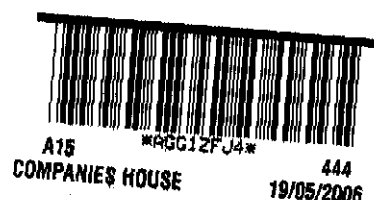


# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## Report and Financial Statements for the Year Ended 31 December 2005



Registration number: 2763682

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

| CONTENTS  | PAGE    |
|---|---------|
| Directors' Report   | 1 – 3   |
| Independent Auditors' Report                                | 4       |
| Consolidated Profit and Loss Account                        | 6       |
| Consolidated Statement of Total Recognised Gains and Losses | 6       |
| Consolidated Balance Sheet                                  | 7       |
| Company Balance Sheet                                       | 8       |
| Consolidated Cash Flow Statement                            | 9       |
| Notes to the Financial Statements                           | 10 – 32 |



# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

Registered address:

IFDS House  
St Nicholas Lane  
Basildon  
Essex  
SS15 5FS

Auditors:

PricewaterhouseCoopers LLP  
Southwark Towers  
32 London Bridge Street  
London  
SE1 9SY

Company Registration Number:

2763682

Company Secretary:

Clive Shelton

Bankers:

RBS Natwest plc  
City of London Office  
PO Box 12258  
1 Princes Street  
London  
EC2R 8PA

Directors:

C. Eppinger  
J. Hooley  
T. McDonnell

Legal advisors:

Charles Russell Solicitors  
8-10 New Fetter Lane  
London  
EC4A 1RS



# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2005.

### PRINCIPAL ACTIVITIES

The principal activities of the group are the provision of administration services to providers of retail investment products and the provision of software and computer consultancy and related services.

### REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The consolidated profit and loss account for the year is set out on page 6.

During the year the group had an increase in dealing volumes of 31% (2004: 49%) and a growth in average unitholding accounts serviced of 12% (2004: 22%).

As at 31 December 2005 the number of unitholdings serviced by the group were 5.3 million (2004: 5.3 million).

Operating profit for the year was £9,231,818 (2004: £7,461,617).

The directors expect the group to continue to generate operating profits in 2006.

### DIVIDEND AND TRANSFERS TO RESERVES

The directors do not recommend a dividend on the ordinary shares (2004: £Nil). The profit for the year retained in the group is £10,969,941 (2004: £5,905,316) which will be transferred to reserves.

### DIRECTORS

The directors of the company during the year ended 31 December 2005, all of whom held office throughout the period unless otherwise stated, were:

C. Eppinger (Executive Chairman)  
J. Hooley  
T. McDonnell

### DIRECTORS' INTERESTS

No director had any interest in the shares of International Financial Data Services Limited ("IFDS") or its subsidiary, International Financial Data Services (UK) Limited at the beginning or end of the year.

### CHANGES IN FIXED ASSETS

The movements in fixed assets during the year are set out in notes 11 to 13 to the financial statements.

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

### DISABLED PERSONS

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

### COMMUNICATION TO EMPLOYEES

Consultation with employees has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests. The group also operates a number of communication mediums and forums including newsletters, all staff notices, team briefings and all staff presentations at which employees are kept informed about the financial, economic and strategic development of the business.

### CHARITABLE DONATIONS

Charitable donations paid in the year were as follows:

|  | 2005<br>£     | 2004<br>£     |
|--|---------------|---------------|
| Animal welfare charities                 | 150           | -             |
| Assistance with disabilities             | 100           | 500           |
| Child welfare charities                  | 2,250         | 2,000         |
| Environment improvement projects         | 6,665         | 4,725         |
| Health research charities                | 2,934         | 2,753         |
| Hospice care organisations               | 1,800         | 1,371         |
| International humanitarian organisations | 250           | 310           |
| Local community sponsorships under £300  | 1,796         | 2,824         |
| Total                                    | <u>15,945</u> | <u>14,483</u> |

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

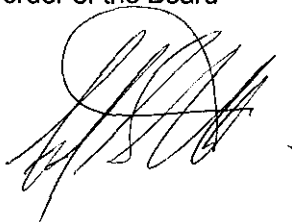
The directors confirm that they have complied with the above requirements in preparing the financial statements.

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

### AUDITORS

The company has passed elective resolutions to dispense with the appointment of auditors annually and the holding of an annual general meeting. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

By order of the Board



Mr. C. Shelton  
Company Secretary  
19 April 2006

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

We have audited the group and parent company financial statements (the "financial statements") of International Financial Data Services Limited for the year ended 31 December 2005 which comprise a Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

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

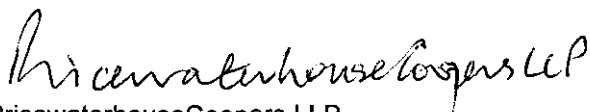
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs as at 31 December 2005 and of the group's profit and cash flows for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors, London  
14 April 2006



# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

|   | Notes  | 2005<br>£'000        | 2004<br>As restated<br>£'000 |
|---|--------|----------------------|------------------------------|
| Turnover  | 2      | 92,151               | 89,436                       |
| Operating expenses  | 3      | (82,929)             | (84,008)                     |
| Other income  | 4      | 10                   | 2,034                        |
| <b>Operating profit</b>   | 2      | <u>9,232</u>         | <u>7,462</u>                 |
| Other finance costs   | 26 (d) | (20)                 | (51)                         |
| Interest receivable and similar income  |        | 498                  | 234                          |
| Interest payable and similar charges  | 7      | (1,247)              | (1,740)                      |
| <b>Profit on ordinary activities before taxation</b>                          | 8      | <u>8,463</u>         | <u>5,905</u>                 |
| Tax on profit on ordinary activities  | 9      | 2,507                | -                            |
| <b>Profit on ordinary activities after taxation and retained for the year</b> | 10     | <u><u>10,970</u></u> | <u><u>5,905</u></u>          |

All the turnover and operating profit is attributable to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year as stated above and their historical cost equivalents.

## CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2005

|   | Notes  | 2005<br>£'000       | 2004<br>As restated<br>£'000 |
|---|--------|---------------------|------------------------------|
| <b>Profit for the financial year</b>                                    |        | 10,970              | 5,905                        |
| Actuarial loss arising on pension schemes                               | 26 (e) | (581)               | (387)                        |
| <b>Total recognised gains and losses relating to the financial year</b> |        | <u>10,389</u>       | <u>5,518</u>                 |
| Prior year adjustment in respect of defined benefit pension scheme      |        | (2,279)             | -                            |
| <b>Total gains and losses recognised since last annual report</b>       |        | <u><u>8,110</u></u> | <u><u>5,518</u></u>          |

The notes on pages 10 to 32 form part of these financial statements.

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2005

|  | Notes | 2005<br>£'000 | 2004<br>As restated<br>£'000 |
|--|-------|---------------|------------------------------|
| <b>Fixed assets</b>  |       |               |                              |
| Intangible assets  | 11    | -             | -                            |
| Tangible assets  | 12    | 15,380        | 12,122                       |
| Investments  | 14    | 7,795         | 7,795                        |
|  |       | <u>23,175</u> | <u>19,917</u>                |
| <b>Current assets</b>  |       |               |                              |
| Debtors  | 15    | 25,255        | 26,700                       |
| Cash at bank and in hand                                       |       | 12,132        | 8,919                        |
|  |       | <u>37,387</u> | <u>35,619</u>                |
| <b>Creditors: amounts falling due within one year</b>          | 16    | (16,375)      | (12,599)                     |
| <b>Net current assets</b>                                      |       | <u>21,012</u> | <u>23,020</u>                |
| <b>Total assets less current liabilities</b>                   |       | <u>44,187</u> | <u>42,937</u>                |
| <b>Creditors: amounts falling due after more than one year</b> | 17    | (10,167)      | (19,349)                     |
| <b>Provision for liabilities and charges</b>                   | 18    | (131)         | (521)                        |
| <b>Pension liabilities</b>                                     | 26(f) | (2,712)       | (2,279)                      |
| <b>Net assets</b>  |       | <u>31,177</u> | <u>20,788</u>                |
| <b>Capital and reserves</b>                                    |       |               |                              |
| Called up share capital  | 19    | 8             | 8                            |
| Capital contribution   | 20    | 70,000        | 70,000                       |
| Share premium account  | 20    | 6,242         | 6,242                        |
| Profit and loss account  | 20    | (45,073)      | (55,462)                     |
| <b>Total shareholders' funds</b>                               | 21    | <u>31,177</u> | <u>20,788</u>                |

The financial statements were approved by the board of directors on 19 April 2006 and signed on its behalf by:

  
Mr. C. Eppinger  
Executive Chairman

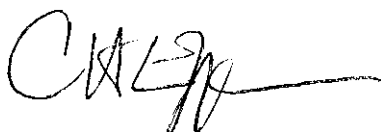
The notes on pages 10 to 32 form part of these financial statements.

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## COMPANY BALANCE SHEET AS AT 31 DECEMBER 2005

|  | Notes  | 2005<br>£'000 | 2004<br>As restated<br>£'000 |
|--|--------|---------------|------------------------------|
| <b>Fixed assets</b>  |        |               |                              |
| Intangible assets  | 11     | -             | -                            |
| Tangible assets  | 12     | 15,380        | 12,122                       |
| Investments  | 14     | 10,992        | 10,992                       |
|  |        | <u>26,372</u> | <u>23,114</u>                |
| <b>Current assets</b>  |        |               |                              |
| Debtors  | 15     | 25,255        | 26,700                       |
| Cash at bank and in hand                                       |        | 11,590        | 8,401                        |
|  |        | <u>36,845</u> | <u>35,101</u>                |
| <b>Creditors: amounts falling due within one year</b>          | 16     | (22,104)      | (17,860)                     |
| <b>Net current assets</b>                                      |        | <u>14,741</u> | <u>17,241</u>                |
| <b>Total assets less current liabilities</b>                   |        | <u>41,113</u> | <u>40,355</u>                |
| <b>Creditors: amounts falling due after more than one year</b> | 17     | (10,167)      | (19,349)                     |
| <b>Provision for liabilities and charges</b>                   | 18     | (131)         | (521)                        |
| <b>Pension liabilities</b>                                     | 26 (f) | (2,712)       | (2,279)                      |
| <b>Net assets</b>  |        | <u>28,103</u> | <u>18,206</u>                |
| <b>Capital and reserves</b>                                    |        |               |                              |
| Called up share capital  | 19     | 8             | 8                            |
| Capital contribution   | 20     | 70,000        | 70,000                       |
| Share premium account  | 20     | 6,242         | 6,242                        |
| Profit and loss account  | 20     | (48,147)      | (58,044)                     |
| <b>Total shareholders' funds</b>                               |        | <u>28,103</u> | <u>18,206</u>                |

The financial statements were approved by the board of directors on 19 April 2006 and signed on its behalf by:



Mr. C. Eppinger  
Executive Chairman

The notes on pages 10 to 32 form part of these financial statements.

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

The notes on pages 9 to 31 form part of these financial statements.

|   | Notes | 2005<br>£'000       | 2004<br>£'000       |
|---|-------|---------------------|---------------------|
| <b>Net cash inflow from operating activities</b>                          | 23    | 21,222              | 5,711               |
| <b>Returns on investments and servicing of finance</b>                    |       |                     |                     |
| Interest received   |       | 498                 | 234                 |
| Interest paid   |       | (2,455)             | -                   |
|   |       | <u>(1,957)</u>      | <u>234</u>          |
| <b>Capital expenditure &amp; financial investment</b>                     |       |                     |                     |
| Purchase of tangible fixed assets   |       | (7,936)             | (2,373)             |
| Purchase of trade investment  |       | -                   | (1,862)             |
| Sale of tangible fixed assets   |       | 8                   | 11                  |
| <b>Net cash outflow from capital expenditure and financial investment</b> |       | <u>(7,928)</u>      | <u>(4,224)</u>      |
| <b>Net cash inflow/ (outflow) before financing</b>                        |       | 11,337              | 1,721               |
| <b>Financing</b>  |       |                     |                     |
| Capital contribution  |       | -                   | 20,000              |
| Capital element of finance lease rental payments                          |       | (47)                | -                   |
| Repayment of Long term loans from associate of joint venture partners     |       | (8,077)             | (16,284)            |
| <b>Net cash inflow from financing</b>                                     |       | <u>(8,124)</u>      | <u>3,716</u>        |
| <b>Increase in cash</b>   | 24    | <u><u>3,213</u></u> | <u><u>5,437</u></u> |

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 1. ACCOUNTING POLICIES

#### Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The principal accounting policies which the Directors adopt within that convention are set out below.

#### Changes in accounting policies

The group has adopted FRS17 'Retirement benefits' with effect from 1 January 2005. The adoption of this standard represents a change in accounting policy and comparatives have been restated accordingly. The effect of the change in accounting policy was a reduction in operating expenses by £168,165 (2004: £33,973), an increase other finance costs by £19,619 (2004: £50,743) and a decrease in total gains and losses by £580,761 (2004: £387,270).

#### Basis of consolidation

The financial statements include the results of the company and its subsidiary undertaking.

#### Fixed assets

The cost of fixed assets is their purchase cost.

Depreciation is calculated so as to write off the cost of tangible and intangible fixed assets over their expected useful lives on a straight line basis. The annual rates used are:

|                                  | %             |
|----------------------------------|---------------|
| Fixtures, fittings and equipment | 10, 20        |
| Distributor licences             | 33 1/3        |
| Motor vehicles                   | 20            |
| Communications equipment         | 20            |
| Computer equipment and software  | 33 1/3        |
| Leasehold improvements           | 6 2/3, 10, 20 |

#### System Development

Computer programming and development costs are written off to the profit and loss account when they are incurred. This write off also includes developments where the client(s) have agreed to pay a one-off fee towards the cost.

#### Turnover

Turnover, which excludes value added tax, represents fees due for dealing and related administration services rendered during the year. Turnover also includes invoices raised to clients for out of pocket expenses and disbursements on their behalf.

#### Deferred income

Deferred income represents payments received in advance for services which are to be rendered within the next 12 months.

#### Contract premiums and deferred costs

Contract premiums and deferred costs represent costs incurred prior to and on completing a new client conversion. These costs are capitalised in the balance sheet and then amortised from the date of conversion over the remaining life of the contract.



# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### **Deferred taxation**

Deferred tax is recognised on a full provision basis so as to provide for deferred tax liabilities or assets if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefit in the future is uncertain. Deferred tax assets and liabilities recognised are not discounted.

### **Investments in subsidiaries and trade investments**

Investments in subsidiary undertakings and trade investments are included at cost less provision for any impairment in value considered necessary by the directors.

### **Pension costs**

A number of employees are members of the company's defined benefit scheme. This scheme is valued by the actuary using the projected unit method every three years, at which time recommendations are made in respect of the level of contributions required to secure the benefits defined in the rules of the scheme. The full service cost of servicing the pension scheme is charged to the profit and loss account. A charge equal to the expected increase in the present value of the scheme liabilities being one period closer to settlement and a credit reflecting the long term expected return based on the market value of the scheme assets at the beginning of the period is included within the profit and loss account as 'Other finance costs'. The balance sheet records as a liability the difference between the market value of the scheme assets and the present value of the scheme liabilities, net of any deferred tax. The difference between the expected return on assets / cost of liabilities and that actually achieved in the period is recognised in the statement of total recognised gains and losses. Actuarial gains and losses which arise from differences between actuarial assumptions underlying the scheme and the actual experience during the period and the effect of the assumptions charges in actuarial assumptions and also recognised in the statement of total recognised gains and losses.

The company also operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Payments to the fund are charged to the profit and loss account as they are incurred.

### **Leased assets**

Assets held under finance leases are capitalised and depreciated over their useful economic lives using the policy stated under fixed assets. Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

### **Post-retirement private health care benefits**

International Financial Data Services Ltd provides defined post-retirement private health care benefits to employees who joined prior to 1 October 1994. The cost of this benefit is charged to the profit and loss account assuming that the employees in the scheme remain employed until retirement.

### **Foreign exchange**

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year end. Transactions during the year are translated at the rate of exchange ruling at the date of the transaction. All foreign exchange gains and losses are dealt with in the profit and loss account. All foreign exchange losses are included within operating expenses. All foreign exchange gains are included within other income.

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 2. TURNOVER AND OPERATING PROFIT

Turnover represents sales of goods and services outside the Group net of value added tax.

| Turnover and operating profit by<br>class of business:          | Turnover      |               | Operating Profit |                     |
|---|---------------|---------------|------------------|---------------------|
|   | 2005          | 2004          | 2005             | 2004<br>As restated |
|   | £'000         | £'000         | £'000            | £'000               |
| Activities regulated by the Financial<br>Services Authority     | 18,489        | 16,910        | 474              | 33                  |
| Non regulated activities and software &<br>computer consultancy | 73,662        | 72,526        | 8,758            | 7,429               |
|   | <u>92,151</u> | <u>89,436</u> | <u>9,232</u>     | <u>7,462</u>        |

All turnover and operating profit relate to activities within the United Kingdom and are wholly from continuing operations.

### 3. OPERATING EXPENSES

Operating expenses are incurred wholly from continuing operations.

Expenses and revenue include amounts paid of £4,688,530 (2004: £4,021,424) on behalf of clients which are recharged to them.

### 4. OTHER INCOME

Other income comprises of foreign exchange gains of £9,815 (2004: £2,033,653).

### 5. EMPLOYEE INFORMATION

The average number of persons employed by the Group (including directors) during the year was:

|                      | 2005         | 2004         |
|----------------------|--------------|--------------|
| IT & central support | 425          | 466          |
| Administration       | 992          | 922          |
| Total                | <u>1,417</u> | <u>1,388</u> |

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 5. EMPLOYEE INFORMATION *continued*

The staff costs were as follows:

|                       | 2005<br>£'000 | 2004<br>£'000 |
|-----------------------|---------------|---------------|
| Wages and salaries    | 47,851        | 47,384        |
| Social security costs | 4,140         | 4,048         |
| Other pension costs   | 2,409         | 2,304         |
|                       | <u>54,400</u> | <u>53,736</u> |

### 6. DIRECTORS' REMUNERATION

|            | 2005<br>£'000 | 2004<br>£'000 |
|------------|---------------|---------------|
| Emoluments | <u>841</u>    | <u>970</u>    |

The highest paid director's emoluments (excluding pension contributions) amounted to £841,138 (2004: £872,975).

The directors are not covered by a money purchase pension scheme, nor a defined benefit scheme. None of the directors exercised share options during the year or received or became entitled to shares under a long term incentive scheme.

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

|  | 2005<br>£'000 | 2004<br>£'000 |
|--|---------------|---------------|
| Interest on loans from joint venture partners repayable after more than five years | 1,233         | 1,740         |
| Interest payable on finance lease  | 14            | -             |
|  | <u>1,247</u>  | <u>1,740</u>  |



# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 8. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

|  | 2005<br>£'000 | 2004<br>£'000  |
|--|---------------|----------------|
| This is stated after charging/(crediting):       |               |                |
| Amortisation of intangible fixed assets          | -             | 29             |
| Depreciation of owned fixed assets               | 4,470         | 4,314          |
| (Loss) /profit on sale of tangible fixed assets  | (400)         | 2              |
| Auditors' remuneration for statutory audit       | 83            | 83             |
| Auditors' remuneration for non audit services    | 110           | 186            |
| Exceptional premises costs                       | (130)         | (622)          |
| Exceptional impairment of trade investment       | -             | 2,722          |
| Operating lease rentals – other operating leases | 3,536         | 3,030          |
| Foreign exchange gains                           | <u>(10)</u>   | <u>(2,034)</u> |

Of the auditors' remuneration noted above, £63,500 (2004: £59,000) relates to the company.

### 9. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in year

|                                       | 2005<br>£'000 | 2004<br>£'000 |
|---------------------------------------|---------------|---------------|
| UK corporation tax                    | (4)           | -             |
| Corporation tax refund on prior years | -             | -             |
| Deferred tax                          | 2,511         | -             |
| Tax on profit on ordinary activities  | <u>2,507</u>  | <u>-</u>      |

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 9. TAX ON PROFIT ON ORDINARY ACTIVITIES (*continued*)

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%).  
The differences are explained below:

|   | 2005         | 2004                 |
|---|--------------|----------------------|
|   | £'000        | As restated<br>£'000 |
| Profit on ordinary activities before tax                            | <u>8,463</u> | <u>5,905</u>         |
| Tax on profit applied at standard rate in the UK 30%<br>(2004: 30%) | 2,539        | 1,772                |
| Effects of:   |              |                      |
| Marginal starting relief tax rate                                   | (3)          | -                    |
| Expenses not deductible for tax purposes                            | 52           | 185                  |
| Other permanent differences   | (182)        | (156)                |
| Timing differences  | 399          | (675)                |
| Capital allowances for period in excess of depreciation             | (1,045)      | (1,131)              |
| Utilisation of tax losses   | (1,764)      | -                    |
| Current tax charge for the year                                     | <u>(4)</u>   | <u>(5)</u>           |

(c) Deferred tax

The group has recognised a deferred tax asset of £2,511,336 (2004: nil) in respect of tax losses in so far as there is available evidence as required by FRS19 that there will be future taxable profits against which a deferred tax asset can be used. Had the deferred tax asset been recognised in full it would have increased the net assets on the balance sheet by a further £9,221,696 (2004: £14,212,358). The unrecognised deferred tax asset is in respect of further tax losses carried forward, accelerated capital allowances, the pension deficit and timing differences. There is not enough available evidence as required by FRS19 that there will be sufficient future profits against which a deferred tax asset can be used.

The recognised deferred tax asset is comprised as follows:

|                            | 2005         | 2004     |
|----------------------------|--------------|----------|
|                            | £'000        | £'000    |
| Tax losses carried forward | 2,511        | -        |
|                            | <u>2,511</u> | <u>-</u> |

### 10. PROFIT FOR THE FINANCIAL YEAR

Of the profit for the year, £10,477,600 (2004: £5,870,200) has been dealt with in the accounts of the company. In accordance with the exemption allowed in section 230 (3) of the Companies Act 1985, the company has not presented its own profit and loss account.

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 11. INTANGIBLE FIXED ASSETS

#### Group & Company

|                                      | Software Licences<br>£'000 | Total<br>£'000 |
|--------------------------------------|----------------------------|----------------|
| <b>Cost</b>                          |                            |                |
| At 1 January 2005 & 31 December 2005 | <u>1,337</u>               | <u>1,337</u>   |
| <b>Amortisation</b>                  |                            |                |
| At 1 January 2005                    | 1,337                      | 1,337          |
| Charged in year                      | -                          | -              |
| At 31 December 2005                  | <u>1,337</u>               | <u>1,337</u>   |
| <b>Net book value</b>                |                            |                |
| At 31 December 2005                  | <u>-</u>                   | <u>-</u>       |
| At 31 December 2004                  | <u>-</u>                   | <u>-</u>       |

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 12. TANGIBLE FIXED ASSETS

#### Group

|                       | Leasehold<br>Improve-<br>ments<br>£'000 | Motor<br>Vehicles<br>£'000 | Fixtures,<br>Fittings and<br>Equipment<br>£'000 | Computer<br>Equipment<br>& Software<br>£'000 | Total<br>£'000 |
|-----------------------|---|----------------------------|---|--|----------------|
| <b>Cost</b>           |   |                            |   |  |                |
| At 1 January 2005     | 6,276                                   | 42                         | 6,378   | 19,797                                       | 32,493         |
| Additions             | 2,055                                   | 18                         | 1,006   | 5,058  | 8,137          |
| Disposals             | (16)                                    | -                          | (764)   | -  | (780)          |
| At 31 December 2005   | <u>8,315</u>                            | <u>60</u>                  | <u>6,620</u>                                    | <u>24,855</u>                                | <u>39,850</u>  |
| <b>Depreciation</b>   |   |                            |   |  |                |
| At 1 January 2005     | 1,914                                   | 32                         | 3,073   | 15,352                                       | 20,371         |
| Charge for the year   | 793                                     | 9                          | 986   | 2,682  | 4,470          |
| Disposals             | (4)                                     | -                          | (367)   | -  | (371)          |
| At 31 December 2005   | <u>2,703</u>                            | <u>41</u>                  | <u>3,692</u>                                    | <u>18,034</u>                                | <u>24,470</u>  |
| <b>Net book value</b> |   |                            |   |  |                |
| At 31 December 2005   | <u>5,612</u>                            | <u>19</u>                  | <u>2,928</u>                                    | <u>6,821</u>                                 | <u>15,380</u>  |
| At 31 December 2004   | <u>4,362</u>                            | <u>10</u>                  | <u>3,305</u>                                    | <u>4,445</u>                                 | <u>12,122</u>  |

#### Assets held under finance leases and capitalised in Computer Equipment and Software:

|                        | 2005<br>£'000 | 2004<br>£'000 |
|------------------------|---------------|---------------|
| Cost                   | 200           | -             |
| Aggregate depreciation | (67)          | -             |
| Net book amount        | <u>133</u>    | <u>-</u>      |

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 12. TANGIBLE FIXED ASSETS (*continued*)

#### Company

|                       | Leasehold<br>Improve-<br>ments<br>£'000 | Motor<br>Vehicles<br>£'000 | Fixtures,<br>Fittings and<br>Equipment<br>£'000 | Computer<br>Equipment<br>& Software<br>£'000 | Total<br>£'000 |
|-----------------------|---|----------------------------|---|--|----------------|
| <b>Cost</b>           |   |                            |   |  |                |
| At 1 January 2005     | 6,276                                   | 42                         | 6,378   | 19,211                                       | 31,907         |
| Additions             | 2,055                                   | 18                         | 1,006   | 5,058  | 8,137          |
| Disposals             | (16)                                    | -                          | (764)   | -  | (780)          |
| At 31 December 2005   | <u>8,315</u>                            | <u>60</u>                  | <u>6,620</u>                                    | <u>24,269</u>                                | <u>39,264</u>  |
| <b>Depreciation</b>   |   |                            |   |  |                |
| At 1 January 2005     | 1,914                                   | 32                         | 3,073   | 14,766                                       | 19,785         |
| Charge for the year   | 793                                     | 9                          | 986   | 2,682  | 4,470          |
| Disposals             | (4)                                     | -                          | (367)   | -  | (371)          |
| At 31 December 2005   | <u>2,703</u>                            | <u>41</u>                  | <u>3,692</u>                                    | <u>17,448</u>                                | <u>23,884</u>  |
| <b>Net book value</b> |   |                            |   |  |                |
| At 31 December 2005   | <u>5,612</u>                            | <u>19</u>                  | <u>2,928</u>                                    | <u>6,821</u>                                 | <u>15,380</u>  |
| At 31 December 2004   | <u>4,362</u>                            | <u>10</u>                  | <u>3,305</u>                                    | <u>4,445</u>                                 | <u>12,122</u>  |

#### Assets held under finance leases and capitalised in Computer Equipment and Software:

|                        | 2005<br>£'000 | 2004<br>£'000 |
|------------------------|---------------|---------------|
| Cost                   | 200           | -             |
| Aggregate depreciation | (67)          | -             |
| Net book amount        | <u>133</u>    | <u>-</u>      |

### 13. DEBENTURE

On 25 October 2002 the joint venture partners and the company signed a debenture whereby the joint venture partners agreed to act as guarantors of certain obligations and liabilities of the company. The joint venture partners have taken a floating charge over all the assets of the company in the event that they are called upon to honour the company's obligations and liabilities.

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 14. INVESTMENTS

|                        | Group<br>£'000 | Company<br>£'000 |
|------------------------|----------------|------------------|
| <b>Cost</b>            |                |                  |
| At 1 January 2005      | 10,517         | 13,714           |
| Additions              | -              | -                |
| Disposals              | -              | -                |
| At 31 December 2005    | <u>10,517</u>  | <u>13,714</u>    |
| <b>Impairment</b>      |                |                  |
| At 1 January 2005      | 2,722          | 2,722            |
| Charge for the year    | -              | -                |
| Eliminated on disposal | -              | -                |
| At 31 December 2005    | <u>2,722</u>   | <u>2,722</u>     |
| <b>Net book value</b>  |                |                  |
| At 31 December 2005    | <u>7,795</u>   | <u>10,992</u>    |
| At 31 December 2004    | <u>7,795</u>   | <u>10,992</u>    |

#### Group

Investments held represent a 10.95% voting interest in Cofunds Holdings Limited, a company incorporated in England and Wales.

#### Company

In addition to the investment held in Cofunds Holdings Limited, as noted above, the other investment held by the company is in its wholly owned subsidiary company, International Financial Data Services (UK) Limited. The company owns 100% of the issued share capital and associated voting rights of International Financial Data Services (UK) Limited which is a company incorporated in England and Wales and provides administration services to providers of retail investment products.

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 15. DEBTORS

|   | Group<br>2005<br>£'000 | Group<br>2004<br>£'000 | Company<br>2005<br>£'000 | Company<br>2004<br>£'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|
| <b>Due within one year:</b>               |                        |                        |                          |                          |
| Trade debtors                             | 14,581                 | 18,403                 | 14,581                   | 18,403                   |
| Amounts owed by related parties (note 21) | 1,372                  | 57                     | 1,372                    | 57                       |
| Other debtors                             | 29                     | 56                     | 29                       | 56                       |
| Contract premiums and deferred costs      | 1,557                  | 1,557                  | 1,557                    | 1,557                    |
| Prepayments and accrued income            | 1,215                  | 1,079                  | 1,215                    | 1,079                    |
|   | <u>18,754</u>          | <u>21,152</u>          | <u>18,754</u>            | <u>21,152</u>            |
| <b>Due after one year:</b>                |                        |                        |                          |                          |
| Contract premiums and deferred costs      | 3,990                  | 5,548                  | 3,990                    | 5,548                    |
| Deferred tax                              | 2,511                  | -                      | 2,511                    | -                        |
|   | <u>25,255</u>          | <u>26,700</u>          | <u>25,255</u>            | <u>26,700</u>            |

### 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|  | Group<br>2005<br>£'000 | Group<br>2004<br>£'000 | Company<br>2005<br>£'000 | Company<br>2004<br>£'000 |
|--|------------------------|------------------------|--------------------------|--------------------------|
| Trade creditors                              | 3,048                  | 408                    | 3,048                    | 408                      |
| Amounts owed to related parties<br>(note 21) | 395                    | 45                     | 395                      | 45                       |
| Amounts due to subsidiary<br>undertakings    | -                      | -                      | 5,668                    | 5,195                    |
| Corporation Tax                              | 4                      | -                      | -                        | -                        |
| Other taxation and social security           | 3,465                  | 3,151                  | 3,465                    | 3,151                    |
| Accruals and deferred income                 | 9,463                  | 8,995                  | 9,528                    | 9,061                    |
|  | <u>16,375</u>          | <u>12,599</u>          | <u>22,104</u>            | <u>17,860</u>            |

The amounts due to subsidiary undertakings represents a balance due to International Financial Data Services (UK) Limited which is unsecured, interest free and repayable on demand.

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|   | Group<br>2005<br>£'000 | Group<br>2004<br>£'000 | Company<br>2005<br>£'000 | Company<br>2004<br>£'000 |
|---|------------------------|------------------------|--------------------------|--------------------------|
| Loans from joint venture partners:              |                        |                        |                          |                          |
| Repayable after more than one year<br>(note 21) | 10,054                 | 13,250                 | 10,054                   | 13,250                   |
| Loans from related parties:                     |                        |                        |                          |                          |
| Repayable after more than one year<br>(note 21) | -                      | 6,099                  | -                        | 6,099                    |
| Employee Home Computer Initiative               | 113                    | -                      | 113                      | -                        |
|   | <u>10,167</u>          | <u>19,349</u>          | <u>10,167</u>            | <u>19,349</u>            |

On 19 July 2002 the joint venture partners signed a subordination agreement whereby each partner agreed to subordinate with respect to creditors of the company payment of up to £8 million pounds of the total indebtedness and shall not seek repayment before 31 December 2008 or such time as the net assets less any outstanding subordinated loans from the joint venture partners would exceed £5 million pounds after the repayment of the loans.

### 18. PROVISION FOR LIABILITIES AND CHARGES

#### Group and Company

|                                       | Vacated<br>Premises<br>£'000 | Provision<br>for Contract<br>Acquisition<br>Costs<br>£'000 | Post<br>Retirement<br>Healthcare<br>£'000 | Total<br>£'000 |
|---------------------------------------|------------------------------|--|---|----------------|
| At 1 January 2005                     | 347                          | 145  | 29  | 521            |
| Credit to the profit and loss account | (136)                        | -  | (12)                                      | (148)          |
| Utilised during the year              | (97)                         | (145)  | -   | (242)          |
| At 31 December 2005                   | <u>114</u>                   | <u>-</u>   | <u>17</u>                                 | <u>131</u>     |



# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 18. PROVISION FOR LIABILITIES AND CHARGES (*Continued*)

#### **Vacated premises**

In July 2002 the group vacated four properties in Brentwood, Essex and moved into one property in Basildon, Essex. The release to the profit and loss account for the year of £136,034 (2004: release £622,000) relates to that part of the original provision which is no longer required as various obligations were assigned during the year to third parties.

#### **Provision for contract acquisition costs**

The provision of £145,000 (2004: £145,000) in respect of known liabilities acquired as part of contract acquisitions was paid in the first quarter 2005.

#### **Post retirement healthcare**

The group provides defined post-retirement private health care benefits to employees who joined prior to 1 October 1994. The provision as at 31 December 2005 was £17,112 (2004: £29,199). The liabilities at 31 December 2005 were calculated at 6 years of healthcare premium for each employee discounted on a sliding scale for the probability of an employee remaining in employment with the company until the age of 65.

### 19. CALLED UP SHARE CAPITAL

|   | 2005<br>£     | 2004<br>£     |
|---|---------------|---------------|
| <b>Authorised</b>                             |               |               |
| 7,000 Ordinary A shares of £1 each            | 7,000         | 7,000         |
| 1,000 Ordinary B shares of £1 each            | 1,000         | 1,000         |
| 7,000 Ordinary C shares of £1 each            | 7,000         | 7,000         |
|   | <u>15,000</u> | <u>15,000</u> |
| <br><b>Allotted, called up and fully paid</b> |               |               |
| 3,667 Ordinary A shares of £1 each            | 3,667         | 3,667         |
| 1,000 Ordinary B shares of £1 each            | 1,000         | 1,000         |
| 3,667 Ordinary C shares of £1 each            | 3,667         | 3,667         |
|   | <u>8,334</u>  | <u>8,334</u>  |

All 'A', 'B' and 'C' shares rank pari passu in all respects and are treated as one class of shares including voting rights, rights to dividends and rights to assets etc on a winding up of the company.

No resolution of members shall be passed unless the holders of at least one 'A' ordinary share, one 'B' ordinary share and one 'C' ordinary share have all voted in favour.

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 20. RESERVES

#### Group

|  | Profit and<br>Loss<br>Account<br>£'000 | Share<br>Premium<br>Account<br>£'000 | Capital<br>Contribution<br>£'000 | Total<br>£'000       |
|--|--|--------------------------------------|----------------------------------|----------------------|
| At 1 January 2005 as previously reported | (53,183)                               | 6,242                                | 70,000                           | 23,059               |
| Prior year adjustment - FRS17            | (2,279)                                | -                                    | -                                | (2,279)              |
| 1 January 2005 as restated               | <u>(55,462)</u>                        | <u>6,242</u>                         | <u>70,000</u>                    | <u>20,780</u>        |
| Actuarial loss arising on pension fund   | (581)                                  | -                                    | -                                | (581)                |
| Profit for year                          | 10,970                                 | -                                    | -                                | 10,970               |
| At 31 December 2005                      | <u><u>(45,073)</u></u>                 | <u><u>6,242</u></u>                  | <u><u>70,000</u></u>             | <u><u>31,169</u></u> |

#### Company

|  | Profit and<br>Loss<br>Account<br>£'000 | Share<br>Premium<br>Account<br>£'000 | Capital<br>Contribution<br>£'000 | Total<br>£'000       |
|--|--|--------------------------------------|----------------------------------|----------------------|
| At 1 January 2005 as previously reported | (55,765)                               | 6,242                                | 70,000                           | 20,477               |
| Prior year adjustment - FRS17            | (2,279)                                | -                                    | -                                | (2,279)              |
| 1 January 2005 as restated               | <u>(58,044)</u>                        | <u>6,242</u>                         | <u>70,000</u>                    | <u>18,198</u>        |
| Actuarial loss arising on pension fund   | (581)                                  | -                                    | -                                | (581)                |
| Profit for year                          | 10,478                                 | -                                    | -                                | 10,478               |
| At 31 December 2005                      | <u><u>(48,147)</u></u>                 | <u><u>6,242</u></u>                  | <u><u>70,000</u></u>             | <u><u>28,095</u></u> |

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 21. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

|  | 2005          | 2004                 |
|--|---------------|----------------------|
|  | £'000         | As restated<br>£'000 |
| Profit for the financial year                                | 10,970        | 5,905                |
| Actuarial loss arising on pension scheme                     | (581)         | (387)                |
| Capital contribution during year                             | -             | 20,000               |
| Opening shareholders' funds as previously stated             | 23,067        | (2,855)              |
| Prior year adjustments in respect of defined benefit pension | (2,279)       | (1,875)              |
| Opening shareholders' funds as restated                      | <u>20,788</u> | <u>(4,730)</u>       |
| Closing shareholders' funds                                  | <u>31,177</u> | <u>20,788</u>        |

On 13 December 2004 the joint venture partners each made an unconditional capital contribution of £10,000,000 each.

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 22. GROUP RELATED PARTY TRANSACTIONS

#### Services provided by IFDS due within 1 year

| Name                      | Nature of Transactions  | Value of Transactions During Year |               | Balance Outstanding as at 31 December |               |
|---------------------------|-------------------------|-----------------------------------|---------------|---------------------------------------|---------------|
|                           |                         | 2005<br>£'000                     | 2004<br>£'000 | 2005<br>£'000                         | 2004<br>£'000 |
| DST Systems Limited       | Consultancy             | 2                                 | 5             | -                                     | 1             |
| DST International Output  | Administration Services | 22                                | -             | 2                                     | -             |
| DST International Bangkok | Consultancy             | 109                               | -             | 109                                   | -             |
| IFDS Realty UK LLC        | Property Services       | -                                 | 5             | -                                     | -             |
| IFDS Canada Limited       | Consultancy             | 125                               | 229           | -                                     | 2             |
| EquiServe International   | Administration Services | -                                 | 24            | -                                     | -             |
| IFDS LP                   | Administration Services | 218                               | 166           | 74                                    | -             |
| Cofunds Limited           | Administration Services | 6,909                             | -             | 1,034                                 | -             |
| State Street Bank Boston  | Consultancy             | 316                               | -             | -                                     | -             |
| State Street Bank Dublin  | Consultancy             | 129                               | 52            | -                                     | 52            |
| State Street Bank Lux     | Consultancy             | 293                               | 14            | 153                                   | 2             |
|                           |                         |                                   |               | <u>1,372</u>                          | <u>57</u>     |

The related parties are associates of the joint venture partners.

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 22. GROUP RELATED PARTY TRANSACTIONS (*continued*)

#### Services supplied to IFDS due within 1 year

| Name                                | Nature of Transactions              | Value of Transactions During Year |               | Balance Outstanding as at 31 December |               |
|-------------------------------------|-------------------------------------|-----------------------------------|---------------|---------------------------------------|---------------|
|                                     |                                     | 2005<br>£'000                     | 2004<br>£'000 | 2005<br>£'000                         | 2004<br>£'000 |
| Boston Financial Data Services Inc. | Consultancy, Directors Remuneration | 793                               | 984           | 26                                    | 15            |
| State Street Bank Limited           | Consultancy                         | 3                                 | 3             | -                                     | -             |
| State Street Bank Lux               | Consultancy                         | 88                                | 10            | -                                     | -             |
| IFDS Canada Limited                 | Consultancy                         | 249                               | 371           | -                                     | 30            |
| DST Systems Inc.                    | Consultancy                         | 129                               | 54            | 10                                    | -             |
| DST Systems Limited                 | Computer Services                   | 1,871                             | 1,603         | 294                                   | -             |
| DST International Output Limited    | Printing Services                   | 1,616                             | 1,344         | -                                     | -             |
| DST International (Bangkok) Limited | Consultancy                         | 1,108                             | 284           | 65                                    | -             |
| IFDS Realty UK LLC                  | Property Services                   | 2,799                             | 3,201         | -                                     | -             |
|                                     |                                     |                                   |               | <u>395</u>                            | <u>45</u>     |

#### Services supplied to IFDS due after more than one year

| Name                                     | Nature of Transactions | Value of Transactions During Year |               | Balance Outstanding as at 31 December |               |
|--|------------------------|-----------------------------------|---------------|---------------------------------------|---------------|
|  |                        | 2005<br>£'000                     | 2004<br>£'000 | 2005<br>£'000                         | 2004<br>£'000 |
| DST Systems Inc.                         | Long term funding      | (1,595)                           | 283           | 5,072                                 | 6,667         |
| State Street International Holdings Inc. | Long term funding      | (1,601)                           | 280           | 4,982                                 | 6,583         |
| IFDS LP                                  | Long term funding      | (6,099)                           | (17,140)      | -                                     | 6,099         |
|  |                        |                                   |               | <u>10,054</u>                         | <u>19,349</u> |

DST Systems Inc and State Street International Holdings Inc are joint venture partners and IFDS LP is an associate of the joint venture partners.



# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 23. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES

|   | 2005<br>£'000 | 2004<br>As restated<br>£'000 |
|---|---------------|------------------------------|
| Operating profit                                    | 9,232         | 7,462                        |
| Amortisation of intangible fixed assets             | -             | 29                           |
| Depreciation of tangible fixed assets               | 4,470         | 4,314                        |
| Loss /(profit) on sale of tangible fixed assets     | 400           | (2)                          |
| Amortisation of contract premiums                   | 1,557         | 1,557                        |
| Impairment of trade investment                      | -             | 2,722                        |
| Decrease in provisions                              | (390)         | (3,030)                      |
| Difference between pension charge and contributions | (168)         | (34)                         |
| Foreign exchange gain                               | (10)          | (2,034)                      |
| Decrease/ (increase) in debtors                     | 2,399         | (2,076)                      |
| Increase/ (decrease) in creditors                   | 3,732         | (3,197)                      |
|   | <u>21,222</u> | <u>5,711</u>                 |

### 24. RECONCILIATION OF CASHFLOW TO MOVEMENT IN NET DEBT

|  | 2005<br>£'000 | 2004<br>£'000   |
|--|---------------|-----------------|
| Increase in cash in the year                 | 3,213         | 5,437           |
| Cash outflow for debt and lease financing    | 10,518        | 16,284          |
| Change in net debt resulting from cash flows | <u>13,731</u> | <u>21,721</u>   |
| New finance lease                            | (113)         | -               |
| Interest on loans                            | (1,233)       | (1,740)         |
| Foreign exchange movement on loans           | 10            | 2,034           |
| Movement in net debt in the period           | <u>12,395</u> | <u>22,015</u>   |
| Net debt at 1 January                        | (10,430)      | (32,445)        |
| Net funds /(debt) at 31 December             | <u>1,965</u>  | <u>(10,430)</u> |

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 25. ANALYSIS OF NET DEBT

|                          | 1 January<br>2005<br>£'000 | Cash Flow<br>£'000 | Non Cash<br>Items<br>£'000 | Exchange<br>Movement<br>£'000 | 31 December<br>2005<br>£'000 |
|--------------------------|----------------------------|--------------------|----------------------------|-------------------------------|------------------------------|
| Cash at bank and in hand | 8,919                      | 3,213              |                            |                               | 12,132                       |
|                          | <u>8,919</u>               | <u>3,213</u>       | <u>-</u>                   | <u>-</u>                      | <u>12,132</u>                |
| Debt due after 1 year    | (19,349)                   | 10,518             | (1,346)                    | 10                            | (10,167)                     |
|                          | <u>(19,349)</u>            | <u>10,518</u>      | <u>(1,346)</u>             | <u>10</u>                     | <u>(10,167)</u>              |
| Total                    | <u>(10,430)</u>            | <u>13,731</u>      | <u>(1,346)</u>             | <u>10</u>                     | <u>1,965</u>                 |

### 26. PENSION COMMITMENTS

#### International Financial Data Services Ltd and International Financial Data Services (UK) Ltd

A number of the group's employees are members of the Group's Pension Scheme, which is a funded scheme and of the defined benefit type.

#### **Defined Benefit Scheme**

The defined benefits scheme was actuarially valued on 1 April 2005. The assets of the scheme are held separately from those of the group, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with the company. The contributions are determined by Towers Perrin, consulting actuaries, on the basis of triennial valuations using the projected unit method.

The pension contributions for the year were £325,906 (2004: £188,164).

The assumptions which have the most significant effect on the results on the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 8.10% per annum (2004: 8.50%), salary increases would be 2.85% per annum (2004: 3.30%) and that present and future pensions would increase at the rate of 2.80% per annum (2004: 2.75%).

On 1 April 2005 the market value of the scheme's assets was £3,159,798 (2004: £2,633,555) (including net current assets and AVC's). The projected benefits funding level has reduced from 75% at 1 April 2002 to 56% at 1 April 2005.

The employer contribution rate to the plan for the year ending 31 December 2005 was 25% of pensionable salary. The employer has agreed with the plan trustees that this rate will continue to be paid until 15 July 2007. This will help to fund the deficit of the scheme's assets.

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### DEFINED BENEFIT SCHEME (*continued*)

#### 26 (a) Assumptions

The major assumptions used by the actuary were:

|   | At<br>31 Dec 2005 | At<br>31 Dec 2004 |
|---|-------------------|-------------------|
| Discount rate   | 4.75%             | 5.30%             |
| Rate of increase in salaries                                    | 2.85%             | 3.30%             |
| Rate of increase in payment of pre 97 excess over GMP pensions  | 2.80%             | 2.75%             |
| Rate of increase in payment of post 97 excess over GMP pensions | 2.80%             | 2.75%             |
| Inflation assumption  | 2.85%             | 2.80%             |

#### 26 (b) The assets in the plan and the expected rate of return were:

|  | Long-term rate of return expected at: |                |                |                |                |                |
|--|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
|  | 31 Dec<br>2005                        | 31 Dec<br>2005 | 31 Dec<br>2004 | 31 Dec<br>2004 | 31 Dec<br>2003 | 31 Dec<br>2003 |
|  |                                       | £'000          |                | £'000          |                | £'000          |
| Fixed Interest Bonds                   | n/a                                   | -              | n/a            | -              | n/a            | -              |
| Index-linked Bonds                     | n/a                                   | -              | n/a            | -              | n/a            | -              |
| Equities                               | 8.10%                                 | 3,983          | 8.50%          | 3,004          | 7.80%          | 2,425          |
| Property                               | n/a                                   | -              | n/a            | -              | n/a            | -              |
| Cash                                   | 4.50%                                 | 38             | 4.75%          | 5              | 4.00%          | 121            |
| <b>Total market value of assets</b>    |                                       | 4,021          |                | 3,009          |                | 2,546          |
| <b>Present value of plan liability</b> |                                       | (6,733)        |                | (5,288)        |                | (4,421)        |
| <b>Deficiency in the plan</b>          |                                       | (2,712)        |                | (2,279)        |                | (1,875)        |
| <b>Unrecognised past service cost</b>  |                                       | -              |                | -              |                | -              |
| <b>Unrecoverable surplus</b>           |                                       | -              |                | -              |                | -              |
| <b>Related deferred tax asset</b>      |                                       | -              |                | -              |                | -              |
| <b>Net pension liability</b>           |                                       | <u>(2,712)</u> |                | <u>(2,279)</u> |                | <u>(1,875)</u> |

No deferred tax asset has been recognised in these financial statements in respect of the deficit in the pension scheme as there is insufficient persuasive evidence of foreseeable profits arising in future against which such an asset could be recognised. The unrecognised deferred tax in respect of the pension deficit is included in the total unrecognized deferred tax disclosed in note 9 (c).



# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### DEFINED BENEFIT SCHEME (*continued*)

#### 26 (c) Analysis of the amount charged to operating profit

|                                 | Year<br>ending 31<br>Dec 2005<br>£'000 | Year<br>ending 31<br>Dec 2004<br>£'000 |
|---------------------------------|--|--|
| Employer's current service cost | 158                                    | 154                                    |
| Total operating charge          | <u>158</u>                             | <u>154</u>                             |

#### 26 (d) Analysis of the amount credited to other finance cost

|  | Year<br>ending 31<br>Dec 2005<br>£'000 | Year<br>ending 31<br>Dec 2004<br>£'000 |
|--|--|--|
| Expected return on pension plan assets | 268                                    | 200                                    |
| Interest on pension liabilities        | (288)                                  | (251)                                  |
| Net return                             | <u>(20)</u>                            | <u>(51)</u>                            |

#### 26 (e) Analysis of the amount recognised in statement of total recognised gains and losses

|  | Year<br>ending 31<br>Dec 2005<br>£'000 | Year<br>ending 31<br>Dec 2004<br>£'000 |
|--|--|--|
| Actual return less expected return on plan assets            | 443                                    | 100                                    |
| Experience (losses) /gains arising on the plan's liabilities | (162)                                  | 16                                     |
| Changes in assumptions underlying the plan liabilities       | (862)                                  | (503)                                  |
| Actuarial loss recognised in STRGL                           | <u>(581)</u>                           | <u>(387)</u>                           |

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### DEFINED BENEFIT SCHEME (*continued*)

#### 26 (f) Reconciliation of Deficit

##### Movement in deficit during the year

|  | Year ending<br>31 Dec 2005<br>£'000 | Year ending<br>31 Dec 2004<br>£'000 |
|--|-------------------------------------|-------------------------------------|
| Deficit in plan at beginning of the year | (2,279)                             | (1,875)                             |
| Movement in year:                        |                                     |                                     |
| Employer's current service cost          | (158)                               | (154)                               |
| Employer's contributions                 | 326                                 | 188                                 |
| Other finance income                     | (20)                                | (51)                                |
| Actuarial loss                           | (581)                               | (387)                               |
| Deficit in plan at end of the year       | <u>(2,712)</u>                      | <u>(2,279)</u>                      |

#### 26 (g) Gains and Losses

##### History of experience gains and losses

|  | Year ending<br>31 Dec 2005<br>£'000 | Year ending<br>31 Dec 2004<br>£'000 | Year ending<br>31 Dec 2003<br>£'000 | Year ending<br>31 Dec 2002<br>£'000 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Actual return less expected return on plan assets:                       |                                     |                                     |                                     |                                     |
| Amount   | 443                                 | 100                                 | 236                                 | (879)                               |
| Percentage of plan assets  | 11%                                 | 3%                                  | 9%                                  | (44%)                               |
| Experience (losses)/ gains on plan liabilities:                          |                                     |                                     |                                     |                                     |
| Amount   | (162)                               | 16                                  | 175                                 | (188)                               |
| Percentage of the present value  | 2%                                  | 0%                                  | 4%                                  | (5%)                                |
| Total loss recognised in statement of total recognised gains and losses: |                                     |                                     |                                     |                                     |
| Amount   | (581)                               | (387)                               | 70                                  | (1,148)                             |
| Percentage of the present value  | (9%)                                | (7%)                                | 2%                                  | (29%)                               |

##### Defined Contribution Scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in two independently administered funds. The pension cost charge represents contributions paid, by the company to these funds and amounted to £2,231,446 (2004: £2,117,400). £189,236 of contributions are outstanding at the year end (2004: £181,852).

# INTERNATIONAL FINANCIAL DATA SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 27. CAPITAL COMMITMENTS

At 31 December 2005, the Group had capital expenditure of £109,278 (2004: £200,367) that had been contracted for but not provided in these financial statements.

### 28. OPERATING LEASE COMMITMENTS

At 31 December 2005, the Group had annual commitments under non-cancellable operating leases analysed according to the period in which each lease expires as follows:

|                                | Land & Buildings |              | Other leases |            |
|--------------------------------|------------------|--------------|--------------|------------|
|                                | 2005             | 2004         | 2005         | 2004       |
|                                | £'000            | £'000        | £'000        | £'000      |
| Within one year                | 86               | -            | 67           | 68         |
| In two to five years inclusive | -                | -            | 230          | 149        |
| Over 5 years                   | 2,495            | 3,416        | -            | -          |
|                                | <u>2,581</u>     | <u>3,416</u> | <u>297</u>   | <u>217</u> |

### 29. FINANCE LEASE COMMITMENTS

At 31 December 2005, the group had future minimum payments under finance leases are as follows:

|   | 2005       | 2004     |
|---|------------|----------|
|   | £'000      | £'000    |
| Within one year                                     | 86         | -        |
| In more than one year, but not more than five years | 113        | -        |
| After five years                                    | -          | -        |
| Total gross payments                                | <u>199</u> | <u>-</u> |
| Less finance charges included above                 | (16)       | -        |
| Less VAT included in above                          | (30)       | -        |
|   | <u>153</u> | <u>-</u> |

### 30. JOINT VENTURE PARTNERS

International Financial Data Services Ltd, is owned equally by DST Systems Inc and State Street International Holdings Inc., both companies are incorporated in the USA.

Copies of the accounts of the joint venture partners can be obtained from 1055 Broadway, 9th Floor, Kansas City, Missouri 64105-1594 for DST Systems Inc., and 225 Franklin Street, Boston MA 02110, for State Street International Holdings Inc.