.

In determining the amount of revenue, and related balance sheet items (such as trade receivables, accrued and deferred income) to recognise in the period, management is required to make a number of key judgements and assumptions. These judgements and assumptions are subjective and may cover future events such as the achievement of contractual milestones and performance KPIs. In addition, for certain contracts, key assumptions are made concerning contract extensions and amendments, as well as opportunities to use the contract-developed systems and technologies on other similar projects.

Revenue, profits and contract assets are sensitive to changes in the following accounting estimates and judgements:

- Costs to complete and contract profitability of long-term contracts – in determining how much revenue to recognise, management is required to make an assessment of the expected costs to complete the contract. Forecasting contract costs involves judgements around the number of hours to complete a task, cost savings to be achieved over time, anticipated profitability of the contract, as well as contract-specific performance KPIs. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.
- Recoverability of contract-related assets – management is required to determine the recoverability of contract-related assets within property, plant and equipment, software and contract set-up costs. Where the relevant contracts are demonstrating marginal profitability, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets.
- Allocation of revenue with multiple component contracts – where contracts have multiple components to be delivered, such as software delivery, implementation and support services, which have to be undertaken over the course of the contract, there is judgement in determining the fair value of revenue to be applied to each individual component and whether each component is a separable performance obligation.

It is not practicable to provide a range of reasonably possible outcomes or alternatives, given the complexity and volume of the contracts within the Group, and management believes that the range would not have a material impact on the Group results or year end balances.

Operating segments

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 Board of Directors.

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 operating expenditure 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 amortised over the useful life of the asset.

Operating lease payments

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. 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.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net finance costs

Net finance costs comprise interest payable, interest receivable on own funds, foreign exchange gains and losses 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.

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.

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.

2.2 NEW STANDARDS AND AMENDMENTS

The following amended standards have been adopted by the Group in all periods of the consolidated financial statements:

- IAS 12 Income Taxes (amendment) - Recognition of deferred tax assets for unrealised losses
- IAS 7 Statement of Cash Flows (amendment) - Disclosure initiative

2.3 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following new standards are effective for annual periods beginning after 1 January 2018 and have not yet been adopted by the Group:

IFRS 15 Revenue from Contracts with Customers

IFRS 15, effective for the year beginning 1 January 2018, provides a single, principles-based 5 step model to be applied to all sales contracts, based on the transfer of control of goods and services to customers. It replaces the separate models for goods, services and construction contracts currently included in IAS 11 Construction Contracts and IAS 18 Revenue.

The Group has undertaken significant analysis of how IFRS 15 should be implemented and we are finalising our review of each large scale contract which is quantitatively or qualitatively material to the Group, through adopting a first principles approach according to the 5 step model which IFRS 15 introduces. Our approach can be summarised as follows:

Step 1: Identify the contract – is there an enforceable contract, with commercial substance, which has been approved by the parties to that contract?

Step 2: Identify the performance obligations – what goods or services have we promised to deliver under the contract and are those promises distinct from one another?

Step 3: Determine the transaction price – what amount of consideration do we expect to receive in return for delivering the promises under the contract?

Step 4: Allocate the transaction price – how do we allocate the transaction price to each of the identified performance obligations?

Step 5: Recognise revenue – have we transferred control of the promised goods or services at a point in time or over time?"

As a practical expedient, and as allowed under the standard, we will apply the 5 step approach under IFRS 15 to portfolios of contracts which have similar characteristics and where we expect that the financial statements would not differ materially had the standard been applied to the individual contracts within the portfolio.

In terms of change from current accounting, the Group will adopt a fully retrospective approach from 1 January 2018 with restatement of 2017 results, and we anticipate that the most significant impact will be the following areas:

Software licences

Under previous accounting, revenue in relation to the provision of non-perpetual software licences was recognised over the term of that licence. Under IFRS 15, the Group has determined that the term licences provided to the Group's customers result in these customers having the right to use the licence and the performance obligation is delivered in full on the delivery of the licence.

Therefore revenue for the provision of the licence, where the licence is a distinct performance obligation, are now recognised at a point in time on delivery of the licence, rather than over time per step 5 of the 5 step model. Revenues which were previously spread over 2017 and future years, but where the licence had been delivered prior to 2017 must be recognised prior to 2017 under IFRS 15, resulting in a reduction to revenue in 2017. Conversely, revenue from new licences delivered in 2017 would be recognised in full in 2017 rather than over future years, resulting in an increase to revenue in 2017.

Management have assessed the most significant software licence contracts for the Group, and the impact on the year ended 31 December 2017 would be a net reduction to revenue of £0.4m and an increase to retained earnings as at 31 December 2017 of £2.3m.

Revenue from transitional services and contract fulfilment costs

Under previous accounting, where a multi-period pensions administration contract was taken on, some contracts with customers had a transition stage where additional cost was incurred as members' records were transitioned from a previous supplier to EQ Paymaster. Revenue would be recognised in line with the cost and effort to provide these transitional services.

Under IFRS 15, all elements of the contract, including transition activity, are combined under step 2 of the 5 step model. Transition activity does not meet the definition of a distinct performance obligation, as it is highly dependent on the underlying administration services provided to customers. Therefore the revenue previously recognised over the transition stage will now be recognised over the expected life of the contract, rather than in-line with the cost profile. Similarly, costs associated with the transition activity will also be deferred as an asset on the balance sheet and released over the expected life of the contract.

2.3 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONTINUED)

Therefore, revenue and costs recognised in 2017 relating to contracts completing in future years will be deferred, and revenues and costs recognised prior to 2017 on contracts completing in 2017 will be recognised in full in 2017 under IFRS 15. This change in accounting treatment would result in a net increase in revenue for the year ended 31 December 2017 of £0.3m and an increase in cost of £0.2m. It would result in a reduction to retained earnings as at 31 December 2017 of £3.0m

Although it is expected that the standard will have an impact on the timing and amount of revenue and costs being recognised, there will be no impact on cash flows, with collection remaining in line with contractual terms.

IFRS 16 Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). The standard provides a single lease accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset value is low. The standard replaces IAS 17 Leases and related interpretations and is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted, subject to EU endorsement and if IFRS 15 Revenue from contracts with customers has also been applied. The Group will adopt IFRS 16 on a retrospective basis from 1 January 2019.

The Group has assessed the impact of applying the new standard on the most significant leases from 1 January 2019 and there would be an increase to non-current assets of approximately £25.2m and a corresponding increase in current and non-current lease liabilities at the start of the year. In the year ending 31 December 2019, operating costs would reduce by approximately £4.2m, depreciation would increase by £3.6m and finance costs would increase by £0.9m. Overall, EBITDA will be higher as the current operating lease costs will be replaced with depreciation and interest expense. Also operating cash flows will be higher, as the lease payments will be reflected within financing activities in the statement of cash flows.

IFRS 9 Financial Instruments

IFRS 9 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 other comprehensive income and fair value through profit and loss. 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 other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39, and whilst this would change the Group's impairment calculation of overdue receivables, it would not materially affect the Group numbers. 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 uses 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. The Group has assessed that there will be no material change to the accounting or disclosure of financial assets or financial liabilities for the Group when the standard is adopted.

There are no other new IFRSs or IFRS IC interpretations not yet adopted which would be expected to have a material impact on the financial statements of the Group.

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future, the results of which may affect the carrying values of amounts in the financial statements. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are described below.

Accounting estimates and assumptions

Pension assumptions

The present value of the net defined benefit pension obligation is dependant on a number of factors that are determined on an actuarial basis, using a number of assumptions. These assumptions, which are set out in note 9.3 Post-employment benefits, include salary rate increases, interest rates, inflation rates, the discount rate and mortality assumptions. Any changes in these assumptions will impact the carrying value of the pension obligation and a sensitivity analysis is disclosed in note 9.3.

The discount rate used for calculating the present value of future pension liability cash flows is based on interest rates of high-quality corporate bonds that have terms to maturity approximating to the terms of the related pension obligation.

Contingent consideration

There are various criteria that must be met in order for a payment of contingent consideration to be made. Provisions for contingent consideration are recognised at fair value and generally calculated by comparing the latest performance and available budgets and forecasts of the acquired company to the earn-out arrangement in the share purchase agreement.

Budgets and forecasts require management's best estimate of the future performance of the company and other key inputs, such as discount rates and growth rates. The range of possible outcomes is detailed in note 5.3.

Judgements in applying the Group's accounting policies

Revenue on multiple element contracts

Where contracts have multiple components to be delivered such as software delivery, implementation and support services, which have to be undertaken over the course of the contract, there is judgement in determining whether the various components are separable performance obligations and what is the fair value of revenue to be applied to each individual component.

This impacts the revenue profile of contacts as revenue on the delivery of a perpetual licence, as a separate performance obligation, is recognised at a point in time whereas revenue on implementation and support is recognised over time. Revenue in respect of the provision of perpetual licences in the year was £5.3m.

3 OPERATING PROFIT

3.1 REVENUE

Revenue from continuing operations:	2017 £m	2016 £m
Rendering of services	396.0	371.4
Interest income	10.1	11.2
Total revenue	**406.1**	**382.6**

3.2 ADMINISTRATIVE COSTS

Expenses by nature:	2017 £m	2016 £m
Employee benefit expense (note 3.4)	174.6	163.2
Direct costs	75.3	69.4
Bought-in services	18.1	18.5
Premises costs	7.2	6.6
Operating lease costs	6.6	7.2
Government grants for research and development	(1.6)	(1.9)
Other general business costs	37.9	32.2
Total administrative costs	**318.1**	**295.2**

3.3 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 and Interest, in line with how the Group runs and structures its business.

Revenue, EBITDA and underlying EBITDA are key measures of the Group's performance. EBITDA represents earnings before interest, tax, depreciation and amortisation. The EBITDA of each segment is reported after charging relevant corporate costs based on the business segments' usage of corporate facilities and services. Underlying EBITDA is adjusted for one-off items which obscure the understanding of the underlying performance of the Group and its respective divisions. These items primarily represent material restructuring, integration and acquisition related expenses.

Year ended 31 December 2017	Total revenue £m	Inter-segment £m	Reported revenue £m
Investment Solutions	135.1	(2.8)	132.3
Intelligent Solutions	139.7	(15.0)	124.7
Pension Solutions	149.5	(10.5)	139.0
Interest	10.1	-	10.1
Total revenue	**434.4**	**(28.3)**	**406.1**

Year ended 31 December 2016	Total revenue £m	Inter-segment £m	Reported revenue £m
Investment Solutions	127.0	(3.0)	124.0
Intelligent Solutions	118.3	(9.0)	109.3
Pension Solutions	149.8	(11.7)	138.1
Interest	11.2	-	11.2
Total revenue	**406.3**	**(23.7)**	**382.6**

3.3 OPERATING SEGMENTS (CONTINUED)

	EBITDA		Underlying EBITDA	
	2017	2016	2017	2016
EBITDA and underlying EBITDA	£m	£m	£m	£m
Investment Solutions	43.5	37.3	43.5	37.5
Intelligent Solutions	33.0	27.3	33.0	28.3
Pension Solutions	24.0	25.9	24.6	27.7
Interest	10.1	11.2	10.1	11.2
Total segments	110.6	101.7	111.2	104.7
Central costs	(22.6)	(14.3)	(12.7)	(12.3)
Total	**88.0**	**87.4**	**98.5**	**92.4**

Central costs principally include corporate overheads which cannot be allocated to a specific segment or segments.

	2017	2016
Depreciation and amortisation	£m	£m
Investment Solutions	(21.5)	(22.9)
Intelligent Solutions	(10.8)	(8.1)
Pension Solutions	(8.5)	(7.2)
Total segments	(40.8)	(38.2)
Central	(9.9)	(8.5)
Total	**(50.7)**	**(46.7)**

	2017	2016
Reconciliation of EBITDA to profit before tax	£m	£m
EBITDA	88.0	87.4
Depreciation and amortisation	(50.7)	(46.7)
Net finance costs	(11.7)	(12.2)
Profit before tax	**25.6**	**28.5**

Assets and liabilities per segment is not an item which is reviewed by the Board of Directors and is therefore not disclosed within the segmental reporting. However, capital expenditure is a key measure and is disclosed below. Capital expenditure consists of additions to property, plant, equipment and software.

	2017	2016
Capital expenditure	£m	£m
Investment Solutions	(12.3)	(9.6)
Intelligent Solutions	(6.8)	(4.8)
Pension Solutions	(8.3)	(4.1)
Total segments	(27.4)	(18.5)
Central	(5.1)	(12.2)
Total	**(32.5)**	**(30.7)**

3.4 STAFF NUMBERS AND COSTS

The average monthly number of persons employed by the Group (including Directors) during the year was as follows:

Number of employees – by function:	**2017 Number**	**2016 Number**
Operations	4,036	3,839
Support functions	429	386
Sales and marketing	113	110
Total employees	**4,578**	**4,335**

Number of employees – by operating segment:	**2017 Number**	**2016 Number**
Investment Solutions	1,150	1,244
Intelligent Solutions	631	515
Pensions Solutions	1,553	1,651
Central	1,244	925
Total employees	**4,578**	**4,335**

Number of employees – by geography:	**2017 Number**	**2016 Number**
United Kingdom	3754	3,752
Rest of Europe	50	4
Asia	774	579
Total employees	**4,578**	**4,335**

The aggregate payroll costs of these persons were as follows:

	2017 £m	**2016 £m**
Wages and salaries	147.5	139.7
Social security costs	16.0	13.6
Other pension costs	7.6	8.2
Share-based payment expense	3.5	1.7
Total employee benefit expense	**174.6**	**163.2**

4 INVESTMENTS

4.1 ACQUISITIONS OF BUSINESSES

Gateway2Finance

On 6 January 2017, the Group purchased the entire issued share capital of Gateway 2 Finance Limited and Refresh Personal Finance Ltd (Gateway2Finance) for £0.2m plus contingent consideration of up to £1.0m, discounted to £0.9m, payable in 2020. Gateway2Finance is an FCA authorised entity acting as a consumer finance intermediary, securing loans for clients referred by financial services companies and price comparison websites.

The Group took control of Gateway2Finance on 6 January 2017. On this date the business had net assets of £0.2m. The results of the business have been consolidated since the date of control and Gateway2Finance contributed £0.4m of revenue and a £0.2m net loss to the Group results in 2017.

On acquisition, intangible assets relating to customer contracts and related relationships were re-evaluated, resulting in a combined upward adjustment of £0.3m to the book value. The amounts relating to the intangible assets and goodwill are provisional and subject to further evaluation and adjustment, in accordance with accounting standards. The value of goodwill reflects amounts in relation to the expected benefit of the ability to generate new streams of revenue and the expected synergies of combining the operations of Gateway2Finance and the Group.

Recognised amounts of identifiable assets acquired and liabilities assumed	£m
Customer intangibles	0.3
Deferred income tax liabilities	(0.1)
Net identifiable assets and liabilities	**0.2**
Goodwill on acquisition	0.9
Total consideration	**1.1**
Deferred consideration	(0.1)
Contingent consideration	(0.9)
Net cash outflow in the period	**0.1**

As at 31 December 2017, the minimum amount of contingent consideration payable was £nil and the maximum amount was £1.0m. The final amount to be paid will be determined based on the acquiree’s financial performance over the qualifying period and is only payable if the business grows in line with its business plan.

Nostrum

On 3 July 2017, the Group purchased the entire issued share capital of The Nostrum Group Limited (Nostrum) for £12.5m. Nostrum is a provider of end-to-end loan management technology that assists banks, finance companies and retail brands to provide credit solutions to their customers, delivering services that support the whole lifecycle of lenders’ operations from front-end lead generation and application processing through to customer servicing.

The purchase consideration of £12.5m consists of up to £7.0m contingent consideration, discounted to £2.0m payable in September 2018 and £4.5m payable in September 2020, cash on legal completion of £3.9m and £2.1m payable in monthly instalments to December 2018.

The Group took control of Nostrum on 26 May 2017. On this date the business had provisional net assets of £2.4m, including a cash balance of £0.8m. The results of the business have been consolidated since the date of control and Nostrum contributed £5.7m of revenue and a £2.3m net profit to the Group results in 2017. If the business had been acquired on 1 January 2017, it would have contributed an additional £2.8m of revenue and a £0.3m net loss to the Group’s results for the year ended 31 December 2017.

4.1 ACQUISITIONS OF BUSINESSES (CONTINUED)

On acquisition, intangible assets relating to software and to customer contracts and related relationships were re-evaluated, resulting in a combined upward adjustment of £3.8m to the book value. The amounts relating to the intangible assets and goodwill are provisional and subject to further evaluation and adjustment, in accordance with accounting standards. The value of goodwill reflects amounts in relation to the expected benefit of the ability to generate new streams of revenue and the expected synergies of combining the operations of Nostrum and the Group.

Recognised amounts of identifiable assets acquired and liabilities assumed	**£m**
Software	2.1
Customer intangibles	2.6
Trade and other receivables	1.4
Cash and cash equivalents	0.8
Trade and other payables	(3.8)
Provisions for other liabilities and charges	(0.1)
Deferred income tax liabilities	(0.6)
Net identifiable assets and liabilities	**2.4**
Goodwill on acquisition	10.1
Total consideration	**12.5**
Cash acquired	(0.8)
Accrued consideration	(2.1)
Contingent consideration	(6.5)
Net cash outflow in the period	**3.1**

As at 31 December 2017, the minimum amount of contingent consideration payable was £nil and the maximum amount was £7.0m. The final amount to be paid will be determined based on the acquiree's financial performance over the qualifying period and is only payable if the business grows in line with its business plan.

Costs of acquiring the above businesses amounted to £0.2m in the year.

4.2 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £m	Freehold improvements £m	Office equipment £m	Fixtures & fittings £m	Total £m
Cost					
Balance at 1 January 2016	7.2	-	24.1	4.9	36.2
Acquisition of business	0.8	-	0.3	0.1	1.2
Additions	2.7	-	6.7	0.3	9.7
Disposals	-	-	(1.9)	(0.1)	(2.0)
Translation adjustment	0.1	-	0.2	-	0.3
Balance at 31 December 2016	**10.8**	**-**	**29.4**	**5.2**	**45.4**
Balance at 1 January 2017	10.8	-	29.4	5.2	45.4
Additions	1.1	-	5.4	0.1	6.6
Disposals	(0.8)	-	(1.0)	(0.7)	(2.5)
Reclassification	(0.8)	0.8	-	-	-
Balance at 31 December 2017	**10.3**	**0.8**	**33.8**	**4.6**	**49.5**
Accumulated depreciation					
Balance at 1 January 2016	4.7	-	17.0	3.1	24.8
Depreciation charge for the year	0.8	-	3.7	0.9	5.4
Disposals	-	-	(1.9)	(0.1)	(2.0)
Translation adjustment	-	-	0.1	-	0.1
Balance at 31 December 2016	**5.5**	**-**	**18.9**	**3.9**	**28.3**
Balance at 1 January 2017	5.5	-	18.9	3.9	28.3
Depreciation charge for the year	1.1	-	4.0	0.6	5.7
Disposals	(0.8)	-	(1.0)	(0.7)	(2.5)
Balance at 31 December 2017	**5.8**	**-**	**21.9**	**3.8**	**31.5**
Net book value					
Balance at 31 December 2016	**5.3**	**-**	**10.5**	**1.3**	**17.1**
Balance at 31 December 2017	**4.5**	**0.8**	**11.9**	**0.8**	**18.0**

Included within office equipment are assets held under finance leases with a cost of £2.6m as of 31 December 2017 (2016: £2.2m). These assets had a net book value as at 31 December 2017 of £1.6m (2016: £1.9m).

At the start of the year, freehold improvements relating to an acquisition in the prior year were reclassified from leasehold improvements.

4.3 INTANGIBLE ASSETS

	Goodwill £m	Software development £m	Acquisition-related intangible assets £m	Total £m
Cost				
Balance at 1 January 2016	407.6	193.3	311.3	912.2
Acquisition of business	33.6	5.0	12.7	51.3
Additions	-	21.0	-	21.0
Disposals	-	-	(0.8)	(0.8)
Translation adjustment	1.9	0.3	0.5	2.7
Balance at 31 December 2016	**443.1**	**219.6**	**323.7**	**986.4**
Balance at 1 January 2017	443.1	219.6	323.7	986.4
Acquisition of business	11.0	2.1	2.9	16.0
Additions	-	25.9	-	25.9
Translation adjustment	(0.3)	0.2	0.2	0.1
Balance at 31 December 2017	**453.8**	**247.8**	**326.8**	**1,028.4**
Accumulated amortisation				
Balance at 1 January 2016	-	139.1	135.9	275.0
Amortisation for the year	-	16.0	25.3	41.3
Balance at 31 December 2016	**-**	**155.1**	**161.2**	**316.3**
Balance at 1 January 2017	-	155.1	161.2	316.3
Amortisation for the year	-	18.3	26.7	45.0
Translation adjustment	-	-	0.1	0.1
Balance at 31 December 2017	**-**	**173.4**	**188.0**	**361.4**
Net book value				
Balance at 31 December 2016	**443.1**	**64.5**	**162.5**	**670.1**
Balance at 31 December 2017	**453.8**	**74.4**	**138.8**	**667.0**

Software development predominately relates to investment in the functionality of the Group's main operating platforms.

Acquisition-related intangible assets consist primarily of customer lists arising from business combinations.

Goodwill is the only intangible asset with an indefinite life.

4.3 INTANGIBLE ASSETS (CONTINUED)

Goodwill

Goodwill arose initially on the acquisition of the Lloyds TSB Registrars business and subsequently through equity and trade and asset acquisitions. For goodwill on current year acquisitions see note 4.1. Goodwill is monitored by management in line with the Group's operating segments: Investment Solutions, Intelligent Solutions, Pensions Solutions and Interest.

Year ended 31 December 2017	Opening balance £m	Acquisitions £m	Disposals £m	Translation adjustment £m	Closing balance £m
Investment Solutions	289.4	-	-	-	289.4
Intelligent Solutions	66.5	11.0	-	(0.3)	77.2
Pensions Solutions	87.2	-	-	-	87.2
Total goodwill	**443.1**	**11.0**	**-**	**(0.3)**	**453.8**

Year ended 31 December 2016	Opening balance £m	Acquisitions £m	Disposals £m	Translation adjustment £m	Closing balance £m
Investment Solutions	288.9	0.5	-	-	289.4
Intelligent Solutions	31.5	33.1	-	1.9	66.5
Pensions Solutions	87.2	-	-	-	87.2
Total goodwill	**407.6**	**33.6**	**-**	**1.9**	**443.1**

Impairment testing

Goodwill is tested annually for impairment. The recoverable amount of cash-generating units (CGUs) 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 for which management expects to benefit from the acquired business.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding discount rates and revenue 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 to 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 value in use is greater than the carrying value of goodwill.

	2017	2016
Period on which management approved forecasts are based	3 years	3 years
Revenue growth rate applied beyond approved forecast period	2.4%	2.4%
Discount rate pre-tax	10.2%	10.2%

The revenue growth rate applied beyond the approved forecast period is in line with underlying UK macro-economic forecasts.

Sensitivity analysis

A sensitivity analysis was carried out using a 1% increase in the pre-tax discount rate and a 1% reduction in the growth rate. In the opinion of the Directors, there are no reasonably possible changes to these key assumptions which would cause the carrying value of any CGU to exceed its recoverable amount.

4.4 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	Registered office address	Principal activities	Ownership % on 31 December 2017
Direct Investments			
Equiniti Holdings Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Holding company	100
Indirect Investments			
Charter.Net Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Non trading	100
Charter Systems Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Software service provider	100
Charter UK Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Software service provider	100
Circle of Insight Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Non trading	100
Claybrook Computing Limited	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH, United Kingdom	Computer software consultancy	100
Connaught Secretaries Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Dormant	100
Custodian Nominees Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Holding company	100
David Venus & Company LLP	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Dormant	50
David Venus (Health & Safety) Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Dormant	100
Equiniti 360 Clinical Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Business process outsourcing	100
Equiniti Corporate Nominees Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Non trading	100
Equiniti David Venus Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Company secretarial	100
Equiniti Employee Services (PTY) Limited	102B Newlands Plaza, CNR Lois & Dely, Newlands, 00181, South Africa	Computer software development	100
Equiniti Finance (Holdings) Ltd	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Holding company	100
Equiniti Financial Services Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Financial services	100
Equiniti Gateway Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Technology enabled services	100
Equiniti India (Private) Limited	DLF IT Park, 1/124, Mt Poonamalle High Road, Ramapuram, Chennai, Tamil Nadu 600 089, India	Technology enabled services	100
Equiniti ICS Limited	205 Airport Road West, Belfast, BT3 9ED, United Kingdom	Business process outsourcing	100
Equiniti (Ireland) Finance Ltd	52-55 Sir John Rogerson's Quay, Dublin 2, D02 NA07, Republic of Ireland	Non trading	100
Equiniti ISA Nominees Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Non trading	100
Equiniti Jersey Limited	26 New Street, St Helier, JE2 3RA, Jersey	Registrars	100
Equiniti KYC Solutions B.V.	Donker Curtiusstraat 7, Unit 117-118, 1051 JL Amsterdam, The Netherlands	Software service provider	100

4.4 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of controlled entity	Registered office address	Principal activities	Ownership % on 31 December 2017
Equiniti KYC Systems B.V.	Donker Curtiusstraat 7, Unit 117-118, 1051 JL Amsterdam, The Netherlands	Software service provider	100
Equiniti Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Registrars	100
Equiniti Nominees Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Non trading	100
Equiniti Registrars Nominees Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Non trading	100
Equiniti Savings Nominees Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Non trading	100
Equiniti Services Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Holding company	100
Equiniti Share Plan Trustees Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Trustee company	100
Equiniti Shareview Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Non trading	100
Equiniti Solutions Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Pensions administration	100
Equiniti Trust Company	25th Floor, 90 Park Avenue, New York, NY 10016, United States	Limited purpose trust company	100
Equiniti (UK) Finance Ltd	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Non trading	100
Equiniti (US) Holdings Limited	1209 Orange Street, Wilmington, Delaware, County of New Castle 19801, United States	Holding company	100
Equiniti (US) LLC	1209 Orange Street, Wilmington, Delaware, County of New Castle 19801, United States	Non trading	100
Equiniti (US) Services LLC	1209 Orange Street, Wilmington, Delaware, County of New Castle 19801, United States	Non trading	100
Information Software Solutions Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Holding company	100
icenet Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Dormant	100
Invigia International Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Dormant	100
Invigia Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Software service provider	100
KYCnet BV	Donker Curtiusstraat 7, Unit 117-118, 1051 JL Amsterdam, The Netherlands	Holding company	100
L R Nominees Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Non trading	100
Marketing Source Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Software service provider	100
MyCSP Limited	Park Square, Bird Hall Lane, Stockport, SK3 0XN, United Kingdom	Pensions administration	51
MyCSP Trustee Company Limited	Park Square, Bird Hall Lane, Stockport, SK3 0XN, United Kingdom	Non trading	51
MyCustomerfeedback.com Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Software service provider	100
Pancredit Systems Ltd	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Business process outsourcing	100
Paymaster (1836) Limited	Sutherland House, Russell Way, Crawley, West Sussex, RH10 1UH, United Kingdom	Pensions administration	100

4.4 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of controlled entity	Registered office address	Principal activities	Ownership % on 31 December 2017
Peter Evans & Associates Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Business process outsourcing	100
Prism Communications & Management Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Company secretarial	100
Prism Cosec Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Non trading	100
Prosearch Asset Solutions Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Asset recovery	100
Refresh Personal Finance Ltd	2.11 Holmfield Mill, Holdsworth Road, Halifax, West Yorkshire, HX3 6SN, United Kingdom	Software service provider	100
Riskfactor Solutions Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Software service provider	100
Riskfactor Software Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Software service provider	100
SLC Corporate Services Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Dormant	100
SLC Registrars Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Dormant	100
The Nostrum Group Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Software service provider	100
Toplevel Computing Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Software service provider	100
Toplevel Development Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Dormant	100
Toplevel Holdings Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Holding company	100
Toplevel Software Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Dormant	100
TransGlobal Payment Solutions Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	International payment services	100
Trust Research Services Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Non trading	100
Wealth Nominees Limited	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom	Dormant	100
Yes Offers Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, United Kingdom	Software service provider	100

All the above investments are held in the Ordinary share capital of the company.

4.4 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Audit exemption guarantee

The following subsidiaries will take advantage of the exemption from audit of their individual financial statements, under Section 479A of the Companies Act 2006, for the year ended 31 December 2017:

Charter Systems Limited
Charter UK Limited
Claybrook Computing Limited
Equiniti 360 Clinical Limited
Equiniti David Venus Limited
Equiniti Holdings Limited
Equiniti ICS Limited
Equiniti Services Limited
Equiniti Share Plan Trustees Limited
Equiniti Solutions Limited
Information Software Solutions Limited
Invigia Limited
Mycustomerfeedback.com Limited
Pancredit Systems Ltd
Peter Evans & Associates Limited
Prism Communications & Management Limited
Prosearch Asset Solutions Limited
Refresh Personal Finance Limited
Riskfactor Software Limited
Riskfactor Solutions Limited
Toplevel Computing Limited
Toplevel Development Limited
Toplevel Holdings Limited
TransGlobal Payment Solutions Limited
Yes Offers Limited

As a condition of the above exemption, the Group has guaranteed the year end liabilities of the relevant subsidiaries until they are settled in full. The liabilities of the subsidiaries at the year end date were £321.1m (2016: £379.5m).

5 WORKING CAPITAL

5.1 TRADE AND OTHER RECEIVABLES

	2017 £m	2016 £m
Trade receivables	28.7	28.7
Accrued income	32.7	27.9
Other receivables	10.0	9.4
Prepayments	8.9	9.4
Total trade and other receivables	**80.3**	**75.4**

Excluding trade receivables, none of these financial assets are either past due or impaired. At the year end, trade receivables are shown net of an allowance for doubtful debts of £0.4m (2016: £0.2m). The impairment loss recognised in the year was £0.3m (2016: £0.1m).

Credit risk

The ageing of trade receivables at the reporting date was:

	2017 £m	2016 £m
Not past due	16.7	17.9
Past due 0-30 days	7.5	7.1
Past due 31-90 days	3.0	3.7
Past due more than 90 days	1.5	-
Total trade receivables	**28.7**	**28.7**

Trade receivables not past due of £16.7m (2016: £17.9m) 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 £0.4m (2016: £0.2m) in respect of trade receivables. Where impairment allowances are made, these are for the full value of the impaired debt.

Movement in the year in the Group's provision for impairment of trade receivables is as follows:

	2017 £m	2016 £m
Balance at 1 January	0.2	0.3
New provisions made in year	0.3	0.1
Release against receivables written off	(0.1)	(0.2)
Balance at 31 December	**0.4**	**0.2**

Trade receivables past due but not impaired of £12.0m (2016: £10.8m) relate to a number of independent customers for whom there is no recent history of default.

5.2 TRADE AND OTHER PAYABLES

	2017 £m	2016 £m
Trade payables	20.2	18.4
Accruals	44.2	40.6
Deferred consideration	5.4	22.5
Deferred income	15.2	13.4
Other payables	11.0	10.5
Total trade and other payables	**96.0**	**105.4**

5.3 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Contingent consideration £m	Property provisions £m	Total provisions £m
Balance at 1 January 2017	14.6	1.6	16.2
Provisions made during the year	7.4	0.1	7.5
Provisions used during the year	-	(0.1)	(0.1)
Provisions reversed during the year	(1.5)	(0.1)	(1.6)
Unwinding of discounted amount	0.7	-	0.7
Balance at 31 December 2017	**21.2**	**1.5**	**22.7**
Non-current	17.4	1.4	18.8
Current	3.8	0.1	3.9
Total provisions	**21.2**	**1.5**	**22.7**

Contingent consideration

A provision for contingent consideration as at 31 December 2017 of £21.2m (2016: £14.6m) relates to various requirements to be met following the Group's acquisitions. This is recognised at fair value through profit or loss and this is derived from management's best estimate of the amounts likely to be paid. The minimum value of these provisions could be £nil up to a maximum of £28.5m. These were discounted at an appropriate post-tax discount rate at the time of the acquisitions and are provided within provisions due to their uncertainty. Management regularly reconsiders the appropriateness of the discount rate used and updates when appropriate. The remaining balance is expected to be utilised over periods between 2018 and 2021.

Property provisions

Property provisions included a provision of £0.1m for onerous leases for unused property space on operating lease as at 1 January 2017 which was fully utilised during the year. The balance as at 31 December 2017 was £nil.

Also included in property provisions is a provision in respect of dilapidations as at 31 December 2017 of £1.5m (2016: £1.5m).

6 CAPITAL STRUCTURE

6.1 FINANCE INCOME AND COSTS

Finance income	2017 £m	2016 £m
Interest income	0.4	0.2
Net foreign exchange gains from forward contracts	0.4	-
Total finance income	**0.8**	**0.2**

Finance costs	2017 £m	2016 £m
Interest cost on senior secured borrowings	5.8	6.3
Interest cost on revolving credit facility	1.7	2.2
Amortised fees	1.6	1.2
Net finance cost relating to pension schemes	0.6	0.6
Unwinding of discounted amount in provisions	0.7	0.7
Cost of interest rate swap against financial liabilities	1.8	1.4
Foreign exchange loss	0.1	-
Other fees and interest	0.2	-
Total finance costs	**12.5**	**12.4**

6.2 SHARE CAPITAL AND SHARE PREMIUM

	Share capital		Share premium	
Allotted, called up and fully paid	**2017 £m**	**2016 £m**	**2017 £m**	**2016 £m**
Balance at 1 January	0.3	0.3	-	-
Employee share options exercised	-	-	0.1	-
Rights issue	0.1	-	115.7	-
Balance at 31 December	**0.4**	**0.3**	**115.8**	**-**

Ordinary shares of £0.001 each – thousands	2017 Number	2016 Number
Balance at 1 January	300,013	300,000
Employee share options exercised	112	13
Rights issue	64,309	-
Balance at 31 December	**364,434**	**300,013**

The Group issued 112,000 ordinary shares on exercise of employee share options during the year (2016: 13,000). The shares were issued at a weighted average exercise price of £1.26 per share. Proceeds of £0.1m were received.

In October 2017, the Group offered a rights issue to existing shareholders on the basis of 3 shares for every 14 fully paid ordinary shares held. The issue was fully subscribed and resulted in the issue of 64,309,234 ordinary shares at £1.90 per share. Gross proceeds of £122.2m were received. The share premium account increased by £115.7m as a result, which was net of direct transaction costs of £6.5m.

6.3 OTHER RESERVES

Capital contribution reserve

The capital contribution reserve arose on the Initial Public Offering in 2015, when the Group issued equity instruments to settle non-current financial liabilities with shareholders.

Hedging reserve

The hedging reserve comprises the effective portion of changes in the fair value of cash flow swaps and forward foreign exchange contracts that have not yet occurred.

Share-based payments reserve

The share-based payments reserve represents the amounts recognised in equity in respect of the equity-settled share-based compensation plans. See note 7.2 for further details.

Translation reserve

The translation reserve represents the foreign exchange movements arising from the translation of financial statements in foreign currencies.

6.4 NON-CONTROLLING INTEREST

The Group has a 51% interest in MyCSP Limited. The summarised financial information for MyCSP Limited, set out below, is prior to intercompany eliminations.

Summarised statement of financial position	2017 £m	2016 £m
Non-current assets	1.4	2.6
Current assets	33.9	31.4
Non-current liabilities	(1.4)	(1.9)
Current liabilities	(12.1)	(11.8)
Net assets	**21.8**	**20.3**

Summarised statement of comprehensive income	2017 £m	2016 £m
Revenue	40.6	43.0
Profit for the year	6.0	4.1
Other comprehensive income/(loss)	0.2	(1.4)
Total comprehensive income	**6.2**	**2.7**

Transactions with non-controlling interests

25% of MyCSP Limited is owned by the employees of MyCSP via an employee benefit trust and shares rank pari passu with the remaining share capital, including receiving annual dividends when declared. In the current and prior year, dividends have been waived by the trust in lieu of a bonus payment through payroll. This is reflected within transactions with non-controlling interests in the statement of comprehensive income.

6.5 EARNINGS PER SHARE

Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of shares in issue during the year.

	2017 £m	2016 £m
Profit from continuing operations attributable to owners of the parent	11.9	30.5
Weighted average number of ordinary shares in issue (thousands)	331,653	320,391[1]
Employee share options (thousands)	1,487	1,063
Weighted average number of ordinary shares in issue adjusted for the effect of dilution (thousands)	333,140	321,454
Basic earnings per share (pence)	**3.6**	**9.5**
Diluted earnings per share (pence)	**3.6**	**9.5**

[1]The weighted average number of ordinary shares has been restated to reflect the bonus element of the rights issue associated with the WFSS acquisition (see note 9.6).

6.6 DIVIDENDS

Amounts recognised as distributions to equity holders of the parent in the year	2017 £m	2016 £m
Interim dividend for year ended 31 December 2017 (1.64p[1] per share)	5.3	-
Final dividend for year ended 31 December 2016 (2.91p[1] per share)	9.3	-
Interim dividend for year ended 31 December 2016 (1.54p[1] per share)	-	5.0
Final dividend for year ended 31 December 2015 (0.64p[1] per share)	-	2.0
	14.6	**7.0**

[1]The prior year's dividends per share have been restated to reflect the bonus element of the rights issue associated with the WFSS acquisition (see note 9.6).

The recommended final dividend payable in respect of the year ended 31 December 2017 is £9.9m or 2.73p per share (2016: £9.3m). The proposed dividend has not been included as a liability as at 31 December 2017.

	£m
Proposed final dividend for year ended 31 December 2017	**9.9**

6.7 EXTERNAL LOANS AND BORROWINGS

Non-current liabilities	2017 £m	2016 £m
Term loan	250.0	250.0
Revolving credit facility (RCF)	-	56.0
Unamortised cost of raising finance	(6.0)	(4.5)
Total external loans and borrowings	**244.0**	**301.5**

Terms and debt repayment schedule	Currency	Closing interest rate	Year of maturity
Term loan	Sterling	Libor + 1.75%	2020
Revolving credit facility	Sterling	Libor + 1.75%	2020

The Group's debt facility, which matures in full in 2020, contains one financial covenant only, namely a maximum ratio of Net Debt to EBITDA (as defined in the loan agreement) which is tested half yearly and at the year end. Net Debt to EBITDA must be no more than 4.50:1 for the years to 31 December 2017 and 4.00:1 thereafter. The Group was in compliance with this covenant at the year end. The margin payable on both the term loan and RCF is determined based on the ratio of Net Debt to EBITDA, where the margin payable ranges from a maximum of 2.25% to a minimum of 1.25%. In December 2015, the Group entered into an interest rate swap agreement for a three-year period, to exchange variable rate interest expense for fixed rate on the £250.0m term loan. No debt is repayable before the end of our current funding agreement in 2020.

On announcement of the proposed WFSS acquisition (see note 9.6 for details), the Group entered into an agreement with existing and new banks to increase existing loan facilities by £120.0m, comprising of a $92.0m (£71.0m) term loan and £49.0m of revolving credit facilities. The increased facilities became effective on the completion of the WFSS acquisition in February 2018 and have the same maturity as the existing facilities, October 2020.

6.8 FINANCIAL LIABILITIES ARISING FROM FINANCING ACTIVITIES

The movements during the year in financial liabilities relating to financing activities and a reconciliation to net debt are as follows:

	2017 £m	2016 £m
Term loan	250.0	250.0
Revolving credit facility	-	56.0
Finance lease liabilities	1.7	1.9
Cash and cash equivalents	(115.2)	(56.7)
Net debt	**136.5**	**251.2**

	Liabilities from financing activities			Other assets	
	Term loan £m	Revolving credit facility £m	Finance lease liabilities £m	Cash and cash equivalents £m	Total £m
Net debt at 1 January 2017	250.0	56.0	1.9	(56.7)	251.2
New finance leases acquired	-	-	0.4	-	0.4
Interest on finance lease liabilities	-	-	0.1	-	0.1
Cash flows	-	(56.0)	(0.7)	(58.5)	(115.2)
Net debt at 31 December 2017	**250.0**	**-**	**1.7**	**(115.2)**	**136.5**

6.9 CASH AND CASH EQUIVALENTS

	2017 £m	2016 £m
Cash and cash equivalents per statement of financial position	115.2	56.7
Cash and cash equivalents per statement of cash flows	115.2	56.7

In addition to the above, the Group holds certain cash balances with banks in a number of segregated accounts. These balances represent client money under management and hence are not included in the Group's consolidated balance sheet. The number of accounts and balances held vary significantly throughout the year.

The Group has the ability to sell certain trade receivables in a debt factoring arrangement on a non-recourse basis. The Group has access to a £20.0m arrangement of which £19.9m (2016: £4.2m) was utilised at the end of the year and included within the cash balances above. Invoices factored are all covered by trade credit insurance. The trade receivables shown in note 5.1 are reflected net of cash received at the year end.

6.10 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 Group and the 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 Audit Committee is assisted in its oversight role by Internal Audit which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

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

Due to the nature of the business, the majority of the trade receivables are with large institutions, including many FTSE 350 companies and public sector organisations. Losses have only occurred infrequently in previous years and have never been material.

Credit risk mitigation

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

For cash, cash equivalents and derivative financial instruments, only banks and financial institutions with credit ratings assigned by international credit-rating agencies are accepted, with 100% of cash balances at the year end being held in banks and financial institutions with a short-term credit rating of A or higher.

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.

The maximum exposure to liquidity risk at the reporting dates was as follows:

31 December 2017	Note	Carrying Amount £m	Total contractual cash flows £m	Within 1 year £m	1-2 years £m	2-5 years £m
Derivatives used for hedging	9.2	9.2	9.3	7.5	1.0	0.8
Trade and other payables	5.2	96.0	96.0	96.0	-	-
Other financial liabilities	9.2	1.7	1.9	0.7	0.5	0.7
Term loan	6.7	250.0	267.4	5.8	5.8	255.8
Total		**356.9**	**374.6**	**110.0**	**7.3**	**257.3**

6.10 FINANCIAL RISK MANAGEMENT (CONTINUED)

31 December 2016	Note	Carrying Amount £m	Total contractual cash flows £m	Within 1 year £m	1-2 years £m	2-5 years £m
Derivatives used for hedging	9.2	3.1	3.1	1.7	1.4	
Trade and other payables	5.2	105.4	105.4	105.4	-	-
Other financial liabilities	9.2	1.9	2.1	0.6	0.6	0.9
Term loan	6.7	250.0	273.2	5.8	5.8	261.6
Revolving credit facility	6.7	56.0	56.0	-	-	56.0
Total		**416.4**	**439.8**	**113.5**	**7.8**	**318.5**

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

Liquidity risk mitigation

The Group regularly updates forecasts for cash flow and covenants, to ensure it has sufficient funding available. It maintains significant cash balances to meet future cash funding requirements and had £115.2m of cash at 31 December 2017. The Group also has revolving credit facilities of £150.0m available, all of which were undrawn at 31 December 2017.

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.

a) Interest rate risk

The Group is exposed to movements in interest rates in both its intermediary fee revenue and its net finance costs. Intermediary fee revenue consists of fee income in relation to client and shareholder deposits and is mostly linked to the Bank of England base rate. Net finance costs include interest costs on the term loan and the RCF, and interest income on its own deposits of which rates are linked to Libor.

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

Interest rate risk mitigation

Exposure to interest rate fluctuations is partly managed through the use of interest rate swaps. Interest rate swaps, which are designated as hedges under IAS 39 Financial Instruments: Recognition and Measurement, are agreed by the Board and have the objective of reducing the impact of variations in interest rates on the Group's profit and cash flow. The Group does not enter into speculative transactions in financial instruments or derivatives. Further quantitative disclosures are included throughout these consolidated financial statements.

Interest rate risk on intermediary fee revenue is managed across the Group's companies by monitoring its interest linked revenues, which are derived based on the Bank of England base rate. The Group has entered into interest rate swaps totalling £650.0m for a three-year period to July and August 2018 and a further £380.0m for a three-year period to July 2020, swapping the variable rate derived interest rate income to fixed rates.

The £250.0m term loan accrues interest based on a margin over Libor. The Group has entered into an interest rate swap exchanging variable based interest charges for fixed rate for a period of three years. This fixes our interest costs at c3% until October 2018. The Group has not entered into a hedge of its outstanding RCF commitments.

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

Sensitivity analysis

In managing interest rate risks, the Company and Group aim to reduce the impact of short-term fluctuations on the Company and Group's earnings. Over the longer-term, however, permanent changes in interest rates would have an impact on consolidated earnings.

An increase of one percentage point in interest rates effective from the start of 2017 would have increased finance costs for the Group by £1.6m, payable on the RCF, and increased interest revenue by £4.2m, yielding a net increase in equity after tax of £2.1m. This includes the impact of interest rate swaps, which reduce the fluctuations resulting from interest rate movements. Had no hedging been in place for this example of a one percentage point increase in interest rates, the net increase to profit after tax would be £6.9m.

6.10 FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Foreign exchange rate risk

The Group's main foreign currency denominated exposure arises from the costs incurred in operating its service centre in Chennai and therefore the Group is exposed to adverse movements in the GBP/INR exchange rate. The Group has implemented a hedging policy to reduce the risks associated with adverse movements in this exchange rate by entering into a series of forward contracts based on expected cash flows to purchase Indian Rupee. These forward contracts are designated as hedges under IAS 39 Financial Instruments: Recognition and Measurement.

c) Equity price risk

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

6.11 CAPITAL RISK MANAGEMENT

The Group is focused on delivering value for its shareholders whilst ensuring it 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.

Total capital comprises total equity plus net debt, as shown in the consolidated statement of financial position. Net debt equates to the total of external interest bearing loans plus other finance lease liabilities, 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 the short and medium term that the Group ensures are achievable. The process for managing capital is 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 Group may also consider repayment of debt, issuance of new and repurchase of existing shares and adjusting dividend payments to shareholders, to maintain an optimum capital structure. The Board regularly reviews the Group's capital structure and no changes have been made to these objectives and processes since the Group listed in October 2015. The Board considers it has sufficient funds to pay dividends in line with the stated policies for the foreseeable future.

Under the terms of the current loan agreement signed in October 2015, the Group has one covenant, a maximum ratio of Net Debt to EBITDA. The Group was in compliance with this covenant at the year end.

Regulated entities

The Group has one significant Financial Conduct Authority (FCA) regulated entity, Equiniti Financial Services Limited (EFSL), which must maintain minimum levels of capital in order to manage its affairs. It must ensure that it can meet its regulatory capital requirements and has sufficient liquidity to meet its liabilities as they fall due, including under potentially highly stressed conditions. EFSL has its own governance structure and holds monthly Board meetings and quarterly Risk and Audit Committee meetings, to ensure its regulatory objectives are met.

Management of capital	Note	**2017** **£m**	**2016** **£m**
Equity		510.6	402.2
Term loan	6.7	250.0	250.0
Revolving credit facility	6.7	-	56.0
Finance lease liabilities	9.2	1.7	1.9
Cash and cash equivalents	6.9	(115.2)	(56.7)
Total equity plus net debt		**647.1**	**653.4**

6.12 FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities are classified as per IFRS 7 Financial instruments: Disclosures according to the following categories:

Financial assets	Note	2017 £m	2016 £m
Derivatives used for hedging			
Derivative financial instruments	6.13	1.9	8.0
Loans and receivables			
Trade and other receivables	5.1	71.4	66.0
Cash and cash equivalents	6.9	115.2	56.7
Total financial assets		**188.5**	**130.7**

Financial liabilities	Note	2017 £m	2016 £m
Derivatives used for hedging			
Derivative financial instruments	6.13	9.2	3.1
Other financial liabilities at amortised cost			
Trade and other payables	5.2	96.0	105.4
Other financial liabilities	9.2	1.7	1.9
Secured bank loans	6.7	250.0	250.0
Revolving credit facility	6.7	-	56.0
Total financial liabilities		**356.9**	**416.4**

Fair value hierarchy

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

Assets	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivatives used for hedging:				
Interest rate swaps	-	1.9	-	1.9
Total assets	**-**	**1.9**	**-**	**1.9**

Liabilities	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivatives used for hedging:				
Interest rate swaps	-	(3.4)	-	(3.4)
Deal contingency forward	-	(5.8)	-	(5.8)
Total liabilities	**-**	**(9.2)**	**-**	**(9.2)**

There were no transfers between levels during the year.

6.12 FINANCIAL INSTRUMENTS (CONTINUED)

Valuation techniques used to derive level 2 fair values

Level 2 hedging derivatives comprise interest rate swaps, deal contingency forwards and forward foreign exchange contracts. The interest rate swaps are fair valued using forward interest rates extracted from observable yield curves and the deal contingency forwards and forward foreign exchange contracts are fair valued using the future contracted exchange rates. 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.

The valuation technique used is a discounted cash flow model. There were no changes in valuation techniques during the year.

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 six months, in line with the Group's 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 instruments measured at fair value are the derivatives.

6.13 DERIVATIVES

In October 2015, the Group entered into an interest rate swap of its £250.0m term loan, exchanging variable based interest charges for fixed rate for a period of three years. This fixes costs at c3% until October 2018. The Group also entered into interest rate swaps totalling £650.0m for a three-year period to July and August 2018, swapping the variable rate derived interest rate income to fixed rates.

In July 2017, further interest rate swaps were entered into totalling £380.0m for three years to July 2020, swapping the variable rate derived interest rate income to fixed.

The Group enters into forward foreign exchange contracts to hedge its exposure to adverse variations in the GBP/INR exchange rate.

In July 2017, when the Group announced the WFSS acquisition (see note 9.6 for details), the Group entered into a deal contingency forward to fix part of the USD purchase price in GBP. The hedged amount represents the part of the purchase price not intended to be financed through new debt.

All the above derivatives, which are effective at a Group level, have been designated as cash flow hedges and qualify for hedge accounting. They are measured at fair value, with changes recognised within other comprehensive income.

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 2017	Carrying amount £m	Total contractual cash flows £m	Within 6 months £m	6-12 months £m	1-2 years £m	2-5 years £m
Assets						
Interest rate swaps	1.9	1.9	1.6	0.3	-	-
Total	**1.9**	**1.9**	**1.6**	**0.3**	**-**	**-**
Liabilities						
Interest rate swaps	(3.4)	(3.5)	(0.8)	(0.9)	(1.0)	(0.8)
Deal contingency forward	(5.8)	(5.8)	(5.8)	-	-	-
Total	**(9.2)**	**(9.3)**	**(6.6)**	**(0.9)**	**(1.0)**	**(0.8)**

6.13 DERIVATIVES (CONTINUED)

31 December 2016	Carrying amount £m	Total contractual cash flows £m	Within 6 months £m	6-12 months £m	1-2 years £m	2-5 years £m
Assets						
Interest rate swaps	7.8	7.8	2.4	2.5	2.9	-
Forward foreign exchange contracts	0.2	0.2	0.2	-	-	-
Total	**8.0**	**8.0**	**2.6**	**2.5**	**2.9**	**-**
Liabilities						
Interest rate swaps	(3.1)	(3.1)	(0.8)	(0.9)	(1.4)	-
Total	**(3.1)**	**(3.1)**	**(0.8)**	**(0.9)**	**(1.4)**	**-**

7 GOVERNANCE

7.1 DIRECTORS' REMUNERATION

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

	2017 £m	2016 £m
Directors' emoluments	2.5	2.1
Company contributions to money purchase pension plans	-	0.1
Share-based payment expense	1.0	0.5
Total directors' remuneration	**3.5**	**2.7**

The Executive Directors receive a cash payment in lieu of retirement benefits and therefore no benefits were accruing under money purchase pension schemes at the year end. Full details of the Directors' remuneration are set out in the Annual Report on Remuneration on pages 102-117.

7.2 SHARE-BASED PAYMENTS

The Group operates several share-based award and option plans, the terms of which are summarised below, along with the movements in the number of share options during the year.

Performance Share Plan (PSP)

Share options are granted to Executive Directors and selected employees at nil cost. Share options granted under the PSP scheme are conditional on a minimum 6% earnings per share growth and median total shareholder return over a three-year vesting period. Granted options can be exercised over a period of up to ten years.

Movements in the number of share options outstanding and their related weighted average exercise prices were as follows:

	2017		2016	
	Number of options Thousands	Weighted average exercise price £	Number of options Thousands	Weighted average exercise price £
Outstanding at 1 January	8,237	£0.00	6,158	£0.00
Granted	2,954	£0.00	2,432	£0.00
Forfeited	(718)	£0.00	(353)	£0.00
Outstanding at 31 December	**10,473**	**£0.00**	**8,237**	**£0.00**

7.2 SHARE-BASED PAYMENTS (CONTINUED)

Out of the 10,473,000 (2016: 8,237,000) outstanding options at the end of the year, none (2016: none) were exercisable. Share options outstanding at the end of the year had the following expiry dates and exercise prices:

Grant date / Vest date	Expiry date Year	Exercise price £	2017 Number Thousands	2016 Number Thousands
2015 - 2018	2025	£0.00	5,646	5,899
2016 - 2019	2026	£0.00	2,123	2,338
2017 - 2018	2027	£0.00	389	-
2017 - 2019	2027	£0.00	147	-
2017 - 2020	2027	£0.00	2,168	-
			10,473	**8,237**

The fair value of options granted during the year, which was determined using the Monte Carlo valuation model, was £1.39 per option. The significant inputs into the model were the share price of £1.94 at the grant date, the exercise price shown above, volatility of 35% (based on the historical share price volatility of Equiniti Group plc since listing in October 2015), a dividend yield of 2.4%, an expected option life of three years and an annual risk-free interest rate of 0.2%.

In the year 679,000 options were granted to existing option holders at the time of the rights issue, to make option holders whole following the dilution of the ex-rights share price.

The total charge for the year relating to this scheme was £3.1m (2016: £1.3m).

Sharesave Plan

Share options are granted to full time Directors and employees who enter into Her Majesty's Revenue & Customs (HMRC) approved share savings scheme. Participants can save a maximum of £500 per month over three to five years. The number of shares over which an option is granted is such that the total option price payable for those shares corresponds to the proceeds on maturity of the related savings contract. The exercise price is calculated as 80% of the average share price over the three preceding days or, in relation to new issue shares, the nominal value of a share. Granted options vest over the maturity of the savings contract and can be exercised over a period of up to six months after vesting.

Movements in the number of share options outstanding and their related weighted average exercise prices were as follows:

	2017		2016	
	Number of options Thousands	Weighted average exercise price £	Number of options Thousands	Weighted average exercise price £
Outstanding at 1 January	3,913	£1.27	4,595	£1.27
Granted	228	£1.19	-	-
Forfeited	(522)	£1.26	(669)	£1.27
Exercised	(112)	£1.26	(13)	£1.27
Outstanding at 31 December	**3,507**	**£1.19**	**3,913**	**£1.27**

In September 2017, the exercise price of all outstanding options was reduced to take account of the dilution of the ex-rights share price following the Group's rights issue. This resulted in an additional 228,000 options being granted.

7.2 SHARE-BASED PAYMENTS (CONTINUED)

Out of the 3,507,000 (2016: 3,913,000) outstanding options at the end of the year, 61,000 (2016: 173,000) were exercisable at a weighted average exercise price of £1.19. Share options outstanding at the end of the year had the following expiry dates and exercise prices:

Grant date / Vest date	Expiry date Year	Exercise price £	2017 Number Thousands	2016 Number Thousands
2015 - 2018	2019	£1.19	3,224	3,740
2015 - 2017	2017	£1.27	-	173
2015 - 2018	2018	£1.19	61	-
2017 - 2018	2019	£1.19	222	-
			3,507	**3,913**

The total charge for the year relating to this scheme was £0.4m (2016: £0.4m).

Deferred Annual Bonus Plan

30% of annual bonus paid to Group directors and selected employees is compulsorily deferred into an award over shares which vests over a three year period. The number of options granted is calculated using the market value on grant date. Options, once vested, can be exercised up to 10 years after the grant date.

Movements in the number of share options outstanding and their related weighted average exercise prices were as follows:

	2017		2016	
	Number of options Thousands	Weighted average exercise price £	Number of options Thousands	Weighted average exercise price £
Outstanding at 1 January	-	-	-	-
Granted	144	£1.94	-	-
Forfeited	(1)	£1.94	-	-
Outstanding at 31 December	**143**	**£1.94**	**-**	-

Out of the 143,000 (2016: nil) outstanding options at the end of the year, none (2016: none) were exercisable. Share options outstanding at the end of the year had the following expiry dates and exercise prices:

Grant date / Vest date	Expiry date Year	Exercise price £	2017 Number Thousands	2016 Number Thousands
2017 - 2020	2027	£1.94	143	-
			143	**-**

The fair value of options granted during the year, which was determined using the Black-Scholes valuation model, was £0.37 per option. The significant inputs into the model were the share price of £1.94 at the grant date, the exercise price shown above, volatility of 35% (based on the historical share price volatility of Equiniti Group plc since first listing in October 2015), a dividend yield of 2.4%, an expected option life of three years and an annual risk-free interest rate of 0.2%.

The total charge for the year relating to this scheme was £nil (2016: £nil).

7.3 RELATED PARTY TRANSACTIONS

Transactions with key management personnel

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

	2017 £m	2016 £m
Key management emoluments	4.5	3.1
Company contributions to money purchase pension plans	0.1	0.1
Share-based payment expense	1.7	0.7
Total	**6.3**	**3.9**

Key management are the Directors of the Group and the Executive Committee, who have authority and responsibility to control, direct or plan the major activities within the Group.

As part of the IPO process in October 2015, shares were issued to certain employees of the Group as a result of an incentive agreement with the then controlling shareholder, Advent. The shares were treated as an income tax event for the receiving individuals and are subject to lock up arrangements, as disclosed in the prospectus. As a consequence, the Group lent those individuals who received the shares monies to cover their income tax and National Insurance liabilities. These loans were all subject to relevant approvals through the IPO process and are treated as a benefit in kind to the receiving individuals. All benefiting individuals have entered into a loan agreement with the Group. These loans must be repaid no later than April 2018. The total value of loans made to key management personnel outstanding at 31 December 2017 was £1.0m (2016: £1.0m).

7.4 AUDITORS' REMUNERATION

	2017 £m	2016 £m
Fees payable to Group's external auditors, PricewaterhouseCoopers LLP, and its associates were as follows:		
– Audit of the parent company and consolidated financial statements	0.2	0.2
– Audit of the Company's subsidiaries	0.1	0.1
Audit fees	**0.3**	**0.3**
Fees payable to Group's auditors and its associates for non-audit services were as follows:		
– Other assurance services	0.2	0.2
– Other services	0.1	0.5
Non-audit fees	**0.3**	**0.7**
Total	**0.6**	**1.0**

Other assurance services includes £0.2m (2016: £0.2m) for services performed in relation to the CASS audit of Equiniti Financial Services Limited. Other services includes work around the Group's rights issue of £0.1m in the current year and restructuring the Group's pension scheme arrangements (£0.5m) in the prior year. These have been included in exceptional costs.

Non-audit fees includes £0.2m (2016: £0.2m) for services performed in relation to the CASS audit. However, in terms of calculating the ratio of audit to non-audit fees, CASS audit fees should be excluded from the calculation. Therefore the ratio of audit to non-audit fees for 2017 was 1:0.3 (2016: 1:1.67). The Committee is committed to maintaining this ratio to a maximum of 70% of the average statutory audit fee.

8 TAXATION

8.1 INCOME TAX CHARGE/(CREDIT)

Recognised in the statement of comprehensive income in the year:	2017 £m	2016 £m
Current tax:		
Current period	5.7	5.0
Adjustment in respect of prior periods	0.2	(0.3)
Total current tax	**5.9**	**4.7**
Deferred tax:		
Origination and reversal of temporary differences	1.0	(11.3)
Impact of rate changes on opening deferred tax balances	2.3	1.1
Adjustment in respect of prior periods	0.8	0.6
Total deferred tax	**4.1**	**(9.6)**
Total income tax charge/(credit)	**10.0**	**(4.9)**

Reconciliation of effective tax rate:	2017 £m	2016 £m
Profit for the year	15.6	33.4
Total tax charge/(credit)	10.0	(4.9)
Profit before tax	**25.6**	**28.5**
Tax using the UK corporation tax rate of 19.25% (2016: 20%):	4.9	5.7
Non-deductible expenses	2.4	0.8
Non-taxable income	-	(0.5)
Previously unrecognised tax assets	0.2	(12.3)
Effect of tax rate change	2.1	1.1
Share scheme deductions	(0.6)	-
Adjustment in respect of prior periods	1.0	0.3
Total income tax charge/(credit)	**10.0**	**(4.9)**

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax assets and liabilities at 31 December 2017 have been calculated based on these rates.

Non-deductible expenses in the year ended 31 December 2017 are higher than the prior year, principally due to the tax effect of non-deductible expenses incurred from acquiring WFSS (see note 9.6).

8.2 DEFERRED INCOME TAX ASSETS AND LIABILITIES

Recognised assets

Deferred income tax assets are attributable to the following:

	2017 £m	2016 £m
Property, plant and equipment	2.8	3.4
Employee benefits and other timing differences	8.2	4.8
Tax value of losses carried forward	38.0	42.6
Tax assets	**49.0**	**50.8**
Net of tax liabilities	(22.2)	(21.7)
Net tax assets	**26.8**	**29.1**

Recognised liabilities

Deferred income tax liabilities are attributable to the following:

	2017 £m	2016 £m
Intangible assets	22.2	21.7
Tax liabilities	**22.2**	**21.7**
Net of tax assets	(22.2)	(21.7)
Net tax liabilities	**-**	**-**

Tax losses carried forward in Equiniti Limited have been valued at 17% (2016: 18%), which is the forecast rate for them to be used. This change in view primarily arises due to the corporate loss restriction rules in the UK, introduced with effect from 1 April 2017.

No deferred tax asset has been recognised in respect of £3.8m (2016: £3.8m) of tax losses in Equiniti Holdings Limited, due to uncertainty in terms of future recoverability.

Movements in deferred tax during the year:

Year ended 31 December 2017	Opening balance £m	Acquisitions £m	Recognised in income £m	Recognised in equity £m	Closing balance £m
Property, plant and equipment	3.4	-	(0.6)	-	2.8
Intangible assets	(21.7)	(0.7)	0.2	-	(22.2)
Employee benefits and other timing differences	4.8	-	0.9	2.5	8.2
Tax value of losses carried forward	42.6	-	(4.6)	-	38.0
	29.1	**(0.7)**	**(4.1)**	**2.5**	**26.8**

Year ended 31 December 2016	Opening balance £m	Acquisitions £m	Recognised in income £m	Recognised in equity £m	Closing balance £m
Property, plant and equipment	4.1	-	(0.7)	-	3.4
Intangible assets	(21.7)	(2.6)	2.6	-	(21.7)
Employee benefits and other timing differences	2.7	-	-	2.1	4.8
Tax value of losses carried forward	34.9	-	7.7	-	42.6
	20.0	**(2.6)**	**9.6**	**2.1**	**29.1**

9 OTHER DISCLOSURES

9.1 OTHER FINANCIAL ASSETS

	2017	2016
Non-current	**£m**	**£m**
Derivatives used for hedging (note 6.13)	1.9	7.8
Total	**1.9**	**7.8**
Current		
Derivatives used for hedging (note 6.13)	-	0.2
Total	**-**	**0.2**

Derivatives used for hedging the term loan and variable rate derived interest rate income are classified as a non-current asset, as the remaining maturity of the hedged item is more than 12 months. Derivatives used for hedging the exposure to variations in exchange rates are recognised as a current asset, as the forecast transactions denominated in a foreign currency are expected to occur within six months of the year end.

9.2 OTHER FINANCIAL LIABILITIES

	2017	2016
Non-current	**£m**	**£m**
Derivatives used for hedging (note 6.13)	3.4	3.1
Finance lease liabilities	1.1	1.4
Total	**4.5**	**4.5**
Current		
Derivatives used for hedging (note 6.13)	5.8	-
Finance lease liabilities	0.6	0.5
Total	**6.4**	**0.5**

Derivatives used for hedging the term loan and variable rate derived interest rate income are classified as a non-current liability, as the remaining maturity of the hedged item is more than 12 months. Derivatives used for hedging the exposure to variations in exchange rates are recognised as a current liability, as the forecast transactions denominated in a foreign currency are expected to occur within six months of the year end.

9.3 POST-EMPLOYMENT BENEFITS

Defined contribution pension plans

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the year was £7.3m (2016: £7.2m).

Defined benefit pension plans

The Group operates three funded defined benefit pension plans in the UK. All of the plans are final salary pension plans and provide benefits to members in the form of a guaranteed level of pension, payable for life. The liability under all schemes is based on final salary and length of service to the employer. The assets of the schemes are held independently of the Group's assets, in separate trustee-administered funds. The Trustees of the pension funds are required by law to act in the interest of the fund and of all relevant stakeholders.

The net liability of the three schemes is set out below:

	2017	2016
	£m	**£m**
Equiniti ICS Limited	1.5	1.6
Paymaster (1836) Limited	20.1	20.9
MyCSP Limited	1.1	1.4
Total defined benefit pension plan net liability	**22.7**	**23.9**

9.3 POST-EMPLOYMENT BENEFITS (CONTINUED)

Full actuarial valuations are performed every three years which determines the funding required to eliminate the net pension plan liabilities. The latest full valuations took place in 2015 resulting in deficit payments of £0.8m per annum being agreed with the Trustees over the subsequent years until the next valuations are due in 2018.

All pension schemes have been closed to new members for a number of years and all schemes are now closed to future accrual, apart from a small sub-section of the Paymaster (1836) Limited scheme. This allows better matching of assets to movements in interest rates and inflation and is expected to reduce the financial risks associated with these plans going forwards.

The present value of the defined benefit obligation consists of approximately £3.7m (2016: £19.7m) relating to active employees, £54.2m (2016: £42.5m) relating to deferred members and £22.8m (2016: £22.1m) relating to members in retirement.

The investment strategy of the plans are set taking into account a number of factors including the profile and value of plan liabilities, the strength of the employer covenant and the long-term funding objectives agreed with the employer. The schemes have a broad allocation of investments in return-seeking assets with the remaining allocated to liability matching assets, designed to partially offset the movements in the scheme liabilities caused by movements in interest rates and inflation. The asset split reflects the Trustees’ view of the most appropriate investments balancing risk/reward characteristics of the funds the Scheme is invested in.

Pension plan assets are valued at fair value. Quoted equities and debt instruments on a recognised stock exchange are valued at the closing market price as at the valuation date. Exchange traded and over-the-counter derivative instruments are valued at the settlement price or at the latest valuation for such instruments on the valuation date. The value of investments in buildings or land will be based on valuations prepared and certified by independent valuers and adjusted to take account of changes in prices, where material, since the last valuation. Cash and other illiquid assets will be valued at their face value plus accrued interest at the valuation date.

The Group is exposed to a number of risks through its defined benefit pension plans, the most significant of which are described below:

- Investment risk – Scheme growth assets are invested in a diversified portfolio of debt securities, equities and other return-seeking assets such as pooled private markets fund. If the assets underperform the discount rate used to calculate the defined benefit obligation, it will increase the net pension plan liabilities.
- Interest rate risk – A decrease in corporate bond yields will increase plan liabilities, although this is likely to be partially offset by an increase in the value of the plans’ bond/liability driven investment holdings.
- Inflation risk – The majority of the liabilities are linked to inflation, although in most cases, caps on the level of inflation increases are in place to protect the scheme against extreme inflation. An increase in inflation rates will lead to higher liabilities, although this is likely to be partially offset by an increase in the value of some of the plans’ liability driven investments.
- Longevity risk – The pension plans' provide benefits for the life of the members, therefore increases in life expectancy will result in an increase in the plans' liabilities.

The Group and Trustees are aware of these risks and manage them through appropriate investment and funding strategies. The Trustees manage governance and operational risks through a number of internal control policies, including a risk register.

Defined benefit plan – Equiniti ICS Limited

A full actuarial valuation was carried out at 5 April 2015 and has since been updated each year end to 31 December 2017 by a qualified independent actuary.

	2017 £m	2016 £m
Present value of obligations	(13.1)	(12.6)
Fair value of plan assets	11.6	11.0
Recognised liability for defined benefit obligations	**(1.5)**	**(1.6)**

Movement in present value of defined benefit obligation	2017 £m	2016 £m
Defined benefit obligation at 1 January	12.6	10.4
Curtailment gain	-	(0.2)
Interest cost	0.3	0.5
Actuarial losses – changes in financial assumptions	0.6	2.1
Actuarial losses/(gains) – changes in demographic assumptions	0.1	(0.1)
Actuarial losses – other experience items	-	0.1
Benefits paid	(0.5)	(0.2)
Defined benefit obligation at 31 December	**13.1**	**12.6**

9.3 POST-EMPLOYMENT BENEFITS (CONTINUED)

Movement in fair value of plan assets	2017 £m	2016 £m
Fair value of plan assets at 1 January	11.0	9.3
Interest income	0.3	0.4
Actuarial losses – changes in financial assumptions	0.7	1.3
Employer contributions	0.1	0.2
Benefits paid	(0.5)	(0.2)
Fair value of plan assets at 31 December	**11.6**	**11.0**

	2017 £m	2016 £m
Actual return on plan assets	**1.0**	**1.7**

Income recognised in statement of comprehensive income	2017 £m	2016 £m
Curtailment gain	-	(0.2)
Interest cost	0.3	0.5
Interest income	(0.3)	(0.4)
Total income	**-**	**(0.1)**

Actuarial gains and losses recognised in other comprehensive income	2017 £m	2016 £m
Cumulative loss at 1 January	(3.4)	(2.6)
Actuarial losses recognised in other comprehensive income	-	(0.8)
Cumulative loss at 31 December	**(3.4)**	**(3.4)**

Plan assets are comprised of the following:	2017 £m	2016 £m
Equities	3.3	2.7
Corporate bonds	1.0	1.0
Diversified growth funds	2.2	2.1
Liability-driven investment funds	2.9	2.8
Illiquid assets	2.2	2.0
Cash	-	0.4
	11.6	**11.0**

Weighted average assumptions used to determine benefit obligations:	2017	2016
Discount rate	2.62%	2.79%
Rate of increase of pensions in payment:		
– CPI subject to a max of 3.0% pa.	1.89%	1.92%
– RPI subject to a max of 5.0% pa.	3.02%	3.06%
– RPI subject to a max of 2.5% pa.	2.15%	2.16%
Rate of increase of pensions in deferment	2.09%	2.14%
Inflation assumption	3.09%	3.14%

9.3 POST-EMPLOYMENT BENEFITS (CONTINUED)

Weighted average life expectancy for mortality tables (100% SAPS S2PMA, 100% SAPS S2FA, 100% SAPS S2PA CMI 2016, 1% long-term trend) used to determine benefit obligations at 31 December 2017:

	Male	Female
Member age 65 (current life expectancy)	86.9	88.8
Member age 45 (life expectancy at 65)	88.0	90.0

Contributions

Equiniti ICS Limited expects to contribute £0.2m to its pension plan in 2018.

Defined benefit plan – Paymaster (1836) Limited

A full actuarial valuation was carried out at 5 April 2015 and has since been updated each year end to 31 December 2017 by a qualified independent actuary.

	2017 £m	2016 £m
Present value of obligations	(59.6)	(57.9)
Fair value of plan assets	39.5	37.0
Recognised liability for defined benefit obligations	**(20.1)**	**(20.9)**

Movement in present value of defined benefit obligation	2017 £m	2016 £m
Defined benefit obligation at 1 January	57.9	47.4
Current service cost	0.2	0.6
Past service gain	-	(1.0)
Curtailment cost	-	0.8
Interest cost	1.6	1.8
Actuarial losses – change in financial assumptions	0.8	10.3
Actuarial losses/(gains) – other experience items	0.7	(0.3)
Benefits paid	(1.6)	(1.7)
Defined benefit obligation at 31 December	**59.6**	**57.9**

Movement in fair value of plan assets	2017 £m	2016 £m
Fair value of plan assets at 1 January	37.0	35.0
Interest income	1.0	1.3
Actuarial gains	2.1	1.3
Employer contributions	1.0	1.0
Benefits paid	(1.6)	(1.6)
Fair value of plan assets at 31 December	**39.5**	**37.0**

9.3 POST-EMPLOYMENT BENEFITS (CONTINUED)

	2017 £m	2016 £m
Actual return on plan assets	**3.1**	**2.6**

Expense recognised in statement of comprehensive income	2017 £m	2016 £m
Current service cost	0.2	0.6
Past service gain	-	(1.0)
Curtailment cost	-	0.8
Interest cost	1.6	1.8
Interest income	(1.0)	(1.3)
Total expense	**0.8**	**0.9**

Actuarial gains and losses recognised in other comprehensive income	2017 £m	2016 £m
Cumulative loss at 1 January	(22.0)	(13.3)
Actuarial gains/(losses) recognised in other comprehensive income	0.6	(8.7)
Cumulative loss at 31 December	**(21.4)**	**(22.0)**

Plan assets are comprised of the following:	2017 £m	2016 £m
Private equity and diversified growth funds	21.0	21.0
Liability driven investment funds	9.6	8.2
Illiquid assets	8.2	7.6
Cash and other	0.7	0.2
	39.5	**37.0**

Weighted average assumptions used to determine benefit obligations:	2017	2016
Discount rate	2.66%	2.81%
Rate of compensation increase	1.50%	1.50%
Rate of increase of pensions in payment	3.08%	3.13%
Rate of increase of pensions in deferment (Pre 6 April 2009 service):	3.08%	3.13%
– Pre 6 April 2009	3.08%	3.13%
– Post 6 April 2009	2.08%	2.13%
Rate of increase of pensions in deferment (Post 6 April 2009 service)	2.50%	2.50%
Inflation assumption	3.08%	3.13%

Weighted average life expectancy for mortality tables (96% SAPS S2PMA, 84% SAPS S2PFA CMI 2016, 1% long term trend) used to determine benefit obligations at 31 December 2017:

	Male	Female
Member age 65 (current life expectancy)	86.8	89.8
Member age 45 (life expectancy at 65)	88.0	91.1

Contributions

Paymaster (1836) Limited expects to contribute £0.8m to its pension plan in 2018.

9.3 POST-EMPLOYMENT BENEFITS (CONTINUED)

Defined benefit plan – MyCSP Limited

The latest full actuarial valuation was carried out at 31 December 2015 and has since been updated to 31 December 2017 by a qualified independent actuary.

During the year the MyCSP Limited pension plan was restructured which resulted in a number of members leaving the plan. This caused assets and liabilities to substantially reduce in 2017.

	2017 £m	2016 £m
Present value of obligations	(8.0)	(13.8)
Fair value of plan assets	6.9	12.4
Recognised liability for defined benefit obligations	**(1.1)**	**(1.4)**

Movement in present value of defined benefit obligation	2017 £m	2016 £m
Defined benefit obligation at 1 January	13.8	9.8
Current service cost	-	1.0
Curtailment gain	-	(0.3)
Interest cost	0.3	0.4
Member contributions	-	0.1
Actuarial losses – changes in financial assumptions	0.1	3.2
Actuarial gains – changes in demographic assumptions	(0.1)	-
Actuarial gains – other experience items	-	(0.2)
Liabilities extinguished on settlements	(5.9)	-
Benefits paid	(0.2)	(0.2)
Defined benefit obligation at 31 December	**8.0**	**13.8**

Movement in fair value of plan assets	2017 £m	2016 £m
Fair value of plan assets at 1 January	12.4	9.8
Interest income	0.3	0.4
Actuarial gain	0.2	1.2
Employer contributions	0.1	1.2
Member contributions	-	0.1
Assets distributed on settlements	(5.8)	-
Benefits paid	(0.2)	(0.2)
Administration expenses	(0.1)	(0.1)
Fair value of plan assets at 31 December	**6.9**	**12.4**

	2017 £m	2016 £m
Actual return on plan assets	**0.5**	**1.6**

9.3 POST-EMPLOYMENT BENEFITS (CONTINUED)

Expense recognised in statement of comprehensive income	**2017 £m**	**2016 £m**
Current service cost	-	1.0
Curtailment gain	-	(0.3)
Administration expenses	0.1	0.1
Interest cost	0.3	0.4
Interest income	(0.3)	(0.4)
Total expense	**0.1**	**0.8**

Actuarial gains and losses recognised in other comprehensive income	**2017 £m**	**2016 £m**
Cumulative (loss)/gain at 1 January	(1.6)	0.2
Actuarial gain/(loss) recognised in other comprehensive income	0.2	(1.8)
Cumulative loss at 31 December	**(1.4)**	**(1.6)**

Plan assets are comprised of the following:	2017 **£m**	2016 **£m**
UK equities	-	1.1
Overseas equities	0.6	1.2
Corporate bonds	4.0	7.2
Diversified growth fund	2.3	2.9
	6.9	**12.4**

Weighted average assumptions used to determine benefit obligations:	**2017**	**2016**
Discount rate	2.68%	2.80%
Rate of compensation increase	n/a	3.65%
Rate of increase of pensions in payment	2.06%	2.15%
Rate of increase of pensions in deferment	2.06%	2.15%
Inflation assumption	3.06%	3.15%

Weighted average life expectancy for mortality tables (100% SAPS S2PMA, 100% SAPS S2PFA, 100% SAPS S2PxA CMI 2016, 1% long-term trend) used to determine benefit obligations at 31 December 2017:

	Male	**Female**
Member age 65 (current life expectancy)	86.9	88.8
Member age 45 (life expectancy at 65)	88.0	90.0

Contributions

MyCSP Limited does not expect to make contributions to the scheme in 2018.

Sensitivity analysis

Assumptions are used in calculating the pension obligation. The total effect on the employee benefit liability on all schemes as at 31 December 2017 of an increase in life expectancy by one year would be an increase of £2.9m (2016: £3.0m), a 0.5% decrease in the discount rate used would be an increase of £8.6m (2016: £8.7m), and a 0.5% increase in the inflation assumption would be an increase of £7.6m (2016: £8.6m). These individual sensitivity analyses are based on a change in one assumption whilst holding all other assumptions constant.

FOR THE YEAR ENDED 31 DECEMBER 2017

9.4 OPERATING LEASES

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

	2017 £m	2016 £m
Less than one year	5.8	5.5
Between one and five years	17.6	16.4
More than five years	21.1	21.0
Total	**44.5**	**42.9**

9.5 RECONCILIATION OF PROFIT TO CASH GENERATED FROM OPERATIONS

	2017 £m	2016 £m
Profit before income tax	25.6	28.5
Adjustments for:		
Depreciation of property, plant and equipment	5.7	5.4
Amortisation of software	18.3	16.0
Amortisation of acquisition-related intangibles	26.7	25.3
Finance income	(0.8)	(0.2)
Finance costs	12.5	12.4
Share-based payments expense	3.5	1.7
Changes in working capital:		
(Increase)/decrease in trade and other receivables	(6.9)	0.3
Increase/(decrease) in trade and other payables	0.1	(23.0)
Decrease in provisions	(1.3)	(2.4)
Total cash generated from operations	**83.4**	**64.0**

9.6 EVENTS AFTER THE REPORTING DATE

On 1 February 2018, the Group completed on the acquisition of the trade and assets of Wells Fargo Shareowner Services (WFSS) for a total cash consideration of $227.0m (£159.6m), and a further £9.8m in settlement of a deal contingent forward used to hedge the acquisition. This gives a total outflow of £169.4m related to the acquisition of WFSS. WFSS is a share registration business based in the United States. The results of WFSS will be consolidated from 1 February 2018 when control was obtained. The Group is in the process of determining the fair values of the assets acquired and will present the recognised amounts of identifiable assets and liabilities assumed in the Group's 2018 interim report. Costs incurred in the year ended 31 December 2017 of acquiring the business amounted to £9.9m.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 £m	2016 £m
Assets			
Non-current assets			
Investments in subsidiaries	9	174.6	171.1
		174.6	**171.1**
Current assets			
Other financial assets	10	585.8	483.3
		585.8	**483.3**
Total assets		**760.4**	**654.4**
Liabilities			
Current liabilities			
Other financial liabilities	11	2.6	1.4
		2.6	**1.4**
Total liabilities		**2.6**	**1.4**
Net assets		**757.8**	**653.0**
Equity			
Equity attributable to owners of the parent			
Share capital	12	0.4	0.3
Share premium	12	115.8	-
Capital redemption reserve		0.2	0.2
Share-based payments reserve	13	5.4	1.9
Retained earnings as at 1 January		650.6	487.0
Profit for the year		-	170.6
Dividends		(14.6)	(7.0)
Retained earnings as at 31 December		636.0	650.6
Total equity		**757.8**	**653.0**

The notes on pages 192-197 form part of these financial statements.

The financial statements on pages 189-197 were approved by the Board of Directors on 6 March 2018 and were signed on its behalf by:

John Stier
Chief Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium	Capital redemption reserve	Share-based payments reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m
Balance at 1 January 2016	**0.3**	**-**	**0.2**	**0.1**	**487.0**	**487.6**
Comprehensive income						
Profit for the year	-	-	-	-	170.6	170.6
Total comprehensive income	**-**	**-**	**-**	**-**	**170.6**	**170.6**
Dividends (Note 16)	-	-	-	-	(7.0)	(7.0)
Share-based payments expense (Note 13)	-	-	-	1.8	-	1.8
Transactions with owners recognised directly in equity	**-**	**-**	**-**	**1.8**	**(7.0)**	**(5.2)**
Balance at 31 December 2016	**0.3**	**-**	**0.2**	**1.9**	**650.6**	**653.0**
Balance at 1 January 2017	**0.3**	**-**	**0.2**	**1.9**	**650.6**	**653.0**
Comprehensive income						
Profit for the year	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Issue of share capital, net of transaction costs (Note 12)	0.1	115.8	-	-	-	115.9
Dividends (Note 16)	-	-	-	-	(14.6)	(14.6)
Share-based payments expense (Note 13)	-	-	-	3.5	-	3.5
Transactions with owners recognised directly in equity	**0.1**	**115.8**	**-**	**3.5**	**(14.6)**	**104.8**
Balance at 31 December 2017	**0.4**	**115.8**	**0.2**	**5.4**	**636.0**	**757.8**

The notes on pages 192-197 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £m	2016 £m
Cash flows from operating activities		
Profit before income tax	-	171.4
Adjustments for:		
Impairment of subsidiary investment	-	43.3
Finance income	-	(284.2)
Changes in working capital:		
Decrease in trade and other receivables	-	0.2
Decrease in trade and other payables	-	(9.4)
Net decrease in other financial assets/liabilities	-	79.4
	-	0.7
Group tax relief	-	(0.7)
Net cash outflow from operating activities	**-**	**-**
Net movement in cash and cash equivalents	-	-
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	**-**	**-**

Payment of dividends and cash received on shares issued by the Company were passed through subsidiary company, Equiniti Holdings Limited, and therefore there were no cash flows in the year.

The notes on pages 192-197 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 GENERAL INFORMATION

Equiniti Group plc (the Company) is a public limited company which is listed on the London Stock Exchange, incorporated and domiciled in the United Kingdom. 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.

2 BASIS OF PREPARATION

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), IFRS Interpretation Committee (IFRS IC) interpretations as adopted by the EU and the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of preparation

The principal accounting policies applied in the preparation of the Company financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. These financial statements have been prepared on the going concern basis and under the historical cost convention. The Company's functional and presentational currency is the British Pound (£).

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 £48,000 (2016: £170.6m).

Investments in subsidiaries

Investments in subsidiaries are carried at historical 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 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.

Equity share-based payment transactions

The Company operates a number of equity-settled, share-based compensation plans, under which companies within the Group receive services from employees as consideration for equity instruments (options). The fair value of the employee services received in exchange for the grant of the options is recognised as an increase in the cost of subsidiary investments. The total amount recognised is determined by reference to the fair value of the options granted:

– including any market performance conditions (for example, an entity's share price);

– excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee over a specified period of time); and

– including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revisions to original estimates, if any, in the cost of subsidiary investments, with a corresponding adjustment to equity.

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.

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.

2.2 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

There are no other new IFRSs or IFRS IC interpretations not yet adopted which would be expected to have a material impact on the financial statements of the Company.

2.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

There are no accounting policies where the use of assumptions and estimates is determined to be significant to the financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

3 FINANCIAL RISK MANAGEMENT

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

– credit risk

– liquidity risk

Risk management policies are established for the Equiniti Group plc group of companies (the Group), including Equiniti Group plc. The 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 Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Further information regarding the Group's financial risks and risk management policies can be found in note 6.10 of the consolidated financial statements.

4 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to maximise shareholder value whilst safeguarding the Company's ability to continue as a going concern. Total capital is calculated as total equity in the balance sheet.

Management of capital:	**2017**	**2016**
	£m	**£m**
Equity	757.8	653.0
Total equity	**757.8**	**653.0**

5 AUDITORS' REMUNERATION

The audit fees for these financial statements of £1,250 (2016: £1,250) were borne by a fellow Group company.

6 STAFF NUMBERS AND COSTS

There were no persons employed directly by the Company and therefore no staff costs were incurred.

7 DIRECTORS' REMUNERATION

Full details of the Directors' remuneration are set out in the Annual Report on Remuneration on pages 102-117. The costs of the Directors were borne by fellow Group companies.

8 INCOME TAX CHARGE

	2017 £m	2016 £m
Current tax:		
Adjustment in respect of prior periods	-	0.8
Total income tax charge	**-**	**0.8**

Reconciliation of effective tax rate:	2017 £m	2016 £m
Profit for the year	-	170.6
Total tax credit	-	0.8
Profit before tax	**-**	**171.4**
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	-	34.3
Non-taxable income	-	(34.3)
Adjustment in respect of prior periods	-	0.8
Total income tax charge	**-**	**0.8**

Future tax changes

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The Company has £nil deferred tax assets and liabilities at 31 December 2017 which would have been calculated based on these rates.

9 INVESTMENTS IN SUBSIDIARIES

The Company has the following investments in subsidiaries:

Cost and net book value	2017 £m	2016 £m
At beginning of the year	171.1	212.6
Impairment of subsidiary	-	(43.3)
Purchase of share capital from share options	3.5	1.8
Total investment in subsidiaries	**174.6**	**171.1**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

9 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of controlled entity	Registered office address	Principal activities	Ownership % on 31 December 2017
Equiniti Holdings Limited	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, England	Holding company	100
Equiniti Finance (Holdings) Ltd	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, England	Holding company	100
Equiniti (UK) Finance Ltd	42-50 Hersham Road, Walton-On-Thames, Surrey, KT12 1RZ, England	Non trading	100

The above investments are held in the Ordinary share capital of the companies. A full list of the Company's indirect investments is included in note 4.4 to the consolidated financial statements.

10 OTHER FINANCIAL ASSETS

Current	2017 £m	2016 £m
Non-interest bearing receivables due from related parties	585.8	483.3
Total current other financial assets	**585.8**	**483.3**

Balances due from related parties can be called upon on demand.

11 OTHER FINANCIAL LIABILITIES

Current	2017 £m	2016 £m
Non-interest bearing payables due to related parties	2.6	1.4
Total current financial liabilities	**2.6**	**1.4**

Balances due to related parties are repayable on demand.

12 SHARE CAPITAL

	Share capital		Share premium	
Allotted, called up and fully paid	**2017 £m**	**2016 £m**	**2017 £m**	**2016 £m**
Balance at 1 January	0.3	0.3	-	-
Employee share options exercised	-	-	0.1	-
Rights issue	0.1	-	115.7	-
Balance at 31 December	**0.4**	**0.3**	**115.8**	**-**

Ordinary shares of £0.001 each – thousands	2017 Number	2016 Number
Balance at 1 January	300,013	300,000
Employee share options exercised	112	13
Rights issue	64,309	-
Balance at 31 December	**364,434**	**300,013**

12 SHARE CAPITAL (CONTINUED)

The Company issued 112,000 ordinary shares on exercise of employee share options during the year (2016: 13,000). The shares were issued at a weighted average exercise price of £1.26 per share. Proceeds of £0.1m were received by a fellow Group company, Equiniti Holdings Limited, and the balance is reflected within receivables due from related parties.

In October 2017, the Company offered a rights issue to existing shareholders on the basis of 3 shares for every 14 fully paid ordinary shares held. The issue was fully subscribed and resulted in the issue of 64,309,234 ordinary shares at £1.90 per share. Gross proceeds of £122.2m were received by a fellow Group company, Equiniti Holdings Limited, and the balance is reflected within receivables due from related parties. The share premium account increased by £115.7m as a result, which was net of direct transaction costs of £6.5m.

13 SHARE-BASED PAYMENTS

The Group has equity-settled share-based option plans in place, being the conditional allocations of Equiniti Group plc shares. Share-based payments disclosures relevant to the Company are presented within note 7.2 to the consolidated financial statements.

14 FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities are classified as per IFRS 7 Financial Instruments: Disclosures according to the following categories:

Financial assets	Note	2017 £m	2016 £m
Loans and receivables			
Loans and receivables due from related parties	10	585.8	483.3
Total financial assets		**585.8**	**483.3**

Financial liabilities	Note	2017 £m	2016 £m
Other financial liabilities at amortised cost			
Loans and receivables due to related parties	11	2.6	1.4
Total financial liabilities		**2.6**	**1.4**

The fair values and the carrying values of financial assets and liabilities are not materially different.

15 RELATED PARTY TRANSACTIONS

Dividend receipts during the year	2017 £m	2016 £m
From fellow Group companies	-	284.2
Total	**-**	**284.2**

Receivable at the year end	2017 £m	2016 £m
From fellow Group companies	585.8	483.3
Total	**585.8**	**483.3**

Payable at the year end	2017 £m	2016 £m
To fellow Group companies	2.6	1.4
Total	**2.6**	**1.4**

FOR THE YEAR ENDED 31 DECEMBER 2017

16 DIVIDENDS

Amounts recognised as distributions to equity holders in the year	2017 £m	2016 £m
Interim dividend for year ended 31 December 2017 (1.64p[1] per share)	5.3	-
Final dividend for year ended 31 December 2016 (2.91p[1] per share)	9.3	-
Interim dividend for year ended 31 December 2016 (1.54p[1] per share)	-	5.0
Final dividend for year ended 31 December 2015 (0.64p[1] per share)	-	2.0
	14.6	**7.0**

[1]The prior year's dividends per share have been restated to reflect the bonus element of the rights issue associated with the WFSS acquisition. See note 9.6 to the consolidated financial statements for further detail.

The recommended final dividend payable in respect of the year ended 31 December 2017 is £9.9m or 2.73p per share (2016: £9.3m). The proposed dividend has not been included as a liability as at 31 December 2017.

	£m
Proposed final dividend for year ended 31 December 2017	**9.9**

17 CONTINGENT LIABILITIES

The Company, along with other companies in the Group, has provided security over its assets and a guarantee in relation the repayment of a term loan facility and a revolving credit facility made available to Equiniti Holdings Limited. The facilities guaranteed comprise a term loan facility of £250.0m and a revolving credit facility of £150.0m, of which the drawn balance was £nil at 31 December 2017 (2016: £56.0m).

18 EVENTS AFTER THE REPORTING DATE

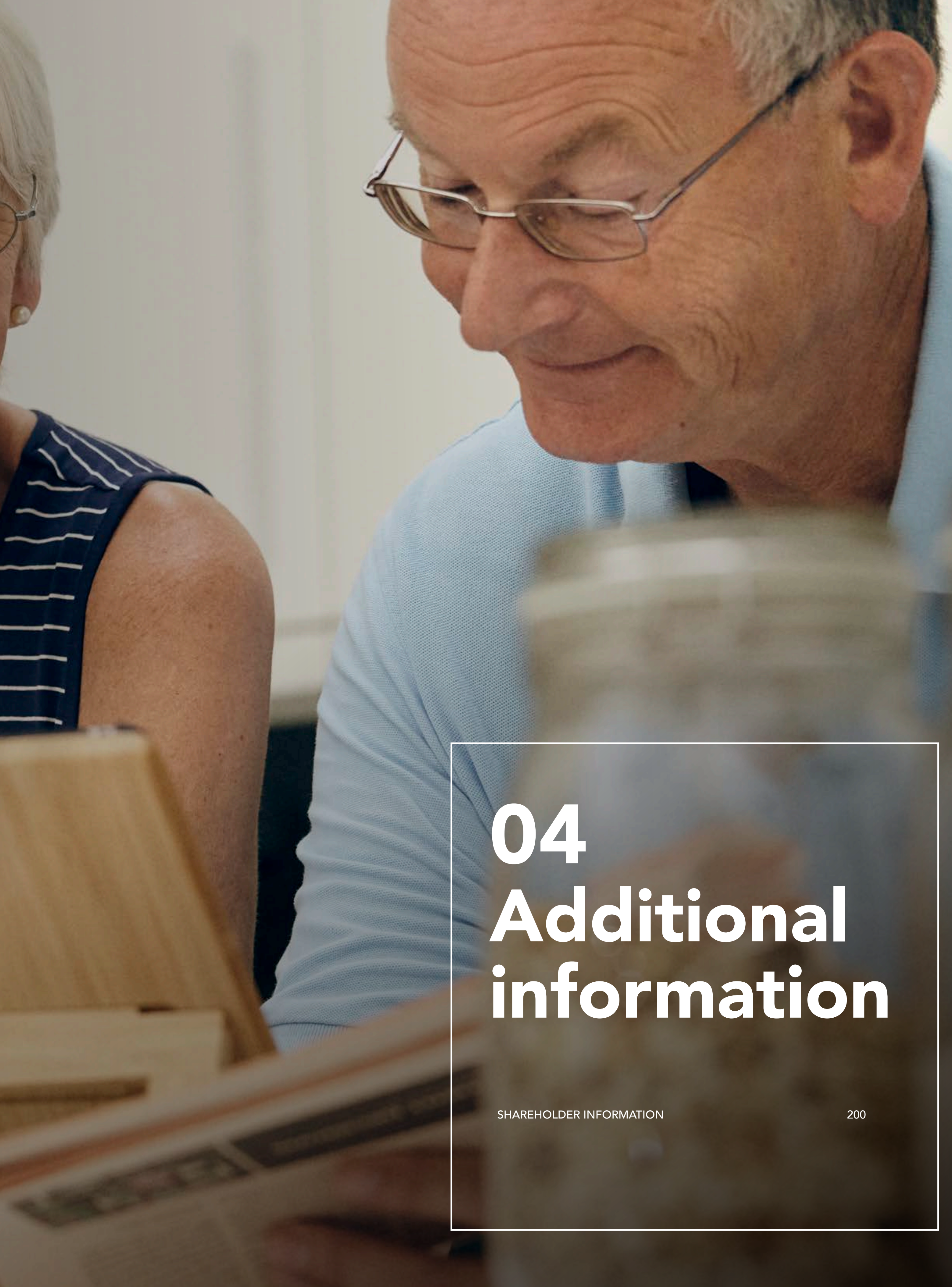
There have been no events subsequent to the balance sheet date which require disclosure in, or adjustment to, the financial statements. For subsequent events relating to the Group, see note 9.6 of the notes to the consolidated financial statements.

PROFESSIONAL PENSIONS
UK PENSIONS AWARDS 2017

Equiniti Paymaster wins Technological Innovation of the Year

at the UK Pension Awards (Professional Pensions)

Pictured
Equiniti Group plc customers



04 Additional information

Registered Office

Equiniti Group plc
Sutherland House
Russell Way
Crawley
West Sussex
RH10 1UH

Company number 07090427

For enquiries regarding ordinary shares, please contact

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Telephone

UK only 0371 384 2335
Non UK +44 121 415 7047

Shareholders can also access their holdings online by visiting the website at www.shareview.co.uk

For corporate governance enquiries, please contact the Company Secretary:

Kathy Cong
kathy.cong@equiniti.com

For investor relations enquiries, please contact the Head of Investor Relations:

Frances Gibbons
frances.gibbons@equiniti.com

Financial calendar*

7 March 2018	Annual results for year ended 31 December 2017
3 May 2018	Annual General Meeting
27 July 2018	Interim results for six months ended 30 June 2018

*The financial calendar may be updated from time to time throughout the year. Please refer to our website www.equiniti.com for up-to-date information.

Dividend Reinvestment Plan

Shareholders are able to take their dividend as cash, or in shares through the DRIP (Dividend Reinvestment Plan). Further details are available at www.shareview.co.uk.

The DRIP allows shareholders to use their cash dividends to buy more shares in the Company. Rather than receiving a dividend cheque through the post or having their bank account credited with the dividend payment, shareholders can choose to use their cash dividend to buy additional shares.

Whole shares are purchased with any residual money being carried forward and added to the next dividend. However, if the amount of the dividend, less any dealing costs incurred in completing the purchase, is insufficient to buy a single share, no charge is made and the dividend is carried forward.

E-communications

Using the Group's website as the main method of distribution for many statutory documents is part of our commitment to reducing our environmental impact. Shareholders can choose to receive communications, including the Annual Report and Accounts and Notice of Meetings, in electronic form rather than by post.

Shareholders can register through the online service at www.shareview.co.uk.

The registration process requires the input of a shareholder reference number (SRN), which can be found on the share certificate.

To ensure that shareholder communications are received in electronic form, "email" should be selected as the mailing preference.

Once registered, shareholders will be sent an email notifying them each time a shareholder communication has been published on the Company website, and providing them with a link to the page on the website where it may be found.

Warning to shareholders

Equiniti Group plc is legally obliged to make its share register available to the general public. Consequently some shareholders may receive unsolicited mail, including correspondence from unauthorised investment companies.

Companies have become increasingly aware that their shareholders have received unsolicited phone calls concerning their shareholding.

These calls are typically from overseas-based brokers who target UK shareholders offering to sell what often turn out to be worthless or high-risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you receive any unsolicited investment advice:

- Ensure that you obtain the correct name of the person and organisation;
- Check that they are properly authorised by the FCA before becoming involved.

If you receive any unsolicited investment advice:

- Ensure that you obtain the correct name of the person and organisation;
- Check that they are properly authorised by the FCA before becoming involved.

You can check at www.fca.org.uk; and

- Report the matter to the FCA at www.fca.org.uk.

SHAREHOLDER INFORMATION/ADVISERS

ANALYSIS OF ORDINARY SHAREHOLDERS AS AT 31 DECEMBER 2017

Range	No. of Holders	% of Holders	No. of Shares	% of Share Register
1 – 1,000	461	46.71	95,588	0.03
1,001 – 50,000	286	28.98	2,506,428	0.69
50,001 – 500,000	141	14.29	25,925,812	7.11
500,001 +	99	10.02	335,906,455	92.17
Total	987	100	364,434,283	100

ADVISERS

AUDITOR	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
CORPORATE BROKERS	Barclays 5 The North Colonnade London E14 4BB
	Citigroup Global Markets Ltd Citigroup Centre 33 Canada Square London E14 5LB
	Liberum Ropemaker Place 25 Ropemaker Street London EC2Y 9LY
FINANCIAL ADVISER	Rothschild New Court St Swithin's Lane London EC4N 8AL
FINANCIAL PR ADVISER	Temple Bar Advisory Limited 60 Cannon Street London EC4N 6NP
LEGAL ADVISER	Weil, Gotshal & Manges 110 Fetter Lane London EC4A 1AY
REGISTRAR	Equiniti Limited Aspect House Spencer Road Lancing, West Sussex BN99 6DA

SCAN AND UNLOCK INTERACTIVE CONTENT WITH EQ STRATA

01

Download the
EQ Strata app (App
Store or GooglePlay)

02

Scan the front cover

03

Watch it come to life


CELEBRATING
10
YEARS OF
EQUINITI


EQUINITI