Registered Number 3015818

Computershare Limited and subsidiary undertakings

Annual report and financial statements for the year ended 30 June 2002

Registered Number 3015818

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Directors' report and financial statements

for the year ended 30 June 2002

Contents

Computershare Limited and subsidiary undertakings

Directors' report for the year ended 30 June 2002

The directors present their annual report on the affairs of the group, together with the financial statements and auditors' report, for the year ended 30 June 2002.

Principal activities
The principal activities of the group during the year were the provision of computerised share registry services comprising the operation and maintenance of share registers and ancillary services.

Business review
The key highlights during the financial year were

- The strengthening of our position in the UK market with 42% market share up from 36% the previous year and winning in excess of 50% of the IPOs during the year by value;
- acquisition of Mercantile Registrars in South Africa taking our market share to in excess of 90%; and
- our joint venture with Deutsche Börse to provide registry-related services to the German market.

As a result of group restructuring, Computershare Limited (UK) sold Computershare Inc and its US subsidiaries to Computershare Limited (Australia) on 31 May 2002.

Future developments
The group will continue to pursue its policy of increasing market share and profitability during the forthcoming year.

The company also expects the strong growth in its Plan Management business to continue.

Improvement in revenue and earnings growth will depend on the recovery of global equity markets, and in particular a higher level of corporate actions. Any increase in interest rates will also be revenue and earnings positive. The company will nevertheless remain vigilant in managing its cost base efficiently given the uncertain outlook in financial markets going forward to ensure it continues to deliver acceptable levels of operating earnings and margins.

Results and dividends
The audited financial statements for the year ended 30 June 2002 are set out on pages 6 to 35. The group profit for the year, after taxation and minority interest was £4,562,000 (2001 – restated £12,160,000). No dividends were paid during the year (2001: nil).

Directors' report for the year ended 30 June 2002 (continued)

Directors
The directors who served during the year and subsequent to the year-end were as follows:

E J Stockdale	(appointed 27 July 2001, resigned 6 September 2002)
L F Appleby	(appointed 27 July 2001, resigned 6 September 2002)
L K Botha	(appointed 27 July 2001, resigned 6 September 2002, reappointed 22 March 2003)
C J Morris	(resigned 27 July 2001)
A N Wales	(resigned 27 July 2001)
C Holleyoak	(resigned 27 July 2001)
P Maclagan	(resigned 27 July 2001)
M Elliott	(resigned 12 December 2001)
D Corney	(appointed 5 September 2002)
I D Saville	(appointed 5 September 2002, resigned 23 March 2003)

The directors have no interests in the shares of the company. Where so required, interests in the shares of the ultimate parent company Computershare Limited (Australia) are disclosed in the financial statements of that company.

Statement of directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and group and of the profit or loss of the company for that year. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 10 in the accounting policies. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 June 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Supplier payment policy
The company's policy which is also applied by the group, is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the company at 30 June 2002 were equivalent to 11 (2001 – 11) days' purchases, based on the average daily amount invoiced by suppliers during the year.

Charitable and political contributions
During the year the group made charitable donations of £46,000 (2001 - £30,000). There were no political contributions.

Computershare Limited and subsidiary undertakings

Directors' report for the year ended 30 June 2002 (continued)

Disabled employees

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

Employee consultation

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

Auditors

During the year, Arthur Andersen resigned as auditors and the directors appointed PricewaterhouseCoopers in their place.

Following the conversion of auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 20 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board

Darryl Corney

DJ Corney
Director

10 June 2003

Independent Auditors' Report to the members of Computershare Limited

We have audited the financial statements which comprise the profit and loss account, statement of total recognised gains and losses, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This 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 in to whose hands it may come save where expressly agreed by our prior written 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30 June 2002 and of the profit of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol
10 June 2003

Computershare Limited and subsidiary undertakings

Consolidated profit and loss account for the year ended 30 June 2002

	Note	2002 £'000	Restated 2001 £'000
Turnover			
Existing operations		132,961	139,122
Acquisitions	3	-	12,926
Continuing operations		132,961	152,048
Discontinued operations		46,080	50,055
Turnover	1	179,041	202,103
Cost of sales		(65,772)	(61,261)
Gross profit		113,269	140,842
Administration expenses		(103,119)	(117,868)
Existing operations		14,004	35,683
Acquisitions	2	-	(5,410)
Continuing operations		14,004	30,273
Discontinued operations	4	(3,854)	(7,299)
Operating profit		10,150	22,974
Exceptional items – discontinued operations:			
Profit on disposal of subsidiary	4	1,297	-
Profit on disposal of fixed assets		409	-
Interest receivable and similar income	5	1,468	2,030
Interest payable and similar charges	5	(5,839)	(6,454)
Profit on ordinary activities before taxation	6	7,485	18,550
Tax on profit on ordinary activities	8	(2,917)	(6,132)
Profit on ordinary activities after taxation		4,568	12,418
Minority interest	18	(6)	(258)
Profit for the financial year	20	4,562	12,160

Computershare Limited and subsidiary undertakings

Consolidated statement of total recognised gains and losses for the year ended 30 June 2002

	2002 £'000	Restated 2001 £'000
Profit for the financial year	**4,562**	12,160
(Loss) / Gain on foreign currency translation	**(1,190)**	5,471
Total recognised gains and losses relating to the year	**3,372**	17,631
Prior year adjustment for FRS19 (note 16)	**(162)**	-
Prior year adjustment (note 5)	**(418)**	-
Total recognised gains and losses since last annual report	**2,792**	17,631

The accompanying notes are an integral part of this consolidated statement of total recognised gains and losses.

Computershare Limited and subsidiary undertakings

Group and Company balance sheets at 30 June 2002

	Note	Group 2002 £'000	Group Restated 2001 £'000	Company 2002 £'000	Company Restated 2001 £'000
Fixed assets					
Intangible assets – goodwill	9	**68,538**	125,902	**3,204**	3,411
Tangible assets	10	**35,260**	38,881	**21,691**	16,910
Investments	11	**268**	919	**84,243**	117,336
		104,066	165,702	**109,138**	137,657
Current assets					
Stocks	12	**564**	1,352	**-**	-
Debtors – due within one year	13	**33,359**	43,789	**8,793**	1,803
Debtors – due after one year	13	**36,037**	3,334	**38,083**	21,346
Cash at bank and in hand		**25,185**	13,774	**-**	-
		95,145	62,249	**46,876**	23,149
Creditors: Amounts falling due within one year	14	**(42,026)**	(34,308)	**(41,488)**	(22,473)
Net current assets		**53,119**	27,941	**5,388**	676
Total assets less current liabilities		**157,185**	193,643	**114,526**	138,333
Creditors: Amounts falling due after more than one year	15	**(60,036)**	(100,860)	**(56,896)**	(74,232)
Provisions for liabilities and charges	16	**(3,976)**	(2,786)	**(1,427)**	(756)
Net assets		**93,173**	89,997	**56,203**	63,345

Group and Company balance sheets at 30 June 2002 (continued)

		Group		Company	
			Restated		Restated
	Note	**2002 £'000**	2001 £'000	**2002 £'000**	2001 £'000
Capital and reserves					
Called-up share capital	17	**63,071**	63,071	**63,071**	63,071
Capital reserve	19	**532**	532	**532**	532
Profit and loss account	19	**29,055**	25,683	**(7,400)**	(258)
Shareholders' funds	20	**92,658**	89,286	**56,203**	63,345
Minority interests	18	**515**	711	**-**	-
Total equity shareholders' funds		**93,173**	89,997	**56,203**	63,345

The financial statements on pages 6 to 35 were approved by the board of directors on 10 June 2003 and were signed on its behalf by:

DJ Corney
Director

The accompanying notes are an integral part of these balance sheets.

Computershare Limited and subsidiary undertakings

Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year with the exception of the change in policy as described below.

Basis of accounting
The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation
The group financial statements consolidate the financial statements of Computershare Limited and its subsidiary undertakings drawn up to 30 June each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

No profit and loss account is presented by Computershare Limited, as provided by s230 of the Companies Act 1985. The company's loss for the year after taxation was £7,142,000 (2001 – restated profit £8,258,000).

Changes in accounting policy and presentation
Changes in accounting policy and presentation have been made in order to comply with the following Financial Reporting Standards (FRS) issued by the Accounting Standards Board in the financial year.

i) FRS18 'Accounting Policies' has been complied with in the preparation of these accounts but has not led to any changes in accounting policy.

ii) FRS19 'Deferred Tax' has been adopted in the preparation of these accounts. The Standard requires deferred taxation to be provided in full on all material timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes. Previously, provision was made for deferred taxation on all material timing differences to the extent that it was probable that a liability or asset would crystallise. The accounting policy has been changed in order to comply with FRS19 and the comparatives have been restated accordingly. The effect of this change in accounting policy is disclosed in note 16 to these accounts.

Some comparatives have been reclassified in the balance sheet to align them with the disclosure in the current year.

Computershare Limited and subsidiary undertakings

Accounting policies (continued)

Turnover
Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as the proportion of the total contract value for which costs incurred to date bear to total expected costs for that contract.

Turnover comprises fees and bureau revenue. This includes all revenue earned on the provision of regular services to customers, primarily fixed monthly maintenance fees and transaction processing fees. Additionally, turnover includes all associated revenue earned from managing various client corporate actions, such as capital raisings, demutualisations and takeovers, which occur periodically. Revenue derived from both sources of sales revenue includes variable margin income earned on administered funds, including Save As You Earn Schemes.

In relation to the recognition of any profits and losses on the corporate actions which span reporting periods, where they can be reliably measured, revenue and expenses arising from the project are recognised in the profit and loss account by reference to the stage of completion of the project.

Goodwill
Goodwill arising on acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and amortised on a straight-line basis over 5-20 years. The fair value of consideration includes fees and similar incremental external costs incurred directly in making the acquisition. Provision is made for any impairment.

Tangible fixed assets
Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	40 years
Leasehold land and buildings	term of lease
Furniture, vehicles, plant and machinery	5-10 years

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

Impairments in the value of fixed assets are charged to the profit and loss account.

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

Accounting policies (continued)

Taxation
Current tax including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Provision is made for deferred taxation using the liability method on all material timing differences. Deferred tax assets are recognised where their recovery is more likely than not. Deferred tax assets and liabilities have not been discounted.

Pension costs
The group provides pension arrangements to the majority of full-time employees through defined contribution funds. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

The results of overseas operations are translated at the closing rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations and on foreign currency borrowings, to the extent that they hedge the group's investment in such operations, are dealt with through reserves. All other exchange differences are included in the profit and loss account.

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

Employee Entitlements
Provision has been made in the financial statements for benefits accruing to employees in relation to annual leave long service leave. All on-costs, including PAYE, and benefits in kind are included in the determination of provisions.

Accounting policies (continued)

Cash flow statement
The group has taken advantage of the exemptions available in Financial Reporting Standard Number 1 (revised) and has not prepared a cash flow statement because the consolidated financial statements of the parent company, Computershare Limited (Australia), contain a consolidated cash flow statement which includes the cash flows of the group, and those financial statements are publicly available.

Derivative financial instruments
The group uses derivative financial instruments to reduce exposure to interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes.

For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

If an instrument ceases to be accounted for as a hedge for example because the underlying hedged position is eliminated, the instrument is marked to market and any resulting profit or loss is recognised over the remaining life of the instrument.

Fixed asset investments
Investments are stated at cost less any provision for impairment.

Computershare Limited and subsidiary undertakings
Notes to the financial statements

1 Segmental information

The group's activities are solely within the share registration sector. Turnover by geographical area is as follows. No segmental analysis of net assets, or results before tax and minority interests, has been provided as this information is available in the financial statements of the parent company, Computershare Limited (Australia).

	2002 £'000	2001 £'000
United Kingdom	**72,065**	82,131
South Africa	**7,232**	9,110
United States	**46,080**	50,055
Canada	**53,664**	60,807
	179,041	202,103

2 Acquisition of subsidiary undertakings during year ended 30 June 2002

During the year the Computershare Limited (UK) group acquired the trade and assets of the share registry business of Mercantile Registrars.

On 2 April 2002 the group acquired the net assets and trade of the share registry business of Mercantile Registrars through its subsidiary Computershare (South Africa) (Pty) Ltd. The consideration expended to acquire the trade and assets of the share registry and central securities depositary participant business of Mercantile Registrars was £6,306,170.

The following table sets out the book values that also represent the provisional fair values of the identifiable assets and liabilities acquired by the Computershare Limited (UK) group:

	Book value and provisional fair value to the group £'000
Fixed assets	
Tangible	1,208
Total assets	1,208
Creditors	
Provisions	(901)
Total liabilities	(901)
Net assets	307
Satisfied by cash	6,306
Goodwill	5,999

The goodwill of £5,999,000 has been capitalised and is being amortised over 10 years in accordance with group policy.

The Mercantile business was integrated into the existing Computershare (South Africa) business and as a result the financial results for Mercantile post acquisition are not separately identifiable.

3 Acquisition of subsidiary undertakings during year ended 30 June 2001

During the year ended 30 June 2001, the Computershare Limited (UK) group made a number of acquisitions, all of which are summarised below:

Company acquired	Consideration paid £'000	Fair value of assets / (liabilities) acquired £'000	Goodwill £'000
Share registry and plans management business of the Trust Company of the Bank of Montreal	2,313	37	2,276
Computershare Analytics (UK) Limited	4,448	36	4,412
Computershare Technology Services (UK) Limited	-	(1,506)	1,506
ESPP administration business from Merrill Lynch, Pierce, Fenner and Smith Inc	16,411	-	16,411
Financial Data Concepts Inc	2,549	30	2,519
Share registry business of Harris Bank	29,815	(1,226)	31,041
Client Connections Inc	1,002	-	1,002

The combined turnover of the above acquisitions in the period post acquisition for the year ended 30 June 2001 amounted to £12,926,000

4 Cost of sales, gross profit and administration expenses

	2002			2001		
	Continuing £'000	Discontinued £'000	Total £'000	Continuing £'000	Discontinued £'000	Total £'000
Turnover	132,961	46,080	179,041	152,048	50,055	202,103
Cost of sales	(57,431)	(8,341)	(65,772)	(55,122)	(6,139)	(61,261)
Gross profit	75,530	37,739	113,269	96,926	43,916	140,842
Administration expenses	(61,526)	(41,593)	(103,119)	(66,653)	(51,215)	(117,868)
Operating profit	14,004	(3,854)	10,150	30,273	(7,299)	22,974

Discontinued operations represent the sale of the US operations on 31 May 2002 to the ultimate parent company Computershare Limited (Australia).

Disposal of subsidiary

The total proceeds relating to the sale of the aforementioned US subsidiary, Computershare Inc, were £35,554,000 and the profit on disposal amounted to £1,297,000.

Computershare Limited and subsidiary undertakings
Notes to the financial statements

5 Interest and similar items

Interest receivable and similar income	2002 £'000	Restated 2001 £'000
Investment income		
Income from other fixed asset investments	**8**	18
Income and interest derived from group undertakings	**407**	19
Other interest	**1,053**	601
Exchange gain on foreign currency borrowings	**-**	1,392
	1,468	2,030
Interest payable and similar charges		
Bank loans and overdrafts	**314**	302
Interest payable to fellow group undertakings	**5,173**	6,152
Exchange loss on foreign currency borrowings	**352**	-
	5,839	6,454

Prior year adjustment

In the prior year, the exchange gain on the translation of a foreign currency loan receivable was taken directly to reserves. This amount should have been included in the profit and loss account. The prior year figures have been restated accordingly. The effect is to increase the prior year foreign currency gain and tax expense by £1,392,000 and £418,000 respectively, decrease the foreign currency translation adjustment taken directly to reserves by £1,392,000, and increase the corporation tax payable by £418,000. The net effect is to increase profit by £974,000 and decrease net assets by £418,000.

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2002 £'000	2001 £'000
Depreciation	7,738	7,024
Amortisation of goodwill	6,884	7,247
Operating lease rentals		
- plant and machinery	1,119	536
- other	5,152	4,331
Profit on sale of fixed assets	409	82
Auditors' remuneration		
- audit fees – PricewaterhouseCoopers LLP	153	-
- Previous auditors	428	349
- other – PricewaterhouseCoopers LLP	30	-
- Previous auditors	328	360

7 Staff costs

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

	2002 Number	2001 Number
Share registry services	3,195	2,773

7 Staff costs (continued)

Their aggregate remuneration comprised:

	2002 £'000	2001 £'000
Wages and salaries	63,796	60,427
Social security costs	4,110	3,538
Other pension costs (see note 22)	3,242	2,694
	71,148	66,659

Directors' remuneration, interests and transactions:

	2002 £'000	2001 £'000
Directors' aggregate emoluments	256	123
Contributions to money purchase scheme	2	14

Remuneration in respect of the other directors has been paid by the ultimate parent company, Computershare Limited (Australia). One director received contributions to money purchase schemes in each year.

8 Tax on profit on ordinary activities

a) Analysis of charge in the year

	2002 £'000	Restated 2001 £'000
Current tax		
UK corporation tax on profits for the period at 30% (2001: 30%)	1,846	5,763
Adjustments in respect of previous periods	(199)	-
Foreign tax	134	3,387
Total current tax	1,781	9,150
Deferred tax		
Current year	1,136	(3,018)
Total deferred tax	1,136	(3,018)
Tax on profit on ordinary activities	2,917	6,132

8 Tax on profit on ordinary activities (continued)

b) Factors affecting tax charge for the year

The rate of current tax charge on profit on ordinary activities varied from the standard rate of corporation tax in the UK due to the following factors:

	2002 £'000	Restated 2001 £'000
Profit before taxation	7,485	18,550
Tax at 30% (2001: 30%)	2,246	5,565
Adjustment to tax charge in respect of previous periods	(199)	-
Expenses not deductible for tax purposes	1,114	259
Income not accessible for tax purposes	(805)	-
Capital allowances (greater)/lower than depreciation	(358)	80
Other short term timing differences	(673)	(71)
Utilisation of tax losses	-	3,334
Deferred tax not recognised	(174)	(163)
Higher tax rates on overflow earnings	630	146
Current tax charge	1,781	9,150

The 2001 figures have been restated to reflect the adoption of FRS-19 'Deferred Tax' (see note 16).

9 Intangible fixed assets

Group	Goodwill £'000
Cost	
At beginning of year	134,729
Additions	5,999
Disposals	(58,237)
Exchange movement	(4,722)
At end of year	77,769
Amortisation	
At beginning of year	8,827
Charge for the year	6,884
Disposals	(6,181)
Exchange movement	(299)
At end of year	9,231
Net book value	
At beginning of year	125,902
At end of year	68,538

The £5,999,000 of additions in the year are detailed in note 2. The disposal relates entirely to the sale of the US subsidiary, as detailed in note 4.

Company	Goodwill £'000
Cost	
At beginning and end of year	4,134
Depreciation	
At beginning of year	723
Charge for year	207
At end of year	930
Net book value	
At beginning of year	3,411
At end of year	3,204

10 Tangible fixed assets

Group	Freehold land and buildings £'000	Short leasehold property £'000	Furniture, vehicles, plant and machinery £'000	Total £'000
Cost				
At beginning of year	20,329	4,316	28,859	53,504
Additions	4,076	3,427	9,487	16,990
Acquisition of subsidiary undertakings	-	-	5,344	5,344
Intercompany transfers	(759)	-	(4,871)	(5,630)
Disposals	(541)	-	(19,634)	(20,175)
Exchange movement	(67)	(92)	(1,754)	(1,913)
At end of year	23,038	7,651	17,431	48,120
Depreciation				
At beginning of year	954	2,916	10,753	14,623
Charge for the year	439	381	6,918	7,738
Intercompany transfers	30	-	(1,218)	(1,188)
Disposals	(30)	-	(7,735)	(7,765)
Exchange movement	-	(16)	(532)	(548)
At end of year	1,393	3,281	8,186	12,860
Net book value				
At beginning of year	19,375	1,400	18,106	38,881
At end of year	21,645	4,370	9,245	35,260

Freehold land amounting to £3,600,000 (2001 – £3,600,000) has not been depreciated.

10 Tangible fixed assets (continued)

Company	Freehold land and buildings £'000	Short leasehold property £'000	Furniture, vehicles, plant and machinery £'000	Total £'000
Cost				
At beginning of year	16,656	3,024	1,887	21,567
Additions	3,317	1,553	691	5,561
Disposals	-	-	(281)	(281)
At end of year	19,973	4,577	2,297	26,847
Depreciation				
At beginning of year	521	2,714	1,422	4,657
Charge for the year	330	88	90	508
Disposals	-	-	(9)	(9)
At end of year	851	2,802	1,503	5,156
Net book value				
At beginning of year	16,135	310	465	16,910
At end of year	19,122	1,775	794	21,691

Freehold land amounting to £3,600,000 (2001 – £3,600,000) has not been depreciated.

11 Fixed asset investments

	2002 £'000	2001 £'000
Group		
Cost and net book value at beginning of year	919	236
Additions	-	683
Disposals	(637)	-
Exchange differences	(14)	-
Cost and net book value at end of year	268	919

During the year Computershare Limited sold its shares in the London Stock Exchange plc for proceeds of £963,000. The profit on disposal was £326,000.

	2002 £'000	2001 £'000
Company		
Cost and net book value at beginning of year	117,336	89,966
Additions	1,801	27,370
Disposals	(34,894)	-
Cost and net book value at end of year	84,243	117,336

On 31 December 2001 the Group increased its shareholding in its subsidiary Computershare Technology Services (UK) Limited.

On 31 May 2002 Computershare Limited sold its US subsidiary, Computershare Inc, to the ultimate parent Computershare Limited (Australia) for proceeds of £35,554,000. The profit on disposal amounted to £1,297,000.

11 Fixed asset investments (continued)

Principal group investments

The parent company and the group have investments in the following subsidiary undertakings which principally affected the profits or net assets of the group. To avoid a statement of excessive length, details of investments which are not significant are omitted.

	Country of incorporation	Principal activity	Share capital	Holding
Computershare Investor Services PLC	England and Wales	Share registry	£15,000,000 ordinary	100%
Computershare Technology Services (UK) Limited	England and Wales	Software development	£2 ordinary	100%
Computershare Analytics (UK) Limited (formerly Citywatch Limited)	England and Wales	Equity market research	£12,500 ordinary	100%
Computershare Trustees Limited	England and Wales	Trustee and administration services	£2 ordinary	100%
Computershare (South Africa) (Pty) Ltd (formerly Computershare Services (South Africa) (Pty) Limited	South Africa	Holding company	Rand 100 ordinary	60.3%
Computershare Trust Company of Canada (formerly Computershare Investor Services Inc)	Canada	Share registry	CAN$142,808,937 ordinary	100%

12 Stocks

	Group	
	2002 £'000	2001 £'000
Raw materials and consumables	**564**	1,352

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

13 Debtors

	Group		Company	
	2002 £'000	2001 £'000	**2002 £'000**	Restated 2001 £'000
Amounts falling due within one year:				
Trade debtors	**19,178**	25,792	**-**	-
Amounts owed from group undertakings	**236**	1,382	**4,001**	395
Corporation tax recoverable	**-**	-	**4,181**	1,237
Other debtors	**6,353**	4,704	**460**	99
Prepayments and accrued income	**7,592**	11,911	**151**	72
	33,359	43,789	**8,793**	1,803
Amounts falling due after more than one year:				
Amounts owed from group undertakings	**36,037**	-	**38,083**	21,346
Deferred tax asset	**-**	3,334	**-**	-
	36,037	3,334	**38,083**	21,346
	69,396	47,123	**46,876**	23,149

14 Creditors: Amounts falling due within one year

	Group		Company	
		Restated		
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Bank loans and overdrafts	916	-	38,530	21,812
Trade creditors	2,304	5,183	82	333
Amounts owed to group undertakings	3,587	2,742	1,924	413
Corporation tax payable	570	5,039	-	-
Other taxation and social security	795	875	512	(121)
Other creditors	23,177	8,126	25	-
Accruals and deferred income	10,677	12,343	415	36
	42,026	34,308	41,488	22,473

15 Creditors: Amounts falling due after more than one year

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Amounts owed to group undertakings	56,915	98,826	56,896	74,232
Other creditors	3,121	2,034	-	-
	60,036	100,860	56,896	74,232

16 Provisions for liabilities and charges

	Group			Company		
	VAT provision £'000	Deferred taxation £'000	Total	VAT provision £'000	Deferred taxation £'000	Total
As at 30 June 2001	2,120	504	2,624	433	-	433
Prior year adjustment – FRS19	-	162	162	-	323	323
As at 30 June 2001 – restated	2,120	666	2,786	433	323	756
Provided in year	191	1,136	1,327	142	529	671
Released to the profit and loss account	(137)	-	(137)	-	-	-
As at 30 June 2002	**2,174**	**1,802**	**3,976**	**575**	**852**	**1,427**

Prior year adjustment for FRS19
The Group accounting policy for deferred taxation was changed during the year ended 30 June 2002 to comply with Financial Reporting Standard 19 'Deferred Tax' (see accounting policies). The effect is to increase the provision for deferred tax and the tax expense by £162,000 as at 30 June 2001. The 2001 balance sheet and profit and loss have been restated accordingly. In the current year, the tax expense and deferred tax have increased by £525,000 as a result of the change in accounting policy.

Deferred taxation
As at 30 June 2002, the Group had an unrecognised deferred tax asset of £376,000 (2001: nil) arising from fixed asset timing differences. The deferred tax asset has not been recognised, as it is unlikely that the timing differences will reverse.

VAT provision
The VAT provision relates to matters currently under discussion with HM Customs & Excise. Given the uncertainty surrounding the final outcome, a provision has been made for the potential worst case outcome. The Company is continuing in its dialogue with HM Customs & Excise in respect of this matter and it is envisaged that this will be resolved in the next year.

17 Called-up share capital

Group and Company	2002 £'000	2001 £'000
Authorised		
100,000,000 ordinary shares of £1 each	**100,000**	100,000
Allotted, called-up and fully-paid		
63,070,587 ordinary shares of £1 each	**63,071**	63,071

18 Minority interests

Group	2002 £'000	2001 £'000
As at 1 July	**711**	496
Profit on ordinary activities after taxation	**6**	258
Exchange movement	**(202)**	(43)
At end of year	**515**	711

19 Reserves

Group	Capital reserve £'000	Profit and loss account £'000	Total £'000
As at 1 July – as originally reported	532	26,263	26,795
Prior year FRS19 adjustment (note 16)	-	(162)	(162)
Prior year adjustment (note 5)	-	(418)	(418)
As at 1 July as restated	532	25,683	26,215
Retained profit for year	-	4,562	4,562
Loss on foreign currency translation	-	(1,190)	(1,190)
At end of year	532	29,055	29,587

Company	**Profit & Loss account 2002 £'000**
At as 1 July – as originally reported	**483**
Prior year FRS19 adjustment (note 16)	**(323)**
Prior year adjustment (note 5)	**(418)**
As at 1 July as restated	**(258)**
Retained loss for the year	**(7,142)**
End of year	**(7,400)**

Computershare Limited and subsidiary undertakings
Notes to the financial statements

20 Reconciliation of movements in group shareholders' funds

	2002 £'000	Restated 2001 £'000
Profit for the financial year	**4,562**	12,160
Other recognised gains and losses relating to the year (net)	**(1,190)**	5,471
	3,372	17,631
Capital contribution from parent company	**-**	7,071
Net addition to shareholders' funds	**3,372**	24,702
Opening shareholders' funds	**89,286**	64,584
Prior year adjustment – FRS19	**-**	-
Opening shareholders' funds as restated	**89,286**	64,584
Closing shareholders' funds	**92,658**	89,286

Analysis of prior year adjustment – FRS19

Adjustment to reserves at 30 June 2000	-
Deferred tax charge for the year (note 16)	(162)
Total adjustment to reserves at 30 June 2001	(162)

Computershare Limited and subsidiary undertakings
Notes to the financial statements

21 Financial commitments

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

Group	2002		2001	
	Land and buildings £'000	Plant and machinery £'000	Land and buildings £'000	Plant and machinery £'000
Expiry date				
- within one year	216	153	295	578
- between two and five years	1,172	756	1,161	1,054
- after five years	4,148	-	3,814	71
	5,536	909	5,270	1,703

Company	2002		2001	
	Land and buildings £'000	Plant and machinery £'000	Land and buildings £'000	Plant and machinery £'000
Expiry date				
- within one year	8	-	-	2
- between two and five years	25	-	30	-
- after five years	601	-	166	-
	634	-	196	2

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

Computershare Limited and subsidiary undertakings
Notes to the financial statements

22 Pension arrangements

The group operates a group pension scheme for all employees and in addition makes pension contributions to personal pension plans established by individuals. All staff are eligible to join the group scheme. The company makes contributions to the scheme of between 7% and 10% of salary in respect of employees.

The pension costs for the year were £3,242,000 (2001 - £2,694,000). As at 30 June 2002, the amount due to the scheme was £2,000 (2001 - £168,000).

23 Contingent liabilities

Interest
As part of the agreement for the purchase of The Royal Bank of Scotland plc's share registry business on 1 January 1998, the group agreed to cover the difference between the commercial rates of interest charged by The Royal Bank of Scotland plc on mortgages and loans offered to its previous employees, and the beneficial rates of interest previously charged by the bank on these loans.

As at 30 June 2002, the level of lending against which the group could have an obligation to pay any difference in interest rates in future periods was £6,465,000 (2001 - £8,937,000). At current base rates, the group's annual interest obligations are approximately £9,000 (2001 - £79,000).

Banking arrangements
Computershare Limited (Australia) has two revolving credit facilities. The first one is with the Australia and New Zealand Banking Group Limited which has a limit of Au$140m and terminates on 30 June 2005. The second one is with National Australia Bank Limited which has a limit of Au$125m and terminates on 3 July 2003. Computershare Investor Services PLC, Computershare Limited and Computershare Technology Services (UK) Limited are co-guarantors in this arrangement. As at 30 June 2002, the facility was drawn to AU$45,014,000 and the second facility to AU$52,193,000.

As part of normal banking arrangements, The Royal Bank of Scotland plc has right of set off between the bank accounts of Computershare Investor Services PLC and Computershare Limited (UK).

VAT
Computershare is currently involved in discussions with HM Customs & Excise regarding the applicability of Value Added Tax (VAT) to corporate action charges. Computershare directors have consistently maintained that VAT is not applicable and have taken appropriate advice in support of this position. From discussions with HM Customer & Excise, it now appears that they have decided after consultation with industry, that in future standard rated VAT will be applied to corporate actions charges raised by share registrars. Customs and Excise had previously been seeking to apply this ruling retrospectively.

Other
Due to the nature of operations, certain commercial claims in the normal course of business have been made against the Company. The directors, based on legal advice, are contesting all of these matters. The majority of these claims are covered by insurance. It is considered unlikely that any material liability to the Company will result from these claims.

24 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 (Related Party Disclosures) not to disclose transactions with other members of the group headed by Computershare Limited (Australia).

There were no transactions with the minority interest in Computershare (South Africa) (Pty) Ltd required to be disclosed.

25 Subsequent events

In November 2002 the group announced a joint venture with pepper technologies AG, a European data processing organisation, to form Computershare Pepper SRM Limited which will initially provide data processing related services in the UK market, and at a later stage the rest of the world.

In November 2002 the Group acquired a further 17.1% interest in its subsidiary, Computershare (South Africa) (Pty) Limited, taking its total shareholding to 77.4%. The total consideration paid was £3,332,000.

In December 2002 the group transferred its shares in its Canadian subsidiary, Computershare Trust Company of Canada, in return for further shares in Computershare Investments (UK) (No. 2) Limited.

26 Controlling party

The company's immediate and ultimate parent company is Computershare Limited (Australia), incorporated in Victoria Australia, which is the only group into which the results of the company are consolidated. The consolidated financial statements of Computershare Limited (Australia) are available to the public and may be obtained from Computershare Limited (Australia), 18-62 Trenerry Crescent, Abbotsford, Victoria 3067, Australia. These may also be found at Computershare's web site www.computershare.com.