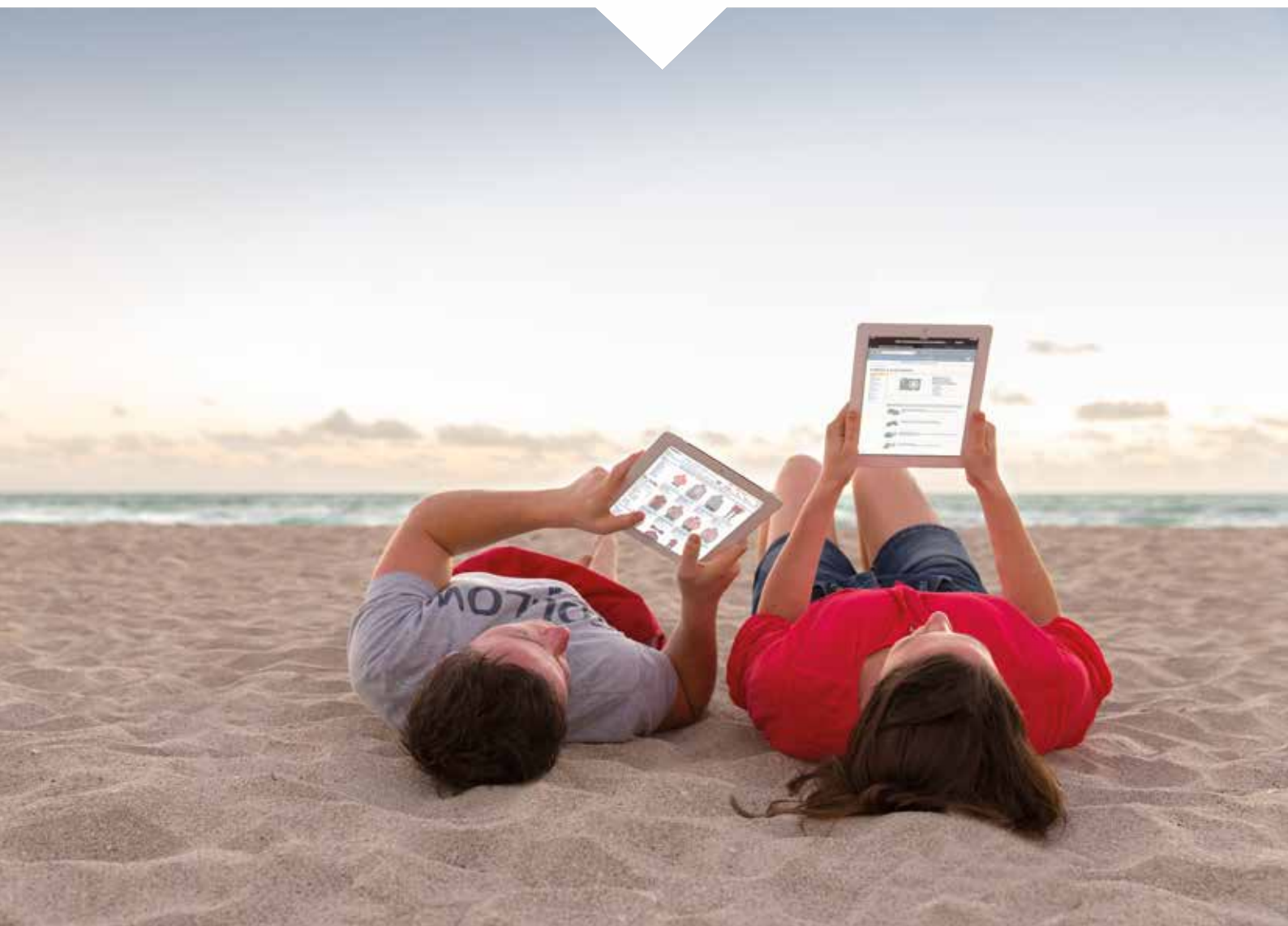




Ship Luxco Holding & C.Y.S.C.A.
Annual Report and Accounts 2014

Pioneering modern money



What is our purpose?

Our daily purpose is to be the world's most progressive and reliable payments partner, sharing insights and helping customers prosper.

Philip Jansen,
 CEO, Worldpay Group

Who we are

Worldpay is a global leader in payments processing technology and solutions for our merchant customers. We operate reliable and secure proprietary technology platforms that enable merchants to accept a vast array of payment types, across multiple channels, anywhere in the world. We serve three distinct merchant segments, which constitute our operating divisions:

- **Global eCom** – serves large and fast growing internet-led multinationals with complex payment needs, supported by our vertical expertise.
- **Worldpay UK (WPUK)** – provides local in-store, online and mobile payment acceptance solutions for UK-based merchants, from large corporates to small and medium-sized enterprises (SMEs) and micro merchants, accounting for approximately 44% of the UK high street.¹
- **Worldpay US (WPUS)** – provides local in-store, online and mobile payment acceptance solutions for US-based merchants, with a focus on integrated payments for SME merchants.

Worldpay is an acknowledged scale leader in its chosen geographies and verticals, with a proud history of innovation in collaboration with customers. Worldpay was a pioneer in card payments, multi-currency processing, online payments and contactless, and is aiming to lead the way in expanding global reach, data analytics and optimisation, and the emerging field of integrated payments (accepting card present and card not present transactions through a single interface, with a single report). On a typical day, we process 31 million mobile, online and in-store transactions and in 2014, we supported over 400,000 merchants in 126 currencies across 146 countries offering over 300 payment methods. Our solutions are delivered by 4,500 staff from our corporate headquarters in London and 25 offices in 11 countries around the world.

Contents

On 20 November 2007, Sir David Walker published his "Guidelines for Disclosure and Transparency in Private Equity" (the "Walker Report"). Funds advised by Advent International and Bain Capital, combined, have a controlling interest in the Company and the Worldpay Group is considered a portfolio company as defined by the Walker Report. This annual report and accounts has been prepared in the context of those recommendations.

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¹ As measured by volume of UK card transactions in 2014

Highlights

Total transactions

11.5 bn (2013: 9.9bn)

Underlying revenue

£3,650 m (2013: £3,394m)

Underlying Gross profit

£765 m (2013: £704m)

Underlying EBITDA

£375 m (2013: £346m)

Transaction growth

16%

Progress against our strategy

Stand on our own

- We have gained visibility on technology separation (migration of gateways and bespoke applications) from RBS in the second half of 2015, with continued excellent performance from previously migrated processes. Less than 5% of our IT expenditure now remains with RBS
- Confirmed a clear plan for completion of investments in our acquiring technology platform and are continuing to deliver on milestones which are independently quality assured
- Obtained the only foreign direct acquiring licence for Japan, in line with our strategy of controlling as much direct acquiring capability as possible for our customers

Accelerate our performance

- In order to serve multi-national eCommerce merchants better, we expanded our geographic footprint in China, launched domestic acquiring capabilities in India, acquired Cobre Bem to launch an enhanced Latin American proposition and released the new Risk Guardian fraud prevention tool
- We also backed the creation of Pazien, an innovative transaction routing, automated optimisation and reconciliation technology and launched a developer friendly payments application programme interface (API), available on <https://online.worldpay.com>
- We acquired SecureNet to bolster our omni-channel technology and integrated partnership model, particularly for our WPUS merchants
- WPUK unveiled Worldpay Total, an integrated payments solution for SME merchants in the UK and developed new partnerships with a broad range of businesses, particularly focused on eCommerce growth

Build our organisation

- We integrated past capability acquisitions: WPUK integrated Cardsave, YESpay and Zinc to create one go-to-market team, WPUS integrated Century Payments to solidify our leadership positions with integrated technology partners
- Hired nearly 400 new colleagues (net), including key members of our leadership team Mark Kimber (CIO) and Mark Edwards (Group General Counsel)
- Created the Worldpay Academy to combine our training and development capability into one centre of excellence, which manages over 80 training modules for our staff worldwide

KPI

Volume

Transaction value (£bn)	2014	2013
	370	343
Transactions (m)	11,476	9,905
Average transaction value (£)	32.24	34.63
Card not present mix	41%	40%

Income

Underlying revenue (£m)	2014	2013
	3,650	3,394
Underlying gross profit (£m)	2014	2013
	765	704
Underlying gross profit/Value (%)	2014	2013
	0.21	0.21

Profit

Underlying EBITDA (£m)	2014	2013
	375	346
Free cash flow (£m)	2014	2013
	2	(65)
Underlying EBITDA/Underlying gross profit (%)	2014	2013
	49	49

Underlying results exclude separately disclosed items (see Note 2b). Underlying results are considered by management to give a fairer view of the year on year comparison of trading performance.

Definition

Aggregate volume of purchases processed on behalf of merchants as measured by value

Aggregate volume of purchases processed on behalf of merchants as measured by number

Average value per transaction

Value of transactions that are card-not-present (CNP) or taken through online channels

Revenue invoiced to merchants, made up mainly of the Gross Merchant Service Charge and ancillary income

Revenue less Interchange and Scheme Fees and other direct costs

Gross profit as a percent of Transaction value

Earnings before interest, tax, depreciation and amortisation

Cash flow before spend on acquisitions, the impact of refinancing activities and movements in borrowings

EBITDA divided by gross profit

Commentary

Volume demonstrates the growth of electronic payments within our merchant customers and is the primary basis for charging for our services

Volume demonstrates the growth of electronic payments within our merchant customers and is the primary basis for charging for our services

ATV expected to gradually decrease as electronic payments penetrate smaller daily purchases

Demonstration of the balance of our business between in store (card present) and online and mobile (card not present) and a significant competitive advantage

Invoice that merchant pays for electronic payment acceptance

Income remaining for Worldpay after payment to schemes and payment issuers

A proxy for the average income earned by Worldpay on processed volume

Underlying EBITDA demonstrates our ability to convert revenue into sustainable profits

FCF demonstrates our ability to turn profit into cash after capital investments in our platform and innovation

Measure of cost control for operating expenses excluding Interchange and Scheme Fees

30/04/14

Worldpay acquires Cobre Bem Tecnologia in Brazil

On 30 April 2014, we completed the acquisition of Brazilian payment gateway company, Cobre Bem Tecnologia. With a high quality technology platform, comprehensive connections to local acquirers, and an established local team, this transaction supports our strategy of further penetrating the fast growing Latin American market. Cobre Bem's transaction volumes have tripled since our acquisition.



08/05/14

Worldpay backs creation of Pazien

On 8 May 2014, we made a strategic investment in Pazien, Inc., an innovative start-up creating products using transaction data to enable more intelligent routing, automated optimisation and reconciliation for global eCommerce merchants.

All aspects
of payments
in one view

19/12/14

Worldpay acquires SecureNet in Austin, Texas

On 19 December 2014, we completed the acquisition of SecureNet, LLC, headquartered in Austin, Texas. SecureNet brings market leading “omni-channel” technology along with a network of technology partners and existing merchant relationships and enhances our drive to offer the deepest and broadest range of integrated payment capabilities.



Group overview and management structure

Overview of Group Structure



Ship Luxco Holding & CY S.C.A. (the Company) is a company domiciled in Luxembourg. It is a holding company of the Worldpay Group whose ultimate holding company is Ship Investor & CY S.C.A., registered in Luxembourg.

The holding company structure was set up to effect the acquisition of the business and assets that established Worldpay by Advent International and Bain Capital from The Royal Bank of Scotland Group plc on 30 November 2010. Today, the Group is ultimately owned by funds managed by Advent International Corporation, Bain Capital LLC as well as management and employees.

The Company's Board of Managers have delegated responsibility for providing strategic guidance to the Group to Ship Luxco 3 S.à r.l., an indirect subsidiary of the Company. Ship Luxco 3 S.à r.l. has further delegated execution of the Group's strategy, operational performance and coordination of the Group to Ship Midco Limited. Each Group subsidiary, including the Group's regulated entities, is responsible for the day-to-day management of their individual businesses.

The governance of the Group's operating activities is determined by the Board of Ship Midco Limited, which is the focus of the Governance section later in this report.

The composition of Ship Midco Limited's Board is as follows:

Board member	Represents	Position
John Allan, CBE	Independent	Chairman
Philip Jansen	Executive	Chief Executive Officer
Ron Kalifa	Executive	Deputy Chairman
Rick Medlock	Executive	Chief Financial Officer
Humphrey Battcock	Advent	Non-executive
James Brocklebank	Advent	Non-executive
Robin Marshall	Bain Capital	Non-executive
Steve Pagliuca	Bain Capital	Non-executive
Jeffrey Paduch	Advent	Non-executive
Luca Bassi	Bain Capital	Non-executive
Stuart Gent	Bain Capital	Non-executive
David Yates	Independent	Non-executive
Martin Scicluna	Independent	Non-executive

The roles of the Chairman, Chief Executive Officer and Non-executive officers are set out in the Governance review on page 61. The Chief Executive Officer is supported in his role by the Executive Committee, the composition of which is as follows:

Committee member	Position
Philip Jansen	Chief Executive Officer
Ron Kalifa	Deputy Chairman
Rick Medlock	Chief Financial Officer
Dave Hobday	Managing Director, Worldpay UK
Floris de Kort	Managing Director, Global eCom
Andy Doyle	Chief Human Resources Officer
Rob Hornby	Chief Separation Officer
Tony Catalfano	Managing Director, Worldpay US
Mark Kimber	Chief Information Officer
Mark Edwards	Group General Counsel

About Advent International Corporation

Founded in 1984, Advent International is one of the largest and most experienced global private equity investors. The firm has invested in more than 300 private equity transactions in 40 countries and as at 31 December 2014, had €27 billion in assets under management. With offices on four continents, Advent has established a globally integrated team of over 180 investment professionals across North America, Europe, Latin America and Asia. The firm focuses on investments in five core sectors, including business and financial services; healthcare; industrial; retail, consumer and leisure; and technology, media and telecom. After 30 years dedicated to international investing, Advent remains committed to partnering with management teams to deliver sustained revenue and earnings growth for its portfolio companies. For more information, visit www.adventinternational.com.

About Bain Capital

Founded in 1984, Bain Capital is one of the world's foremost privately-held alternative investment firms, with more than \$80 billion of assets under management. With deep experience investing in building businesses around the world, the firm has made private equity, growth, and venture capital investments in more than 450 companies, across a variety of industries including Financial and Business Services, Industrials, Consumer & Retail, Technology, Media & Telecommunications, and Healthcare.

Bain Capital has an experienced, sector-focused team of 239 private equity professionals, including 69 dedicated to post-acquisition value creation, focused on delivering a differentiated strategy and exceptional returns. Bain Capital has offices in Boston, New York, Chicago, Palo Alto, London, Munich, Tokyo, Shanghai, Hong Kong, Mumbai and Melbourne.

For more information, visit www.baincapitalprivateequity.com

Chairman's statement



2014 was a year of considerable progress and achievement for Worldpay.

We operate in markets that are fast moving and changing and this has created many options for the business. The shifts in the payments market and the rise of digital commerce provide us with many growth opportunities.

One of the challenges is to choose which are the most important opportunities for us to address. The business is increasingly built around a profound commitment to, and knowledge of, our customers. Their needs are changing and we constantly seek to develop our product and service offering to assist them in executing their strategies.

We are particularly pleased that during 2014 we made considerable progress in attracting and developing talent within the business. Talented, skilled and highly motivated people are the key resource necessary to fuel the future growth of our business.

We made significant progress in technology in 2014 underpinned by an ongoing investment programme which we expect to continue in 2015. The process of technology separation (migration of gateways and bespoke applications) from RBS moved significantly forward during the year and will be largely complete toward the end of 2015.

Aidan Connolly has stepped down as our Chief Financial Officer and will leave the Group during 2015. I would like to thank Aidan for the considerable improvements he has driven since he joined the Group in January 2012. We are pleased to announce that his replacement, Rick Medlock, joined the Group on 13 April 2015. He is a seasoned technology executive and is well suited to contribute significantly in the next phase of our development.

After four years as Chairman of the Group I have decided to stand down later this year. A process to identify my successor has begun and I will hand over the role of Chairman when that process is complete. I will remain on the Board and look forward to the next stage of our progress.

I would like to thank our management team and all our colleagues for their commitment, hard work and achievement during the past year.

We look forward to 2015 and beyond with confidence that we have a great business in a great market and a very skilled management team that can deliver sustained growth for many years to come.

John Allan, CBE
Non-Executive Chairman, Worldpay Group
24 June 2015



Markets
For more information go to p.20



Governance
For more information go to p.56

Chief Executive's statement



It is no exaggeration to assert that there have been more changes in the way that we pay for goods and services in the last ten years than there have been since the invention of money. 2014 provided yet more evidence that the pace of change in global payments is still accelerating. This industry enables one of the essential needs of the world economy – making a payment for goods or services by bringing buyers and sellers together – but is now doing so in ways that make it one of its most dynamic sectors.

Consumer appetite for simplicity, immediacy and ubiquity is driving major changes in how we transact and make payments: from purchasing a coffee without needing to take out your purse, to pre-booking an airline ticket on your mobile phone, to buying an upgrade seamlessly whilst playing a video game.

In turn, merchant aspirations and technology capabilities race each other to redefine expectations in what is a new era of payments. This is driving, and being driven by, a number of macro trends.

In the first instance, there is a significant shift away from cash and cheques to digital payments – traditionally credit and debit cards but increasingly with more alternative payment methods. As the power of our communication technologies increases, we see a second trend: a shift away from physical 'in store' payments to online, often mobile, transactions. Consumers now have the ability to discover, compare and purchase goods and services almost anywhere at any time.

These two trends are contributing to the emergence of a third phenomenon: the provision by the merchant of a completely integrated payment experience. On the one hand it enables a seamless and 'omni-channel' interaction with their consumers, whilst on the other hand it provides the retailer with as much connected information as possible about their own trading performance and the habits and preferences of their customer base.

Worldpay is well placed to both benefit from and shape these global trends. Indeed it is what we mean when we talk about "modern money". Most players in our industry come from a specific end of the market – either an offline, physical point-of-sale heritage or an online, card-not-present foundation – often in a single geography. Worldpay, on the other hand, combines a pioneering history and scale presence across these now converging channels, and does it from a global perspective. Indeed, after adding operations in Brazil, Mexico, Argentina, Japan and China during 2014, we were able to provide the core infrastructure and technology to enable payments between diverse participants across 146 countries, 126 currencies and more than 300 different payment methods.

This technology infrastructure is our fundamental asset, enabling as it does over 11 billion individual transactions a year – each one taking just a second or two – and ensuring that each participant in the payment chain receives the right allocation of value in a timely and secure fashion, and all the while being evaluated and optimised for potential risks. It is for this reason that we have invested over £500m in a comprehensive upgrade of our suite of technology assets over the last four years.



Strategy
 For more information go to p.30

In Worldpay's view, it is not enough to facilitate transactions. Our goal is to serve our merchant customers better and help them to prosper. This might mean helping a small retailer establish an online sales channel or enabling one of the world's biggest companies to enter a new geography with unique consumer payment habits. In each case, Worldpay's global reach combines with our deep payments expertise – global and local – to help make the most of each opportunity for our merchant customer. More and more, our value to merchants of all sizes is not just in the improvement to their payment processing needs but in the provision of insights using transaction and market data that we can help them interpret as they seek to grow their business. We see this as an opportunity for significant potential growth for both Worldpay and our customers in the future.

I am proud to say that we serve over 400,000 small and medium sized businesses – mainly in the UK and the US – but also 6 of the UK's 10 largest retailers (and all the top 3). Globally, we partner with some of the most innovative and fast growing eCommerce businesses. It is particularly pleasing to be able to reflect that among our top 500 UK customers we retained 99.9% of transactions volumes in 2014 – a strong endorsement of our desire to help every customer we work with succeed.

And yet we must do more – 2014 was a successful year for Worldpay with underlying EBITDA growth of 8% and strong progress across all merchant segments. However it is best characterised as a year of continued investment:

- in our people: such as the creation of a bespoke new Masters Programme in Global Payments, and the recruitment of Mark Kimber and Mark Edwards as our CIO and Group General Counsel, respectively;
- in our capabilities: with the purchase of SecureNet and Cobre Bem, the investment in Pazien, the launch of Worldpay Online Payments and the relaunch of our Risk Guardian product which collectively extend our scale, reach and scope; and
- in our technology assets: where we have made significant upgrades to our security infrastructure, payment gateways and system resilience.

Notably, we also have the conclusion of our complete separation from legacy RBS infrastructure firmly in sight and it is genuinely exciting to think of the enhanced technology landscape we plan to offer customers in the next 12 to 24 months. As a result, during 2015, we have launched a strategic planning exercise across the Group called "Ambition 2020" to define where we can best apply our capabilities over the medium term to bring the merchant experience to even higher levels.

In conclusion, we believe we are competing very successfully in a structurally expanding industry and see significant potential in Worldpay's prospects. Our current strategy and evolving ambition is both customer focused and technology enabled, our execution credentials proven and our people committed to Worldpay's purpose. As ever, I would like to acknowledge the support, engagement and often healthy challenge in 2014 from our customers, partners and colleagues and commit once again to earning and retaining your confidence in the coming year.

Philip Jansen
 Chief Executive Officer, Worldpay Group
 24 June 2015

Executive Committee

- 1. **Philip Jansen** Chief Executive Officer
- 2. **Ron Kalifa** Deputy Chairman
- 3. **Rick Medlock** Chief Financial Officer
- 4. **Dave Hobday** Managing Director, Worldpay UK
- 5. **Floris de Kort** Managing Director, Global eCom

- 6. **Andy Doyle** Chief Human Resources Officer
- 7. **Rob Hornby** Chief Separation Officer
- 8. **Tony Catalfano** Managing Director, Worldpay US
- 9. **Mark Kimber** Chief Information Officer
- 10. **Mark Edwards** Group General Counsel



Executive Committee continued

1. Philip Jansen – Chief Executive Officer Appointment

Philip joined the Group and was appointed to the Board of Ship Midco Limited and its principal subsidiaries in April 2013.

Experience

Philip was previously Chief Executive of Brakes Group and prior to that, Group Chief Operating Officer and Chief Executive, Europe, South Africa and India for Sodexo. Earlier in his career, he was Chief Operating Officer of MyTravel plc and Managing Director of Telewest Communications PLC after starting his career with Procter & Gamble. While Philip has gained significant international and CEO experience throughout his career, he has also developed key strengths in business transformation, change management and strategy development.

External appointments

Philip is the Chairman of Brakes Group, having previously been Chief Executive from July 2010. Philip was a Non-Executive Director at Travis Perkins and is a senior adviser to Bain Capital. He is also a trustee of the charity Wellbeing of Women.

2. Ron Kalifa – Deputy Chairman Appointment

Ron was Group Chief Executive of Worldpay until April 2013.

Experience

Before becoming Chief Executive of Worldpay in 2002, Ron held various roles within RBS where he built the Worldpay business through organic growth and acquisition. Ron then led Worldpay through its transition to a standalone company following its divestment by RBS in 2010. Ron is regarded as an expert in the card and payments industry and was recognised as 'Industry Personality of the Year' for his commitment and contribution to the field. Whilst Ron has gained significant experience as a CEO within the payment industry, he has also developed key strengths in mergers and acquisitions and strategy development.

External appointments

Ron is a Non-Executive Director of QIWI plc and a member of the Visa Europe Board.

3. Rick Medlock – Chief Financial Officer Appointment

Rick joined the Group and was appointed to the Board of Ship Midco Limited and its principal subsidiaries in April 2015.

Experience

Rick joined Worldpay from Misys, a leading financial services software provider, previously listed on the London Stock Exchange and taken private by Vista Equity Partners in 2012, where he was Chief Financial Officer.

From 2004 to December 2013, Rick was Chief Financial Officer and Executive Director of Inmarsat plc, the world's leading mobile satellite services company. Prior to joining Inmarsat, he had served as Chief Financial Officer and Company Secretary of NDS Group plc (Nasdaq and Euronext) since 1996 and previously as Chief Financial Officer of several private equity backed technology companies in the UK and the US. Rick is a Fellow of the Institute of Chartered Accountants of England and Wales and holds an MA in Economics from Cambridge University.

External appointments

None.

4. Dave Hobday – Managing Director, Worldpay UK Appointment

Dave joined the Group and was appointed as Managing Director of the WPUK division in October 2013.

Experience

Dave joined Worldpay from BT where he was Managing Director of BT Enterprises, responsible for a worldwide portfolio of businesses and sitting on both the Retail and Global Services Boards.

Dave's career spans a range of sectors and he has a broad general management background including Managing Director at HBOS Retail Bank, Deputy Managing Director of Telewest's consumer division and senior marketing roles at Procter & Gamble. Prior to BT, he was founder and Chief Executive of Flutteroo, an online auction site having been Chief Operating Officer and an Executive Director of Sportingbet plc. During his career, Dave has developed key strengths in marketing, sales, operations, IT, business transformation, mergers and acquisitions, international business development and team development.

External appointments

None.

5. Floris de Kort – Managing Director, Global eCom Appointment

Floris joined the Group in December 2010 as Managing Director of the Global eCom division.

Experience

Floris has over 12 years' international experience in the payments and fraud industry having joined from GlobalCollect, where he held a number of senior positions as a member of the Board, including Chief Commercial Officer. Floris has a deep understanding of the opportunities and challenges that the continued globalisation of eCommerce present to merchants. At Worldpay Floris is leading the expansion of the business into new payment types and new geographies, with continued innovation in technology and service. During his career Floris has developed key strengths in international business development, proposition management and marketing, mergers and acquisitions and creating great, inspirational working environments.

External appointments

Floris is an active member in various industry organisations and is a Global Board Member of the Merchant Risk Council.

6. Andy Doyle – Chief Human Resources Officer Appointment

Andy joined the Group in May 2013.

Experience

Prior to joining Worldpay, Andy worked in a number of different sectors in companies experiencing high growth and change. He was previously Group Human Resources Director for ITV plc, the UK's leading commercial broadcaster and a FTSE 100 company. He has worked in operational and senior HR Executive roles in the UK, Europe and the USA in the technology, real estate, construction and leisure retail sectors. Andy holds a degree in economics from Loughborough University, is a Chartered Director and a Chartered Fellow of the Chartered Institute of Personnel and Development. Andy's key strengths include change management, organisational development, talent management/skill development, executive compensation and culture building/organisation development.

External appointments

None.

7. Rob Hornby – Chief Separation Officer Appointment

Under a secondment arrangement with AlixPartners, Rob was appointed as Chief Transformation Officer in October 2012 and was subsequently promoted to Interim Chief Information Officer in June 2013, with full responsibility for the Group's IT delivery and operations. Rob became Chief Separation Officer on the appointment of Mark Kimber.

Experience

Rob is the Managing Director responsible for IT Transformation and Applied Analytics at AlixPartners. He has previously worked as Chief Information Officer for Old Mutual Wealth Management, CRM Programme Director at Sky Television and Interim IT & Business Change Director at Swinton Insurance. Before these industry roles, Rob worked as a consultant at Arthur Andersen Business Consulting focused on technology-enabled business transformation, IT strategy and large programme delivery. He holds a first class degree in Management & Computer Science and Master of Philosophy in Computer Science from Aston University. He is a Chartered Information Technology Practitioner (CITP) and Chartered Engineer (CEng). Rob's key strengths include IT Strategy, IT-enabled transformation, IT programme governance, IT contract negotiations and cost reduction.

External appointments

None.

8. Tony Catalfano – Managing Director, Worldpay US Appointment

Tony was appointed as President and CEO of the WPUS division in March 2012.

Experience

Tony has spent nearly 26 years in the payments industry with Fiserv and EDS. Having joined Fiserv in 2002 through the company's acquisition of Electronic Data Systems Corp's (EDS) Consumer Network Services (CNS) business, Tony served as Division President and COO Divisional President of their Electronic Payments business and was responsible for their digital payment strategy. Prior to this role, he was Division President of Fiserv's Bank Solutions division where he was responsible for driving growth and directing the global technology services and outsourcing operations of Fiserv for large financial institutions. Whilst Tony has gained significant payments industry experience throughout his career, he has also developed key strengths in IT, leadership, change management and business transformation.

External appointments

Tony is Chairman of the American Transaction Processors Coalition and serves as a Trustee on the Board of the Atlanta Ballet.

9. Mark Kimber – Chief Information Officer Appointment

Mark joined the Group in September 2014.

Experience

Mark joined Worldpay from JPMorgan Chase where he was CIO for Europe. Mark has over 20 years experience in Financial Services having held senior roles with JPMorgan Chase, Bear Stearns, Lehman Brothers and others. Mark has extensive experience of building and leading global technology functions where technology platform reliability is business critical. In his last role he worked with industry regulators to make sure the systems across the bank were compliant with the changing regulatory landscape. Before starting his career at Lloyds Bank on their graduate programme, Mark studied English Literature at Oxford.

External appointments

None.

10. Mark Edwards – Group General Counsel Appointment

Mark joined the Group in September 2014.

Experience

As a qualified corporate lawyer, Mark is the Group General Counsel, with overall responsibility for Legal, Compliance, Financial Crime, Data Privacy and Card Schemes. Mark trained as a lawyer with Simmons & Simmons in the City of London where he qualified in 1993. Shortly after qualification, he joined Barclays Bank as the lead corporate lawyer supporting the bank's corporate activity. Over the next several years he was a member of the Group's Legal Executive, responsible for setting the strategic direction of the Barclays Global Legal Function, and he held a number of General Counsel roles. He sat on the Executive Committees in many of the bank's major divisions including for its Africa and Middle East businesses where he was based in South Africa. He also worked for a number of years in Barclays Retail and Business Banking and Card issuing and acquiring arms as the General Counsel and as a member of their Executive Committees. He has acquired a very broad knowledge of the Financial Services and Payments sectors.

External appointments

None



Strategy

For more information go to p.30



Governance

For more information go to p.56

Our markets

Worldpay operates in the global payment processing technology market, which enables one of the essential needs of the world economy – making a payment for goods or services – and continues to be characterised by rapid change and innovation. We see a number of key macro trends currently driving this dynamism.

Proliferation of digital payments

It is often overlooked, but our industry continues to be powered by a shift away from cash and cheques toward digital payments, whether they be in-store and card-based, online or increasingly mobile-enabled. Many market observers forget that there is still a considerable way to go, even in developed economies like the US and UK.

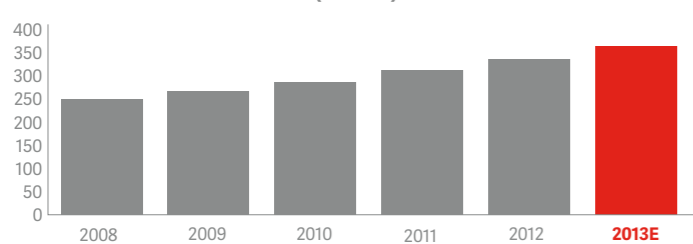
Existing card infrastructure resilient

Within this ecosystem of secular growth, one of the most anticipated events was the launch of Apple Pay in the US in October 2014. The choice of Apple to utilise the existing card scheme four-party model and contactless Point-of-Sale (POS) base demonstrates that, while the surface form factor may change, users of payments technology value the scale, reliability, security and cost of the existing infrastructure. It works, and we believe it will continue to work for developed market and innovation initiatives.

Alternative payments important

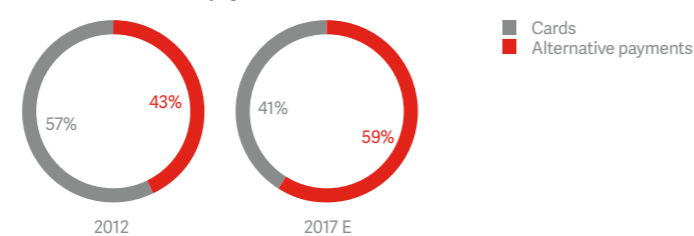
At the same time, alternative payments have gained more visibility. Also in October, Alibaba became one of the world's largest ever IPOs – for payments observers, it shone a light on its sister company, Alipay, and the fact that consumers in other parts of the world prefer to pay by methods other than Visa and MasterCard. Other examples abound: China UnionPay continued to expand its visible brand presence, particularly in high traffic tourist destinations. As previously domestic-only merchants are able to sell products outside their home countries via the internet, the enablement of alternative payments is important to help convert more browsers to transacting customers.

Worldwide non-cash transactions (millions)



Source: Capgemini Financial Services

Transaction value for payment methods



Source: Company

Convergence and connectivity

Over the past five years, sales of smart phones and tablets have continued to grow rapidly in tandem with the decreasing cost of connectivity technologies such as wireless internet, broadband and GPS satellites. Over 50% of Google searches now come from a mobile device. This is making the internet mobile and changing the way consumers experience everyday life, blurring the traditional distinction between the virtual and real worlds. Today, a consumer can now buy a cup of coffee, order and take a taxi journey and whilst travelling find and pay for a newspaper article to read, all without ever opening her purse.

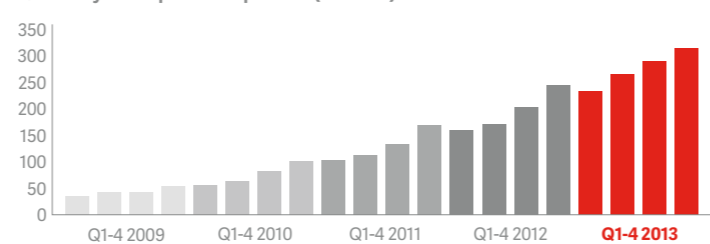
Internet infrastructure

From a payments technology perspective, this means that offline and online payments are beginning a process of convergence, with the technical infrastructure that supports the online, virtual-internet world becoming dominant. This has a number of interesting implications for physical store design, data ownership and security (including fraud protection), all of which the industry is in the process of working through. What is clear is that industry participants without historical online capabilities are playing catch up.

Invisible payments

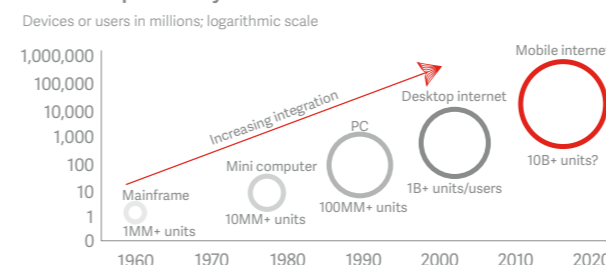
We now see the emergence of consumers who expect to channel and context-switch (e.g. start a purchase online, complete in store). By 2020, we believe this personal device usage for transactions will be mainstream with over 40% adoption rate and consumers expecting purchasing to be invisible, driven by widespread usage of apps that have delegated payment authority. During 2014, the global rise of Uber demonstrated the power of this emerging seamless consumer experience. Technology providers can enable this environment, which we expect will be a competitive advantage initially, and a basic requirement eventually, for merchants.

Quarterly smartphone shipments (millions)



Source: Morgan Stanley

Each new computing cycle typically generates around 10x the installed base of the previous cycle

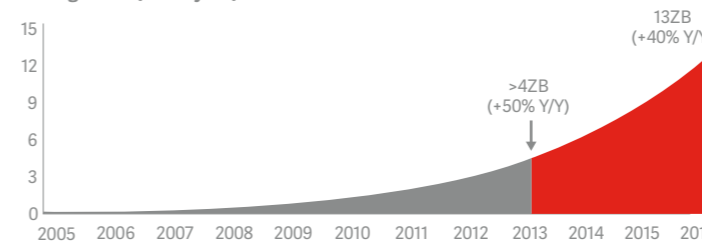


Source: Morgan Stanley

Data insights

Building on trends in convergence and connectivity, the mobile internet creates a proliferation of data that can be stored and analysed within the cloud infrastructure described above. A payment transaction is the "moment of truth" between a selling merchant and a buying consumer. Depending on consumer preferences and data protection, this critical data capture can marry a customer's recent history with a merchant's inventory, enabling additional and more convenient trade. This potentially puts the global payments industry at the heart of big data. Data is likely to play an increasingly significant role in how merchants do business as they look to optimise propositions, increase conversion and drive loyalty with consumers. Real-time and predictive solutions will be the most highly valued.

Data growth (Zetabytes)



Source: IDC Digital Universe, data as at May 2014

Regulation and security

Given its importance to economic activity, payments are naturally of interest to governments and regulators. In addition to compliance with critical regulation such as KYC and AML, these bodies face the difficult task of balancing stability and security on the one hand with industry innovation on the other.

Interchange

The last few years have seen the resolution of long standing legal battles within the payments ecosystem with the card schemes. Primarily, this has focused on interchange, (the fee charged by card issuers for card usage). In 2014, we saw the start of the implementation of lower interchange across the EU, following similar legislation in the US and Australia. Global regulators seem to be coordinated in attempting to ensure that the cost of payments is linked to factors beyond market position, such as risk management, fraud and value added services, making it easier to innovate within the ecosystem.

Security

A key concern for the industry and its regulators is data security. The number of documented threat groups is rising rapidly, and has increased fourfold since 2011. There is an increase in nation-state activities, as the Sony hack late in the year illustrated. As mobile platforms grow, directed attacks will rise, and the existing criminal enforcement infrastructure is often slow to respond. Industry participants will need to invest robustly in security as well as resolve industry standards for encryption technologies like tokenisation (the replacement of sensitive cardholder data with a unique identifier to process a transaction) to ensure that merchants and consumers are protected to the maximum degree.

These overarching trends manifest themselves differently in the merchant segments we serve through our business units:

Global complexity (Global eCom)

Within our Global eCom division, we serve large and fast growing internet-led multinationals with complex payment needs. Their approach to payments is highly sophisticated, and they need expertise to help them expand their addressable markets by taking them into new countries and geographies, which often require local licences, alternative payment method acceptance and treasury management services.

These merchants are also interested in increasing the conversion rate of consumers visiting their websites to completing a transaction. Because the businesses are primarily online, there are a number of analytical techniques that can be used to increase throughput and minimise fraud, many based on industry vertical (or sector) specific expertise and insights.

Players who serve this merchant segment compete on service, global capability and vertical knowledge, and many merchants have multiple payment technology relationships.

Local simplicity (WPUK, WPUS)

Within our WPUK and WPUS divisions, we provide local in-store, online and mobile payment acceptance solutions for merchants and see broadly similar trends, though at different stages of development. Within WPUS, we see a market where SME merchants are just as likely to go to a web developer, electronic cash register integrator or retail software provider for their payment acceptance needs as they are to their bank branch manager. Building preferred relationships with diverse channels is important in reaching merchants. This is becoming increasingly important at WPUK.

Across both divisions, SME merchants increasingly seek a "one stop shop", where they get in-store payment acceptance but also eCommerce support and access to value-added services such as white label loyalty programmes, data insights and dynamic currency conversion, just to name a few. In the future, demand for omni-channel capability will increase, and we are beginning to see a demand for easy integration into other business processes, such as accounting, tax and inventory management systems.

Players who serve these merchant segments compete on distribution relationships, technical integration, price and product breadth. Most merchants have one service provider relationship, a choice we see as being increasingly shaped by the ability to provide value over and above just payments.

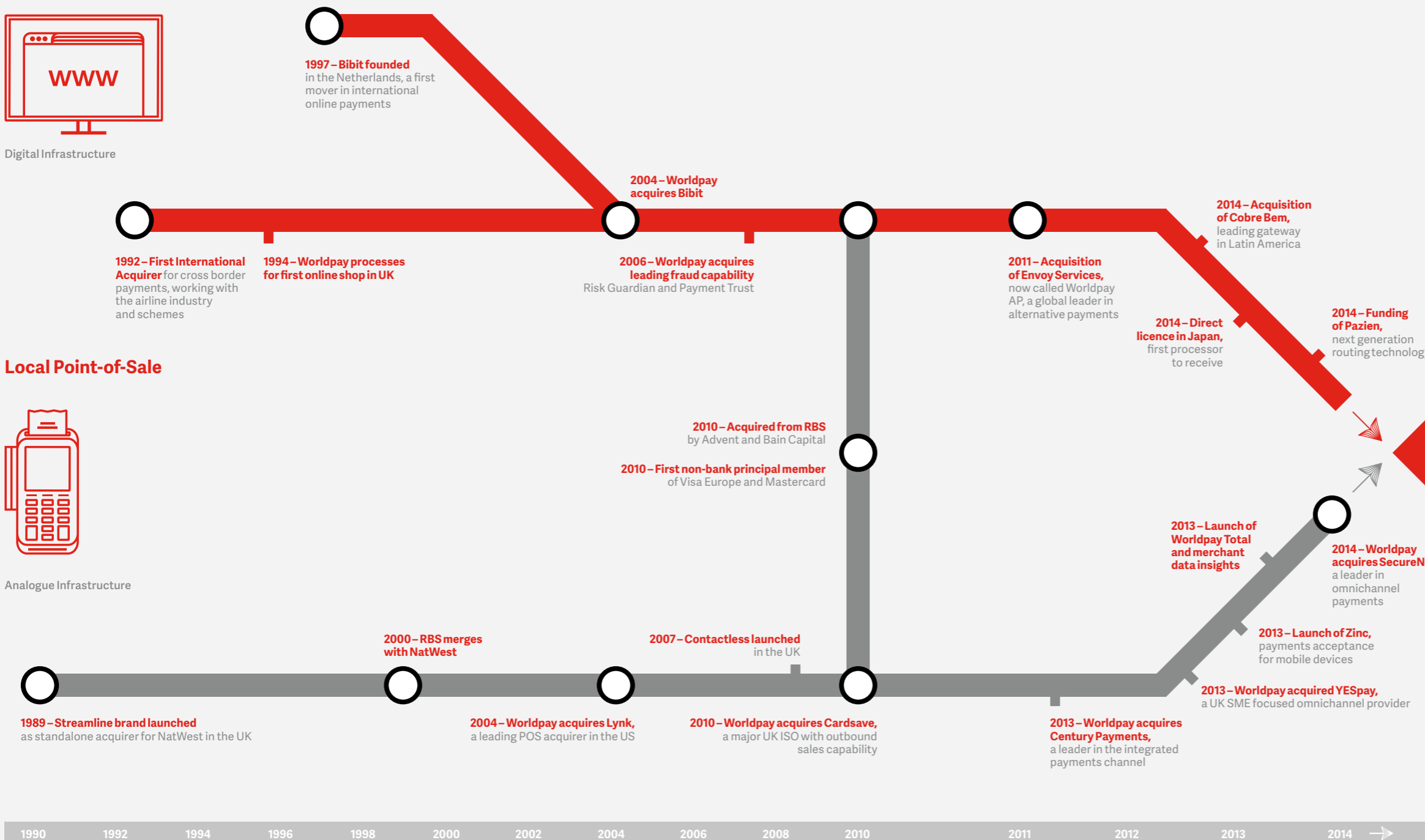
Our heritage of helping our customers prosper

Worldpay has a long history of working closely with merchants to help them prosper. We have played a pioneering role in developing technology solutions for in-store, online and mobile payments over the last 25 years.

Global eCommerce



Digital Infrastructure



Local Point-of-Sale



Analogue Infrastructure

Future payments world

Increasing complexity in merchants' mission-critical activities creates opportunities for Worldpay



Our purpose: to be the world's most progressive and reliable payments partner, sharing insights and helping customers prosper.

Our business model

We provide payment processing technology and solutions to our merchant customers and earn contracted income from them on a per transaction basis as well as income from other value-added and risk-based services.

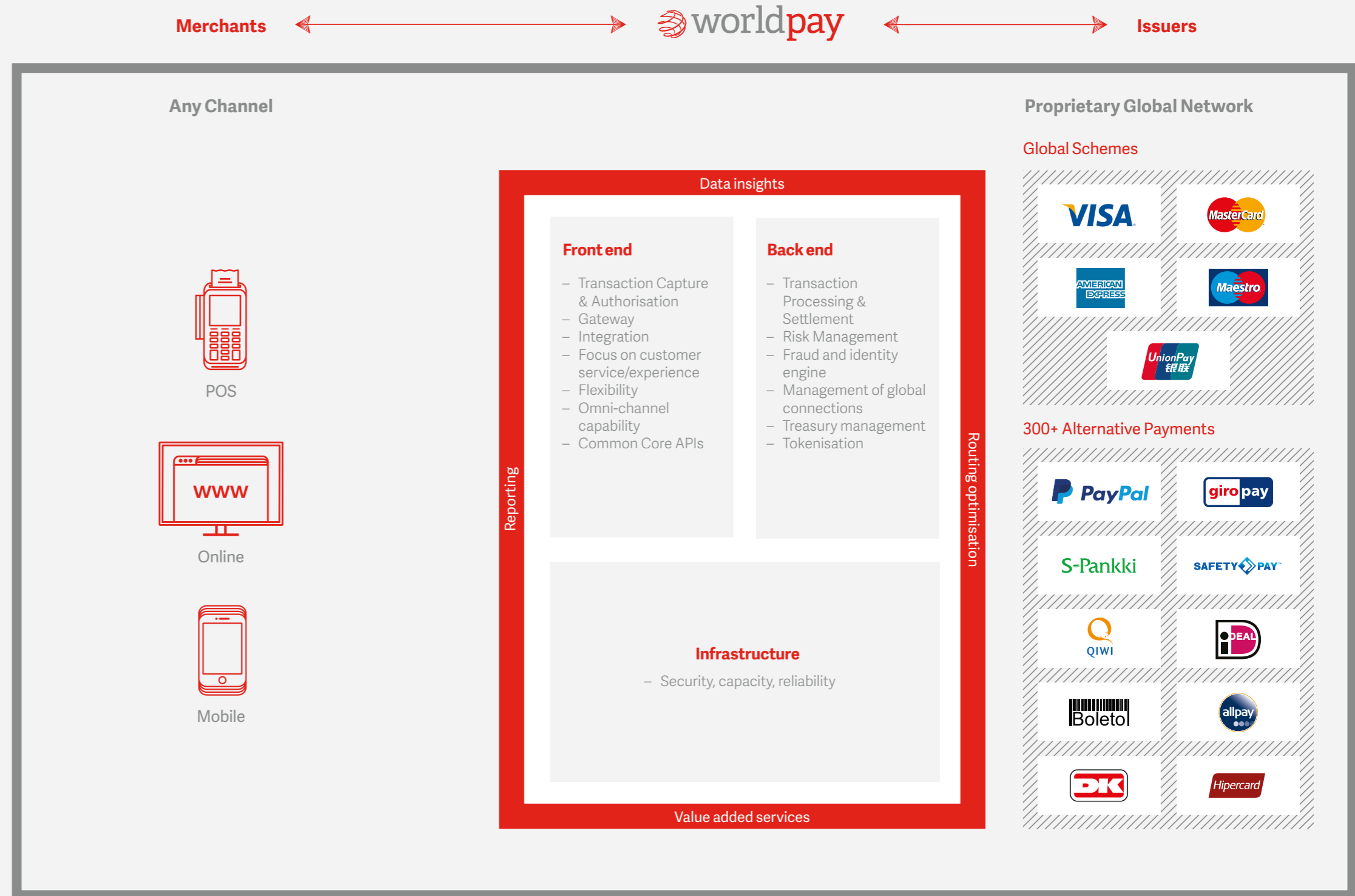
To provide our services, Worldpay operates reliable and secure proprietary technology platforms that enable merchants to accept a broad range of payment types, across multiple channels, anywhere in the world. Worldpay operates across all steps of the payments value chain and provides both the software and hardware infrastructure to support transaction capture, processing and settlement, whether in-store, online or on a mobile device.

We hold the appropriate licences and partnerships to provide our services, including direct membership of Visa and MasterCard in Europe. In addition, Worldpay has built an extensive network of agreements with hundreds of other schemes and alternative payment methods around the world and integrated them into our core technology platform.

Our go-to-market model differs for each of our merchant segments:

In Global eCom, we have a large, direct consultative sales force of experts organised by industry vertical. Our systematic focus on specific vertical markets means we are increasingly expert in dealing with the needs and challenges of those customer types. Accordingly, we are especially well-positioned to offer a true partnership and excellent customer experience to those with whom we work.

In our local WPUK and WPUS markets, we have a distribution channel-led approach, including search engine optimisation and a targeted approach to the highest growth referral partners in each market. In the UK, this includes RBS, the Federation of Small Businesses and a number of national-scale B2C enterprises, which give us a powerful lead generation engine. In the US, we have focused on integrated technology providers such as NCR, value-added resellers and bank partners like Citizens to complement our direct sales force. Furthermore, the needs of the very largest domestic high-street retailers are met by experts from the Worldpay team, attuned to the broader value-add of payments to their business across their online and in-store channels.



Our resources and technology



Our Technology Platform

Over the past four years, Worldpay has become an increasingly technology-driven company, mirroring the developments in our industry generally. Today, we have more than 1,000 staff dedicated to technology across four engineering sites, excluding key outsourced development partners.

We have three primary sets of technology that work together: acquiring platforms that process and record the transactions requested by our customers; payment gateways that capture and route transaction requests; and the associated risk, reporting and back office components that enable secure and accurate business management. We have constructed this technology estate based on a bespoke combination of industry-leading hardware and software, supplemented with proprietary high-performance, high-capability components. Increasingly, we are mining data from our platform to add value to our merchants and drive more efficient business processes.

Excellent performance in 2014

Since the creation of Worldpay as a spin out from RBS in 2010, we have made significant progress to becoming technologically independent from the bank. This programme is far-reaching, requiring us to invest in entirely new data centres, software, networks and computing devices for our staff. As we have replaced each service provided by RBS with our own new infrastructure and software, we have significantly upgraded our reliability, security, performance and capacity:

Available Power in Data Centre (kVA)



Capacity in Data Centre (racks)



Available Network Bandwidth (Gbps)



Acquiring Performance Ceiling (transactions per second)



Gateway Performance Ceiling (HCG+WPG combined, transactions per second)



We now independently operate:

- 99.9+% of authorisations traffic
- 100% of online gateway traffic
- 100% of gateway servicing and data
- 100% of settlement for third-parties
- 100% of Worldpay corporate back-office

We have achieved 100% availability of Worldpay payment services on all of our platforms since completing the migration of the Worldwide Payment Gateway from RBS into Worldpay in the first quarter of 2014.

Worldwide Payment Gateway (WPG)



High Capacity Gateway (HCG)



Worldpay Alternative Payments Gateway (WPAP)



Total Group transaction growth



Our resources and technology continued

Focus for 2015

Our focus in 2015 starts with continuing to maintain live service excellence and security. We plan to build on recent successes to launch innovative new data and payment products into our existing markets, expand into new markets and continue the programme of work to finalise independence from RBS and we expect to achieve technology separation during 2015. Technology separation means that we have migrated all gateways and bespoke merchant-facing applications into our own environment, with settlement and other core banking activities remaining with RBS. This will give us a significantly reduced exposure to RBS and a relationship more like that with any other banking supplier. This exposure would reduce further with the migration of all our customers onto our own settlement platform, which is planned for 2016.

The volumes of transactions we handle and their associated data are staggering. The depth and breadth of the data passing through our platforms provides us with a unique position in some markets to provide deep insight to our customers, enable seamless customer experiences and build partnerships with those customers. We will look to develop new insight into our customers' own businesses, offer new services, and pilot new tablet-based terminals. And we will continue to extend our leading platforms into new local markets, supporting more local payment methods.



Anna Tinker, Business Enablement Team, Worldpay UK
 Anna's role in the team is to support all business areas in preparing for the delivery of NAP (the New Acquiring Platform), ensuring colleagues and customers have the tools and processes they need to achieve separation.

We have made a decision to invest in our processing and settlement engine with the aim of anticipating the future needs of our customers by building it for any type of payment instrument, not just cards, and for fast entry into any given market around the world. The detailed design work for the new processing engine and settlement engine is now finalised and development is expected to be finished by the end of 2015. We currently have all major card schemes working in our test environment.

Our Staff

During 2014, the overall Group headcount grew by 9%, as we continued investing in our business to develop the organisation – this has helped us to achieve our growth plans.

Headcount and locations

During the year, the average number of colleagues rose from 4,142 to 4,518. Of this total, approximately 30% are technology specialists.

United Kingdom	2,936
United States	1,213
India	195
Canada	64
Rest of World	110
Total	4,518

We focused on a number of areas during this time with the fundamental aim of continuing to build on creating a great culture, supported by strong people processes.

Creating our culture – The Worldpay Way

During 2014 we defined and developed our values, which will support our growth ambitions and help guide our behaviours. We developed our values through a wide ranging engagement process including interviews, focus groups and feedback from engagement surveys. The Worldpay Way is a clear and simple behavioural framework that will help shape and develop our culture.

Work Smart

We're **constantly curious**, looking for **brilliantly simple** solutions and **we make things happen** and achieve amazing results.

Be Spirited

We are **passionate** about payments, our customers and colleagues. We are **resilient** and **courageous** in our thinking and actions.

Be Supportive

We **care** about each other, our customers and our company and we are **open and direct** in our approach. We are **always striving to do the right thing in the right way**.

We will be using the Worldpay Way extensively in 2015 to embed our values throughout the organisation.

Growing our business

Recruiting the team

Ensuring that we recruit the best people is central to our future success. As we continue to grow, we have focused on improving our recruitment processes by creating an in-house recruitment function to ensure that we maximise our ability to recruit people that are capable of supporting our ambitions.

Investing in our people

In September 2014, we launched the Worldpay Academy. Our commitment to investing in the skills and career development of our colleagues, developing and retaining them is crucial to our success. The Worldpay Academy brings together all our development programmes and technical training under one umbrella. The Worldpay Academy encompasses over 80 different programmes to support our colleagues. These programmes include product knowledge, sales training, technical training, people management, leadership development and soft skills training.

As part of the Worldpay Academy we overhauled our approach to compliance training in 2014 with the launch of a new learning management system to support colleagues in understanding their responsibilities for Anti Bribery and Corruption, Anti Money Laundering, Competition Law and Data Protection and Information Security. We continue to monitor and track results.

Engaging our colleagues

The annual engagement survey was carried out for our colleagues attracting good participation rates. This year we have partnered with Best Companies.



James Newham, Caustic Migration Team, Worldpay UK

James works within a team to collect direct debit mandates from customers with RBS group accounts. His role involves making inbound/outbound calls, processing mandates, updating customers' accounts and liaising with other departments.



Leanne Livermore, Personal Assistant, Worldpay UK

Leanne has a diverse range of duties, one of which is always to provide the best support for Alan Crowther (SVP of Corporate Business). She is the link between Alan, his SLT and his growing team of Account and Sales Directors.

The survey provider has great experience in measuring colleague engagement and publishes a list of the best companies to work for. We achieved a Worldpay Group BCI (Best Companies Index) score of 609 and this achieved a "Ones to Watch" accreditation status, demonstrating good levels of engagement in our organisation.

We've identified a number of themes at an organisational level and provided the training and support to local managers to respond effectively to local issues as a response to the survey.

During 2013, we reviewed our internal communications practices and this led to the creation of a new internal communications strategy, which came into place in 2014, including high level face to face updates from the executive team. Colleagues also receive regular communications from their divisional leads, either face to face or online. We've built an interactive intranet system, allowing our people to comment and rate the news that's going on in the organisation.

We are positively engaging with colleague representatives, through colleague forums, works councils and unions.

Reward strategy

Rewarding success is imperative to help us to retain our colleagues so throughout 2014 we continued looking at the tools we use that reinforce our "pay for performance" culture.

We've continued to provide competitive fixed rewards to our colleagues, including the basic salary and benefits. We've also provided a bonus plan, rewarding the achievement of our financial targets as well as positive personal performance.

Our strategy

How we are transforming our business

In 2010, a multi-year transformation programme started. This programme had three main aims:

- 1 **Stand on our own:** Execute an integrated, long-term Group strategy enabled by the migration of our systems out of RBS and parallel upgrade investment in a next generation platform.
- 2 **Accelerate performance:** Improve performance in each of our business units through top-line growth, innovative solutions for our merchants and more efficient execution.
- 3 **Build our organisation:** Build the leadership team and organisational capabilities required to transform performance and deliver the long-term strategy.

Strategic priority:

1 Stand on our own
 Execute an integrated, long-term Group strategy enabled by the migration of our systems out of RBS and parallel upgrade investment in a next generation platform.

The performance and reliability of the systems and infrastructure we have created from our recent investment programme has surpassed our expectations. We now fully host and operate our online gateway systems and customer traffic, our own corporate systems and traffic, and nearly all of our online and point of sale payment authorisations traffic. These systems have seen 100% reliability since migration to our own infrastructure and we have achieved record-breaking volumes in 2014 while maintaining significant spare capacity for new customers and future growth.

We are entering the final stages of our technology separation programme (the migration of gateways and bespoke applications from RBS), and this should be complete in the second half of 2015.

In parallel, we continue to make progress in the building of a new processing engine (that settles payments with card schemes) and the settlement engine (that settles payments to banks and merchants).

We continue to invest in our other technology platforms and in our engineering and operations teams. These investments are aimed at driving down the unit costs of our business, while also enhancing our capability to build new products and services for our customers in each of our key markets and to cope with additional rapid growth from our merchants.

Being independent also means that we continue to invest as we seek to ensure that our reliability and security remains at the forefront of our industry.

In each of our key customer segments in Global eCom, WPUK, and WPUS, we are investing heavily in our long-term future. Each division has a strategy tailored to achieving success in their chosen markets, but they share three guiding principles:

- Focus on seamless and flawless delivery at every customer engagement;
- Build valued relationships with our customers and partners; and
- Provide insightful expertise to our customers.

We continue to develop exciting new products and tailor our existing services to work increasingly seamlessly for our customers. These include a fast-and-easy on-boarding experience for a first-time customer, but also new consumer-facing products and interfaces and terminals for modern devices: mobiles, tablets and tokens.

“ We will continue to develop offerings so these services and insights are relevant and valuable across our entire range of customers, from a florist in the UK, to a bed-and-breakfast in Florida. ”



Strategic priority:



Accelerate performance

Improve performance in each of our business units through top-line growth, innovative solutions for our merchants and more efficient execution.

Since 2010, we have achieved strong growth rates in the businesses that were flat or declining in the years before 2010. We have delivered these results by building new teams, focusing on the basics and being clear in the business strategies we follow.

Global eCom

By focusing our consultative teams on industry verticals such as airlines, travel or digital content, we have built deep sector expertise and developed a strategic relationship with our merchants.

Our strategy is focused on a few key areas:

- Supporting our global customers by opening regional customer facing operations and expanding our product offering in high value markets;
- Optimising the balance between transaction acceptance and risk for our customers, which will be aided in 2015 by our significantly enhanced Risk Guardian product;
- Providing a flawless customer experience; and
- Being a truly innovative partner and advisor to our customers, helped by the continued expansion of our specialist in-house teams.

Whilst our strategy is focused on high growth, we continue to look at our back office operations and processes and aim to ensure that this growth is achieved efficiently and with a corresponding improvement in our returns. We anticipate that the delivery of our next range of innovations, coupled with the progress on our new technology platform, will help to achieve this objective.

WPUK

In WPUK, our strategy centres on helping our merchants to sell more from one-stop-shop offering. There are three components to our strategy:

- Delighting our customers with our brilliant execution of the 'basics', including improvements to onboarding and reporting for merchants;
- Cross-selling capabilities with a focus on eCommerce and loyalty; and
- Investing in solutions that will help customers run their business more efficiently. In recent years we have launched Worldpay Zinc and Worldpay Total and in 2014 we made significant investment into a collection of new products for launch in 2015 and beyond.

WPUS

In WPUS, we have invested over the last three years to move the business from a direct sales force business to a more focused leader in integrated payments for SME merchants. Our strategy is focused on:

- Rolling out our 'omni-channel' capability from our SecureNet acquisition to our partners and merchants;
- Continuing to invest significantly in developing new partners and driving lead flows from those partnerships once established; and
- Continuing to serve and grow our legacy customer base with an ever more sophisticated focus on retention, pricing for value and sales acquisition.

New technology solutions

Over the course of the last two years, we have established WP Futures, an internal laboratory for developing new technology solutions. In 2014, we launched Worldpay Online Payments, a developer friendly payments API with ultra-fast onboarding, which is being rolled out across the business.

The rise of Invisible Payments highlighted in the Our Markets section of the report has raised a number of issues for merchants. During 2015, a key focus will be on solving these security-related issues as well as in working with our counterparts at MasterCard and Visa, who have similar labs. We will look to patent some of our developments.



“ We want to delight our customers with our brilliant execution of the 'basics'. To us, this means that customers have efficient and positive interactions with us at every step of their life-cycle with us. ”



Strategic priority:



Build our organisation

Build the leadership team and organisational capabilities required to transform performance and deliver the long-term strategy.

In 2014 our average headcount increased by 9% as we continued to invest and develop our organisation.

We've made two senior appointments to the Executive team in 2014, Mark Kimber as Chief Information Officer and Mark Edwards as Group General Counsel. These important hires continue to demonstrate our commitment to attract and hire the very best talent.

We are committed to creating an organisation that has a strong, clearly defined and unique culture that supports our strategy. We laid the foundations with the Worldpay Way in 2014, which is outlined on page 28 and will be implemented in 2015.

We continue to independently survey our colleagues, measuring engagement across the company. We use the results to improve both our processes and leadership performance. This will continue to be a focus for 2015.

Looking forward, we believe we have the foundations for a winning team in this industry. We continue to refine our organisational design and always challenge ourselves to be as lean and dynamic as possible.

In summary:

We are confident that our strategy is working. By focusing on customers first and foremost we have positioned ourselves as the partner of choice, whatever their payment needs, in each of our core markets – across the whole of the UK market, in the US integrated payments space and among multinational eCommerce-led players. In 2015, we have launched a new strategic planning exercise across the group called "Ambition 2020" to define where we can best apply our capabilities over the medium term to bring the merchant experience to even higher levels.

Case study: Rugby Football Union



It's clear to see the value we get from using Worldpay Total to take more card payments. Since we rolled out the new service the value of payments taken has grown three-fold. ”

George Vaughan
Senior Project Manager at the Rugby Football Union

The challenge

The Rugby Football Union (RFU) opened Twickenham Stadium in 1909. As the largest dedicated rugby union venue in the world, Twickenham is steeped in more than 100 years of history and rugby heritage and is considered to be the home and heartland of English rugby. In recent years the stadium has also come to establish itself as one of the most advanced rugby grounds in the world. Cutting edge technology has transformed Twickenham to give fans the very best possible rugby experience.

At international rugby matches, 82,000 fans fill the stadium. During half time and after the game, fans flood the concourse and corporate hospitality areas buying food and drink or assemble in the Rugby Store to pick up merchandise. The RFU needed a way to serve fans faster to cut down on long queues – allowing outlets to sell more during short intervals and making sure fans didn't miss any of the game.

Worldpay Total

Initially, the RFU brought in Worldpay Total, an omni-channel service, which allows the RFU to accept all major credit cards and process payments swiftly and securely through integration with electronic Point-of-Sale (ePOS) systems.

Contactless

Worldpay has also enabled Twickenham to accept contactless payments. Taking contactless means RFU customers can simply tap their contactless card against the reader to pay. No longer needing to enter a pin has dramatically reduced the time it takes to pay anywhere in the stadium – with all the bars, food stalls and shops now serving more people during peak times.

Andy Ward, Head of Merchandising at the RFU confirms, "Now that we've rolled out contactless, our outlets are making more in sales and fans are getting back to the game much more quickly because they don't have to stand in a lengthy queue."

Worldpay Total Mobile

The RFU were so pleased with Worldpay Total that they introduced a brand new payment system for corporate hospitality: Worldpay Total Mobile, designed to offer a more personalised sales experience for the RFU's most valued corporate customers.

Employees now quickly take payments from the customer anywhere in the corporate box, using a hand held tablet – so guests don't have to get up from their seat to pay and miss any of the game. George comments, "The tablets look slick and professional and with authorisation in seconds, it's a really easy way to process card payments quickly – so everyone can just get back to focusing on the game."

Andy Ward adds, "The fans at the bars love contactless, and our corporate clients are enjoying the new mobile payment tablets in the boxes too. Everyone comes to Twickenham to soak up the atmosphere, cheer on their team and watch great rugby – being able to pay quickly and easily means more time to enjoy the match – so everyone wins."

"In just nine months, it's clear to see exactly how much mobile payments and contactless have boosted our bottom line, the revenue uplift is substantial" says Vaughan.





Case study: Smoothie King



We were blown away with Worldpay's attention to detail and their ability to get the solution functional. ”

John Lapeyrouse
Vice President of Information Technology,
Smoothie King

Smoothie King Franchises, Inc. is a privately held, New Orleans-area based franchise company with more than 700 units worldwide. Two years ago, Smoothie King was sold to new owners, who in turn chose a new executive team. The new CEO tasked the VP of IT, a Worldpay champion, with making store technology a positive differentiator for the brand. Revel Systems POS was selected and brought Worldpay to the table to propose an integrated solution. We participated with the project team during multiple discovery sessions to ensure the solution matched Smoothie King's needs. Part of the technology solution that Smoothie King desired was to revamp their loyalty solution and gain an edge by better understanding their consumers. Ultimately, Smoothie King chose the integrated Revel/Worldpay solution over the incumbent.

Smoothie King's franchisees could save \$1,400 per year per store. There is also a new loyalty solution that will provide the operators and marketing a better understanding of their guests' buying habits. In the first 90 days, we on-boarded 200 locations. According to John Lapeyrouse, Smoothie King's Vice President of Information Technology, "We were blown away with Worldpay's attention to detail and their ability to get the solution functional for existing as well as new Revel stores so that all of our franchisees could realize the benefits of the Worldpay payment solution. We are very pleased with our executive client manager and her responsiveness. She and her PSO team ensure that each VAR sheet gets to the right installer and gives the franchisee a smooth transition to Worldpay. They worked with us to create a store conversion and the necessary POS options based on individual franchisee needs."

Global eCom

In partnership with our customers

British Airways

“The relationship between Worldpay and British Airways continues to be one of strategic partnership. It is one founded on quality – quality of people, of expertise, of leadership and service – and one that has helped British Airways innovate and evolve within the world of passenger payments.”

Procurement Manager,
Corporate, British Airways

AM Resorts

“Worldpay’s all-encompassing suite of products is impressive and as our company grows we need on-the-ground expertise to help us expand into new markets. Worldpay’s local payment knowledge is unparalleled.”

Alejandro Zubieta, Senior Director,
Revenue Management & Distribution,
AMResorts

Youzu

“Worldpay has worked with many online gaming companies and has a strong international footprint meaning their team could provide us with both the products and the expert advice on our target market and regions we needed to support our growth.”

Libiao Chen, COO, Youzu

Wix

“Wix is in a constant state of expansion, adding over a million registered users each month, and needed to add a heavyweight payment processing solution to meet the needs of our users in existing and new markets.”

Lior Shemesh, Chief Financial Officer of Wix

Valve

“Worldpay has the expertise to provide worldwide transaction processing to our diverse growing international community of gamers while optimising cost and managing transaction risk.”

Mark Richardson, Valve

Betfair

“They’re one of the biggest operators, the coverage is great and the service levels have been very good. They know our industry and how it works – they really understand our business and how it operates.”

Betfair

Pro-Direct Sport

“We’re delighted to have chosen Worldpay. Thanks to their range of products and services, they are able to meet all our needs in the ever-changing area of payments and fraud, as well as increase our international presence and ability to take local payments globally for our online football and sports offering.”

Peter Hammond, Finance Director, Pro-Direct Sport

InnoGames

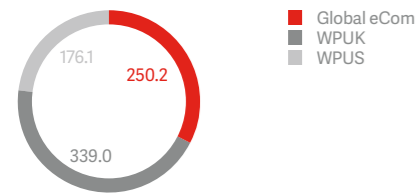
“Operating in multiple countries, currencies and accepting transactions in a range of payment methods can prove complicated, but Worldpay has been able to advise us on the best solutions to make this a simple process.”

Mark Gerban, Head of Payments, InnoGames

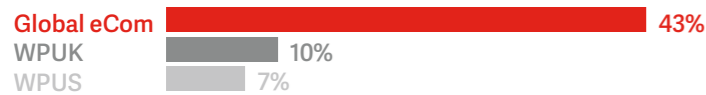
Operating review

	Year ended 31 Dec 2014	Year ended 31 Dec 2013	Year on year change
Total transactions (m)	11,476	9,905	1,571
Total transaction value (£bn)	370	343	27
Underlying revenue (£m)	3,650.3	3,394.0	256.3
Underlying gross profit (£m)	765.3	704.1	61.2
Underlying EBITDA (£m)	374.7	345.6	29.1
Underlying gross profit/ transaction value (%)	0.21	0.21	–

Gross profit by business unit



Total transaction growth by business unit



Gross profit/total transactions by business unit



Business unit performance presented and discussed in this section is based on underlying financial performance. Underlying EBITDA is considered by management to give a fairer view of the year on year comparison of trading performance and is defined as earnings before interest, tax, depreciation and amortisation. It also excludes separately disclosed items, which are explained in Note 2b to the financial statements.

Included in the tables accompanying each business unit's section are the financial and non-financial key performance indicators.

Global eCom

Global eCom (formerly eCommerce) serves large and fast growing internet-led multinationals with complex payment needs and aims to make payments simple by partnering with those merchants to enable them to accept the payment methods that matter to their customers, expand into new markets, optimise their payments with advanced analytics and insights, and fight online fraud. The division is focused on meeting the needs of five key global verticals: Airlines, Digital Content (including Video Games), Online Gaming, Global Retail and Travel.

Worldpay's eCom business was established in 1994, when it became one of the world's first providers of online payments technology for global merchants. In recent years, growth has accelerated further with the business doubling its revenue, gross profit and EBITDA over the last four years.

Global eCom stands apart from the competition as one of the few players that owns and therefore controls the full suite of technology for these merchants: payment gateway services, domestic acquiring, alternative payments, treasury management services and fraud prevention services.

Global eCom offers extensive global reach through a single technical connection, including the main global debit and credit card payment schemes, including China UnionPay, as well as a wide range of alternative payment methods, covering Europe, Asia Pacific and Latin America. In 2014, through the acquisition of Cobre Bem, we expanded our footprint across Latin America by adding payment methods in Brazil, Argentina, Chile and Mexico. In addition, we launched a unique 'one-click' solution in China in cooperation with China UnionPay, became the first non-bank domestic acquirer in Japan and, through a partnership with IndusInd Bank, launched domestic acquiring in India.

In 2014, we also launched 'Next Generation Risk Guardian' to excellent customer reviews. This enhanced fraud product leverages our position as vertical specialists to deliver a simple, integrated solution with market-leading features and capabilities – tailored to each vertical's specific needs. Also in 2014, we invested in the Pazien joint venture, a Boston based start-up developing advanced data analytics solutions aimed at providing merchants with a broader insight into their processing providers.

Our dedicated teams are based in London, Amsterdam, San Francisco and Singapore. During 2014 we increased our geographic footprint to better support our customers by opening additional sites in Shanghai and Tokyo and, through the acquisition of Cobre Bem, in São Paulo.

Performance review – Global eCom

	Year ended 31 Dec 2014	Year ended 31 Dec 2013	Year on year change
Total transactions (m)	2,921	2,034	887
Total transaction value (£bn)	86	74	12
Underlying revenue (£m)	731.2	634.5	96.7
Underlying gross profit (£m)	250.2	208.7	41.5
Underlying EBITDA (£m)	161.5	125.7	35.8
Underlying gross profit/ transaction value (%)	0.29	0.28	0.01

Global eCom division delivered a strong result in 2014, with gross profit up 19.9% on 2013, and underlying EBITDA up 28.5%. Pleasingly, both our book of existing customers as well as new business sales delivered on our targets for the year, with an increasing proportion of new business wins coming from the higher growth, emerging markets in Asia Pacific and Latin America.

Revenue and gross profit increased by 15.2% and 19.9%, respectively year on year, driven by growth in all products, with Acquiring and Gateway performing particularly strongly. The stability and capacity of our platforms has ensured we have been able to benefit from the addition of new, global customers and the growth of our existing customers as well as supporting them when they drive significant peak volume events.

Total transactions were 43.6% higher than in 2013, whilst total transaction value was 16.2% higher. All vertical markets performed well compared to the prior year as a result of new customer wins, strong growth from existing customers and other optimisation work. Overheads increased by £5.7m or 6.9% on the prior year, as we leveraged the investments in prior years to support the strong volume growth seen in 2014, resulting in underlying EBITDA growth of £161.5m, an increase of £35.8m or 28.5% on 2013.

Worldpay UK (WPUK)

WPUK provides local in-store, online and mobile payment acceptance solutions for UK-based merchants. It supports businesses of all sizes and services a quarter of a million customers in the UK, ranging from sole traders to major national high street retailers. WPUK was formed by combining the former Streamline business with the acquired Cardsave and YESpay operations and the Zinc micro merchant business which offers our smallest customers the opportunity to accept card payments flexibly on a 'pay as you go' model without any regular monthly commitments. In 2013 the start-up costs of the Zinc business were reported within separately disclosed items.

WPUK generates its revenue through merchant acquiring, rental of terminals and the sale of related products and services. In 2014, the business was managed through three customer channels:

- Small – businesses with card turnover of up to £1m per annum. These are generally small enterprises with one or two locations;
- Commercial – businesses with card turnover greater than £1m but less than £10m per annum. These are generally medium-sized enterprises with more complex needs; and
- Corporate – businesses with card turnover greater than £10m. These are generally larger customers such as national retailers.

In a year of unprecedented change and transformation, we have invested in building the WPUK foundations and proposition, leveraging the power of the four previously distinct businesses. By combining the individual components into one strong organisation, we improved security, accelerated our marketing and data analytic capabilities while also developing new product offerings.

We are revitalising every aspect of the business as we seek to help our customers grow and prosper by taking advantage of this combined scale and depth of payments expertise to better provide a "one stop shop" proposition from the smallest to largest customer and an increasingly seamless service.

We believe our continuing investment and innovation programme will allow all our customers to take advantage of the breadth of our products, whilst offering each the opportunity to benefit appropriately from new and improved services, sharper market

insight and increasing ease of use. We expect these products and services to be rolled out during 2015 and beyond, and to offer our customers greater insight into their trading while continuing our drive for simplification in everything we do for our customers.

Performance review – WPUK

	Year ended 31 Dec 2014	Year ended 31 Dec 2013	Year on year change
Total transactions (m)	5,016	4,559	457
Total transaction value (£bn)	197	183	14
Underlying revenue (£m)	1,252.7	1,145.2	107.5
Underlying gross profit (£m)	339.0	321.7	17.3
Underlying EBITDA (£m)	156.1	162.6	(6.5)
Underlying gross profit/ transaction value (%)	0.17	0.18	(0.01)

During the year, WPUK continued to grow with transaction volumes up 9% and acquiring turnover up 6%.

Revenue increased by 9.4% to £1,252.7m, with gross profit increasing by 5.4% to £339.0m. Volume growth was split broadly evenly between our Small and Corporate customers, with positive net additions to our Small portfolio and several significant new Corporate customers. Revenue growth was faster than gross profit growth as a result of several factors, including the mix effect of more debit transactions, where debit has a lower price point than credit, as well as by retention activities partially offset by sales of value-added solutions such as compliance services.

The Cardsave operation has been fully integrated into the WPUK operations this year and we are seeing strong sales through this highly focused and effective team, while building on established relationships with partners such as RBS, again demonstrating the power of the combined WPUK organisation. In addition, our retentions team also improved on their good prior year performance with a further reduction in merchants deciding to leave us.

In our Corporate channel, we had a successful year in retaining several of our largest customers whose contracts were due for renewal. This is testament to our product, service and value offering in this upper end of the market. In addition, we added several new large Corporate customers and the value of new business income in this channel increased year on year.

Overheads increased by £23.8m or 15.0% year on year, reflecting investment in the prior and current year in people and capability to drive the business forward and build for the future. In addition, the business unit was hit by a number of bad debt write offs in the first half of the year and underlying overheads include those associated with our Zinc business for the first time, which was loss-making in the year as it builds its operation. Underlying EBITDA was £156.1m, a reduction of £6.5m, or 4.0%, on the prior year.

As a result of changes to cross border interchange rates from 1 January 2015, an opportunity to significantly reduce costs for our larger Corporate customers arose during 2014. As an organisation, we responded quickly to the opportunity and have restructured our operations to provide lower cost services for these customers. We expect to see further changes to the industry landscape during 2015 and beyond but will continue to be proactive and agile in anticipating and responding to the impact of these changes for the benefit of our customers.

Operating review continued

Worldpay US (WPUS)

WPUS provides local in-store, online and mobile payment acceptance solutions for US-based merchants, with a focus on integrated payments.

WPUS generates its revenue through merchant acquiring and the sale of related products and services. The business is managed through four customer channels:

- Technology Partners – WPUS partners with third-party value-added resellers, POS software developers and other players in the merchant technology ecosystem to sell payment acceptance;
- Small Business Unit (SBU) – direct selling to businesses with card turnover of up to \$5m per annum. These are generally small enterprises with one or two locations and relatively basic payment processing needs;
- National Business Unit (NBU), formerly Mid-Market – direct selling to businesses with card turnover greater than \$5m but typically less than \$1bn per annum. These are generally medium-sized enterprises with more complex needs, integrated point of sale (POS) solutions and multiple locations; and
- ATMs – providing wholesale processing solutions to third-party organisations that own or deploy ATMs. The business serves over 100 organisations across the US that own or place ATMs in non-bank, retail locations.

2014 has been a year of significant change both for our US business and the US payments industry as a whole, which was marked by two major trends: accelerated demand for integrated payment solutions; and significant market consolidation via mergers and acquisitions. We have fully integrated the Century Payments business, acquired in September 2013, and are seeing the benefits of its strong sales team and partnership with NCR, a leader in the restaurant and retail integrated POS industry. We have also further matured our partnership model with software developers and POS technology companies to provide an integrated approach to meeting the needs of potential

customers. On 19 December 2014, we completed the acquisition of SecureNet, LLC, bringing market-leading “omni-channel” payments technology into the Group and continuing our drive to offer merchants and partners the deepest and broadest range of integrated payments capabilities. The SecureNet platform provides WPUS with a significantly more advanced payments platform, including a robust software development kit and a powerful set of APIs that allow partners and customers to connect quickly and simply to WPUS.

2015 will bring further change, as we will relocate our US head office to a prime Atlanta location in the centre of the city’s technology hub, implement further product and technology change, and continue to strengthen our sales and go-to-market model. Key activities include preparation for the adoption of EMV (“chip cards”) in the US, the integration of SecureNet capabilities with our existing solutions, and the roll-out of new value-added services.

Performance review – WPUS

	Year ended 31 Dec 2014	Year ended 31 Dec 2013	Year on year change
Total transactions (m)	3,539	3,312	227
Total transaction value (£bn)	87	86	1
Underlying revenue (£m)	1,666.4	1,614.3	52.1
Underlying gross profit (£m)	176.1	173.7	2.4
Underlying EBITDA (£m)	75.4	74.0	1.4
Underlying gross profit/ transaction value (%)	0.20	0.20	–

Revenue increased by 3.2% to £1,666.4m (2013: £1,614.3m) and gross profit increased by 1.4%. Adjusting for the impact of changes in foreign exchange translation, revenue increased by 8.7% and gross profit by 8.1%. US consumer spending was adversely impacted in the first three months of the year by unusually severe and widespread winter weather; offsetting this was the full year impact of Century Payments, acquired in September 2013, which added approximately £27m to revenue and £15m to gross profit in the year.

Total transactions processed increased by 6.9% to 3.5bn, compared to 3.3bn in 2013; and total processing value for the year was up 7.1%, in US Dollar terms. We provided payment processing services for active customers in approximately 165,000 outlets, with SBU outlets decreasing slightly but offset by strong growth in NBU and Technology Partners.

Our Technology Partners segment made positive strides in 2014 as a newly organised segment with a focused go-to-market strategy, message and value proposition that resulted in a new pipeline of approximately 300 partners. WPUS currently has hundreds of partnerships with software developers, POS hardware providers and similar technology companies. Strong gains were also realised in WPUS’ partnership with NCR, a leader in the restaurant and retail integrated POS industry. Under this partnership, WPUS has exclusive rights to sell processing through NCR’s dealer base to their restaurant and retail customers through an integrated, NCR-branded solution. These partnerships, plus the newly acquired SecureNet platform, are intended to position the business to compete effectively and capture share in this segment of the US market.

The SBU direct sales team was strategically sized in 2014 and aligned against the highest value markets. As a result, sales productivity and revenue per seller increased substantially in 2014. In addition, major improvements in the retention of SBU customers was also realised throughout the year.

Our NBU business grew strongly in 2014, with transactions the primary driver of revenue. Successful renewals of major relationships were completed in the year with contract terms of typically three years or longer. We continue to invest in growing our sales and relationship management resources within our focused and successful operating model and this growing area of our business.

Underlying EBITDA was £75.4m, an increase of £1.4m on the prior year. Adjusting for the impact of acquisitions in the prior and current years and changes in foreign exchange translation rates, underlying EBITDA reduced by 2.5% reflecting investments in the people, process, and technology necessary to position for growth in the evolving US market.

Corporate

	Year ended 31 Dec 2014	Year ended 31 Dec 2013	Year on year change
Underlying EBITDA (£m)	(18.3)	(16.7)	(1.6)

Corporate principally contains central personnel and consultancy spend. Costs increased by £1.6m year on year as we continue to invest in the growth of the business and right-size our operations following the divestment from RBS, where many support functions were provided centrally. Careful cost control will continue to be a priority for the Group going forward to ensure our cost base remains lean and efficient, whilst retaining the ability to support growth and change with the business.

Board and management changes

During the year, we have made two new appointments to the Executive Committee. On 5 September 2014, Mark Edwards joined as Group General Counsel and on 22 September 2014, Mark Kimber joined as Chief Information Officer, taking responsibility for Technology across the Group. Rob Hornby, who has led our Technology team as the Interim CIO for the last year, became Chief Separation Officer and will lead the completion of the Platform project and the separation from RBS.

On 5 March 2014, Chris Sullivan was reappointed to the Ship Midco Board following his resignation in connection with the sale of the remaining interest in the Group held by RBS to Advent International and Bain Capital LLC in December 2013. On 26 February 2015, Chris resigned from the Board.

On 28 April 2015, Aidan Connolly resigned from the Ship Midco Board. On 29 April 2015, Rick Medlock was appointed to the Ship Midco Board.

On 30 April 2014, Ailbhe Jennings resigned from the Board of Managers of Ship Luxco Holdings & CY S.C.A. Ruth Springham was appointed to the Board of Managers on the same day.

Biographical details of all current members of the Executive Committee, the Ship Midco Board and the Board of Managers are included on pages 16 to 19, 57 and 67 respectively, of this report.

Outlook

Overall, the Group’s financial performance in 2014 was very pleasing with significant revenue growth and double-digit underlying EBITDA growth, on a like-for-like basis. The Group has continued to make significant investments in both technology and people to drive innovation and offer our customers the opportunity to anticipate emerging market trends and requirements. As a result, the Board believes that Worldpay is well positioned to continue the pattern of growth established since its divestment from RBS.

Our Global eCom business has experienced strong growth in revenue and profits during 2014, from both new and established customers. Through its geographic expansion during the year and comprehensive range of innovative products and services, combined with the strength and scale from belonging to the Worldpay Group, we believe it is well positioned for further improvement in 2015.

Our WPUK business exits 2014 as a stronger, more integrated operation with its market leading position, breadth of product offering and new product development and we believe it is well placed for future growth.

In WPUS, we anticipate another year of operational and organisational improvement as we undertake significant technology and relocation activity, in addition to the integration of SecureNet and further investment in our POS 2.0 channel partnership strategy. When these improvements have been successfully completed, we expect to be in a strong position to deliver growth in the future.

Financial review

The financial year ended 31 December 2014 was a challenging year across the Group but one that saw us continue to deliver strong revenue and EBITDA growth despite significant investment in the business and leaves us well placed to deliver future profitable growth. Underlying EBITDA, at £374.7m was £29.1m, or 8.4% higher than the prior year. Excluding the impact of acquisitions during the current and prior periods and foreign exchange translation on our WPUS business, the like-for-like increase was 10.5%.

A significant reduction in reorganisation and restructuring costs and in the costs of business acquisitions and disposals resulted in a 73.7% improvement in loss before tax and a £127.0m increase in operating cash flow.

On our platform development we continue to invest significantly and have a clear view of the path to project delivery with internal milestones being met and excellent performance from the processes already migrated to our own technology.

The acquisitions of Cobre Bem in Latin America, and SecureNet and the joint venture in Pazen in the United States, further extend our physical global presence and will enable us to take opportunities in new geographies and with new technology.

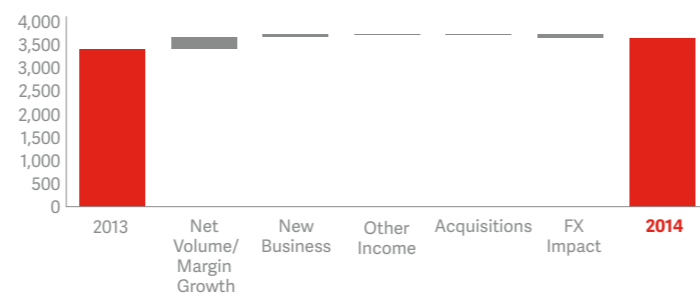
Income statement

	Year ended 31 Dec 2014 £m	Year ended 31 Dec 2013 £m	Year on year change %
Underlying revenue	3,650.3	3,394.0	7.6%
Underlying gross profit	765.3	704.1	8.7%
Gross margin	21.0%	20.7%	
Underlying EBITDA¹	374.7	345.6	8.4%
Underlying depreciation and amortisation	(78.4)	(68.6)	(14.3)%
Underlying finance costs	(168.2)	(141.4)	(19.0)%
Share of result of joint venture	(0.3)	–	
Underlying profit before tax	127.8	135.6	(5.8)%
Separately disclosed items:			
– affecting EBITDA	(88.6)	(168.6)	
– affecting depreciation and amortisation	(82.7)	(88.4)	
– affecting finance charges	(8.6)	(76.9)	
	(179.9)	(333.9)	46.1%
Loss before tax	(52.1)	(198.3)	73.7%
Tax (charge)/credit	(2.9)	33.0	
Loss for the year	(55.0)	(165.3)	66.7%

¹ Underlying EBITDA is defined as earnings before interest, tax, depreciation and amortisation. It also excludes separately disclosed items (see Note 2b). Underlying EBITDA is considered by management to give a fairer view of the year on year comparison of trading performance.

Underlying revenue and gross profit

Underlying revenue £m



Underlying revenue in the year of £3,650.3m (2013: £3,394.0m) was £256.3m or 7.6% higher than the prior year. Excluding the impact of acquisitions during the current and prior periods and the foreign exchange translation impact on our WPUS revenue, like-for-like growth was 9.4% and reflects volume growth in all of our businesses, particularly Global eCom. The acquisitions of Cobre Bem and SecureNet contributed £0.5m and £1.0m, respectively, to the reported year on year increase.

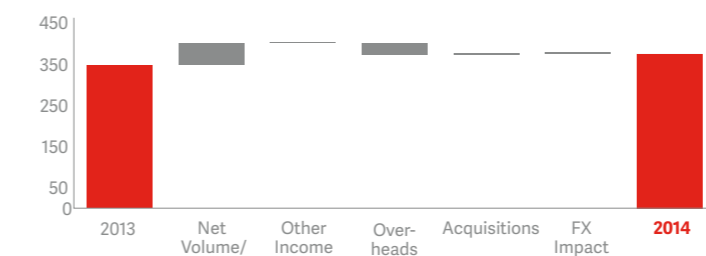
Underlying gross profit at £765.3m (2013: £704.1m) was up £61.2m, or 8.7% year on year. Excluding the impact of acquisitions during the current and prior periods and foreign exchange translation on our WPUS gross profit, like-for-like growth was 9.4%. The improvement in the gross margin from 20.7% to 21.0% represents a continued increase in the proportion of gross profit coming from our higher margin Global eCom division.

Underlying personnel and net operating expenses

Underlying personnel and net operating costs increased year on year by 9.0% to £390.6m. Excluding the impact of acquisitions during the current and prior periods and foreign exchange translation on our WPUS costs, the like-for-like increase in overheads was 8.5%. This increase reflects our continued investment in people and infrastructure to support the growth strategy. In 2015, the Group will continue to focus on preparation for the implementation of the new platform, which will allow the automation of many of our currently manual processes, to ensure that post the completion of separation operating leverage can be maximised.

Underlying EBITDA

Underlying EBITDA £m



Underlying EBITDA, at £374.7m, was £29.1m or 8.4% higher than the prior year. Excluding the impact of acquisitions during the current and prior periods and foreign exchange translation on our WPUS business, the like-for-like increase was 10.5%, reflecting increased revenues across all business units offset partly by the investment in increased overheads currently required to support this growth.

The review of performance by business unit is included earlier in this report on pages 40 to 43.

Underlying depreciation and amortisation

Underlying depreciation and amortisation was £78.4m (2013: £68.6m). The increase year on year predominantly reflects our continued investment in IT software and hardware and additional depreciation associated with our new offices.

Underlying finance costs and financing activities

Underlying finance costs in the period were £168.2m (2013: £141.4m). The increase year on year principally reflects the replacement of equity share premium with a Payment-In-Kind (PIK) toggle note in December 2013, partly offset by lower debt costs following the refinancing in May 2013.

On 12 November 2014, the Group raised an additional US\$140.0m of bank debt to fund the acquisition of SecureNet, LLC, and put cash on the balance sheet. Fees of US\$7.0m were incurred and have been capitalised against the debt.

Separately disclosed items

Separately disclosed items in the year amounted to £179.9m (2013: £333.9m) and include separation costs, reorganisation and restructuring costs, foreign exchange gains and losses, asset impairments and the amortisation of business combination intangibles. These are costs or profits that have been recognised in the period which management believes, due to their nature or size, should be disclosed separately to give a more comparable view of the year on year underlying trading performance. Foreign exchange gains and losses and amortisation of business combination intangibles are expected to recur each year, whereas the other items are expected to be largely non-recurring.

The table below summarises the separately disclosed items which have been included in the financial statements.

	Year ended 31 Dec 2014 £m	Year ended 31 Dec 2013 £m
Affecting EBITDA:		
Separation – platform	(35.1)	(41.3)
Separation – other	(24.1)	(19.4)
Reorganisation and restructuring costs	(18.2)	(46.3)
Costs of business set-ups, acquisitions and disposals	(2.8)	(44.1)
Other	(8.4)	(17.5)
	(88.6)	(168.6)
Impairment of platform assets	(9.6)	(14.3)
Amortisation of business combination intangibles	(73.1)	(74.1)
Affecting finance costs:		
Make-whole payment on subordinated debt ²	–	(26.5)
Accelerated discount unwind on yield free preferred equity certificates	–	(45.8)
Write-off of previously capitalised finance costs	–	(12.6)
Write-off of fair value adjustments	–	(3.0)
Foreign exchange (losses)/gains	(8.6)	11.0
	(8.6)	(76.9)
Total separately disclosed items	(179.9)	(333.9)

² A lump sum payment representing 100% of the interest due up to the third anniversary of the loan agreement (November 2013).

Financial review continued

Total costs of separation in the year amounted to £59.2m (2013: £60.7m), of which £35.1m (2013: £41.3m) relates to the investment we are making to update our technology infrastructure and provide technological independence from RBS. Total costs incurred to date on the programme are £362m, of which £235m has been included within tangible and intangible assets on the balance sheet, with the remainder charged directly to the income statement.

Other costs of separation include consultancy, property and remediation costs incurred in separating the business operations from RBS. It also includes the costs of launching and rolling out the new Worldpay brand.

As well as separation from RBS, the Group continued to incur costs in restructuring and reorganising the business to put it in the best position to continue to achieve its ambitious growth plans. This includes restructuring the UK business and integrating the Century acquisition. These also included costs to restructure the business to enable customers of the WPUK business to benefit from the impact of structural changes in the card payments sector.

Costs of business set-ups, acquisitions and disposals include provisions for amounts payable under the Cardsave earnout agreement and management bonus arrangements following the acquisition of Century in 2013.

Other separately disclosed items affecting EBITDA of £8.4m include shareholder costs and losses on disposal of fixed assets following the consolidation of property locations.

The majority of the separately disclosed items affecting EBITDA result in cash flows, either in the year or in the future.

As with any project of this scale, expenditure on the Group's Platform programme is regularly reviewed to determine if any of the recognised Platform assets are impaired. During the year, these reviews have resulted in the write down of £9.6m of assets.

The amortisation of business combination intangibles in the year was £73.1m (2013: £74.1m). This non-cash charge largely relates to intangible assets recognised on the divestment of the business from RBS, as well as subsequent strategic business acquisitions.

Separately disclosed items affecting finance costs in the period were £8.6m (2013: £76.9m), being a loss on the translation of the Group's financing related, foreign currency assets and loans (2013: gain of £11.0m). The income statement impact arises from the structural currency imbalance in the composition of the Group's external debt and the structure of its intercompany loans. The prior year total charge affecting financing costs included £87.9m of costs relating to the debt refinancing completed in May 2013.

Loss before tax

The loss before tax for the period was £52.1m (2013: £198.3m). The significant improvement, year on year, reflects increased underlying profits and the reduction in separately disclosed items relating to refinancing, reorganisation and restructuring and corporate transactions.

Tax

The tax charge for the year ended 31 December 2014 was £2.9m (2013: tax credit of £33.0m). Excluding the effect of separately disclosed items, this represents an effective tax charge of 32.2% (2013: 31.7%) on the underlying profit for the year of £127.8m. This is higher than the UK effective rate of 21.5%, primarily because of overseas tax suffered at higher prevailing rates and non-deductible financing assets.

Tax on the profit or loss for the year includes current tax and deferred tax. Current tax, including all applicable UK and foreign taxes, is the expected tax payable on the taxable income for the year, using the tax rates and bases of calculation which have been enacted, or substantively enacted in each relevant jurisdiction for the current accounting period, together with any necessary adjustments to tax payable in respect of previous accounting periods. Account is taken of the effect of adjustments to tax provisions made in respect of the amortisation of business combination intangibles and of the recognition of interest on Preferred Equity Certificates issued by the Group. The charge for the year is principally affected by taxable profits arising in the UK, the US and the Netherlands. Tax losses of £50m that cannot be utilised in the year are being carried forward.

In arriving at the income tax charge for the year, and the total tax paid in the year, Worldpay has operated by reference to its adopted tax policy. As part of this policy, Worldpay aims to have an open and constructive relationship with all tax authorities where it conducts its business. Worldpay's Audit Committee receives regular reports from management on how the Group's taxation affairs are being managed.

Cash and liquidity

Cash flow

	Year ended 31 Dec 2014 £m	Year ended 31 Dec 2013 £m	Year on year change £m
Underlying EBITDA	374.7	345.6	29.1
Separately disclosed items affecting EBITDA	(88.6)	(168.6)	80.0
Working capital	7.7	(14.9)	22.6
Tax paid	(19.1)	(8.2)	(10.9)
Non-cash items	1.4	(4.8)	6.2

Operating cash flow **276.1** 149.1 127.0

Net capital expenditure **(142.7)** (132.2) (10.5)

Underlying finance costs paid **(131.1)** (81.5) (49.6)

Free cash flow³ **2.3** (64.6) 66.9

Acquisitions **(99.4)** (65.0) (34.4)

Underlying movement in borrowings **95.8** (32.8) 128.6

Net impact of refinancing **–** 166.5 (166.5)

Net cash flow **(1.3)** 4.1 (5.4)

³ Free cash flow is defined as cash flow before spend on acquisitions, the impact of refinancing activities and movements in borrowings.

Cash flow from operations in the year was £276.1m (2013: £149.1m) as an increase in underlying EBITDA and a reduction of the cash costs of separately disclosed items flowed through as an improvement in operating cash flow of £127.0m. Following the decision in 2013 to present the Group's cash flow excluding the merchant float, a review of the amounts required to be segregated from own funds and reported as merchant float was undertaken during 2014. The impact of the review is an inflow from working capital for the year and own cash and cash equivalents at 31 December 2014 of £50.0m. This was offset by the impact on working capital of the underlying growth of the business (as income from merchants largely lags the outflows to schemes and banks).

Net expenditure on tangible fixed assets and software in the year was £142.7m (2013: £132.2m) and includes £77.8m (2013: £79.3m) of hardware purchases and costs incurred in the development of our new technology platform.

Underlying finance costs paid increased to £131.1m (2013: £81.5m) as a consequence of the replacement of equity share premium with a Payment-In-Kind (PIK) toggle note in December 2013. Free cash flow for the year was broadly flat at an outflow of £0.3m (2013: outflow of £64.6m).

Outflow for acquisitions includes cash paid to acquire SecureNet, Cobre Bem and the investment in Pazien, together with deferred and contingent consideration in respect of prior year acquisitions. The net cash outflow for the year was £(1.3)m (2013: inflow of £4.1m).

Debt and financing

Net debt at 31 December 2014 was £2,266.6m (2013: £2,107.3m) made up as follows:

	As at 31 Dec 2014 £m	As at 31 Dec 2013 £m	Year on year change £m
Own cash	169.7	179.6	(9.9)
Bank borrowings	(1,826.1)	(1,695.9)	(130.2)
Preferred equity certificates	(140.6)	(123.4)	(17.2)
PIK note	(441.4)	(440.2)	(1.2)
Finance leases	(28.2)	(27.4)	(0.8)
	(2,436.3)	(2,286.9)	(149.4)

Net debt **(2,266.6)** (2,107.3) (159.3)

The increase in net debt principally reflects the US\$140.0m (£89.9m) loan to fund the acquisition of SecureNet and the temporary drawdown of £50.0m under the Group's revolving credit facility. Preferred equity certificates increased by £17.2m, reflecting the accrual of interest for the year.

The maturity profile of the Group's debt is shown in the table below. The majority of the Group's bank debt is repayable in 2019; the PIK note is repayable in 2020; and the preferred equity certificates have maturity dates in 2059 and 2061.

Year	Amount repayable £m
2015	89.3
2016	127.9
2017	72.2
2018	2.1
2019	1,562.8
2020	441.4
2059	132.8
2061	7.8
Total	2,436.3

Risk report

Introduction

In Worldpay, risk is inherent in all of our activities and it is the careful and considered management of risk that is core to maintaining the trust of our customers and achieving our strategic objectives. However the management of risk is not merely defensive. Our approach and our ability to be innovative in the management of risk is a strategic enabler not only for Worldpay but also for our customers. Identifying and managing risk with the customer at the forefront of our thinking provides the opportunity to help them trade safely across an increasing number of geographies enabling them to continue to develop and prosper.

Consequently, risk is viewed as a core competency and business enabler in Worldpay and receives regular and continuing focus from our Executives and stakeholders.

The approach to risk

Worldpay's approach to risk has been developed to complement our core strategic objective of being the world's most progressive and reliable payments partner. It is a prudent but pragmatic approach which seeks to help the Group grow its business and profits safely by monitoring and identifying risks and creating innovative solutions to mitigate Worldpay's exposure.

This approach is implemented by not only operating a separate Risk function but by embedding the risk discipline within our business units and ensuring that risk is a regular topic for discussion at our management meetings.

Risk culture

The Board sets the culture for the Group by setting the risk appetite for the business and ensuring that the Executive implement policies which clearly articulate the Group's position in respect of the various types of risk.

The policies and risk appetite statements are cascaded down throughout Worldpay with colleagues encouraged to consider risk in their decision making and take personal accountability for the risks they take.

The governance of risk

Worldpay operates a tiered approach to risk governance. This begins with the Board which delegates authority to the Risk and Audit Committees operating within the Group. In turn, the Risk and Audit Committees, through the clear articulation of policy and risk appetite statements, delegate authority through the management hierarchy to the Executives running the business units and functional areas.

At each stage, there is clear accountability and responsibility for risk the purpose of which is to drive a culture of transparency and openness among the staff. This encourages the early escalation of risks and the creation of mitigation plans as appropriate.

Risk management structure



The accountability and responsibility for risk are reinforced and supported through a clearly articulated 'three lines of defence' model. This begins with the business units themselves taking responsibility for identifying, managing and monitoring risk in their area.

The second line consists of the Risk and Compliance functions providing independent challenge and overview.

The third line is provided by a fully independent Internal Audit function, which is supported and directed by the Group Audit Committee.

Each part of the 'three lines of defence model' has a clear understanding of the Group strategy, risk appetite and goals and the important roles that it plays in managing risk to achieve the Group strategic objectives.

Risk policies

Once the Risk Committee has confirmed the Group's risk appetite, policy documents are created by a team, which comprises policy professionals, appropriate business unit management and subject matter experts. The documents are designed to articulate the risk, Worldpay's risk appetite and individual authority levels in a clear and simplistic manner. The collaborative approach also fosters ownership in the business, further helping to embed the risk culture.

Once approved by the Risk Committee, the policy documents are then communicated to Worldpay's employees at business unit and functional meetings, as well as being published on Worldpay's internal website.

The risk policies are reviewed by the Risk Committee on an annual basis as part of the risk appetite review.

Risk report continued

Enterprise Risk Management framework (ERM)

The ERM framework provides a consistent and structured approach to the management of risks that we face in implementing our strategic plans, and establishes processes for managing and reporting those risks. The ERM framework is made up of a number of components as shown in the diagram below.

Enterprise Risk Management framework



The ERM framework was introduced in 2013 with the Board and senior Executives identifying the Group's key risks. This process was continued and enhanced in 2014 with the development of more detailed metrics and dashboards for the key risks. In addition, as part of the continuous risk assessment process, an additional monthly Executive review, outside of the normal monthly Executive meetings, was introduced. The purpose of this meeting is to ensure that sufficient time is allowed to review, in detail, each key risk to confirm its relevance and to review the mitigating actions and activities remain appropriate and are proceeding to plan.

The risk identification process, which is also followed at business unit and functional level, has been enhanced and combined with an issue management process. This has resulted in an increase in the identification of risk, greater granularity of the risks identified and a continuing validation of the Group's key risks. It also delivered a clear line of sight from risks at a functional level through to the key risks at Board level.

Risk reporting

Risk reporting is carried out on a tiered basis starting at the lowest functional level e.g. operations, escalating to the business unit level e.g. WPUK, and finally culminating at the Group level with a quarterly Risk Committee.

At a functional level, each identified risk has a series of Key Risk Indicators (KRIs) which are benchmarked against Worldpay's risk appetite and are reviewed on an ongoing basis. The KRIs have been enhanced and developed throughout 2014.

A report is submitted by the responsible Executive Committee member each month confirming that the risks have been reviewed and that the controls, mitigants and actions are appropriate. The contents of these reports are discussed at the monthly Executive Committee meetings.

For the quarterly Risk Committee, each of the key risks has a detailed dashboard which has been created out of the functional and business unit reports. Containing the high level KRIs, mitigants and actions, the dashboards are used to position the key risks on a 'heat map' which drives the discussion and contributes to the scheduling of deep dive sessions into individual key risks.

Continuous risk assessment

As noted above, there is a continuous review of the identified risks to determine whether they remain the key risks.

At functional and business unit levels, the continuous risk assessment programme takes the form of a discussion about the risks in the area. This discussion is a standing item on the team meeting agendas and the identified risks are formally reviewed against the area's strategy, activities and external events.

In addition to measuring performance through the KRIs, the review of the risks incorporates an appraisal of the controls, mitigants and actions. Time is also provided to review external events including industry and regulatory changes; Internal Audit findings; and the business unit's future activities, to determine whether additional risks are, or may be, present or emerging.

Risk in decision-making

The purpose of the ERM framework is not only to identify risk but, more importantly, to facilitate better business decisions. By having risk as a regular topic on the agenda for team meetings; by involving the business people in the writing of policy documents; and by asking management to consider it in all decisions, the consideration of risk is being driven into the decision-making process. Assurance of this is provided by the general assurance activities undertaken by the Risk, Compliance and Internal Audit teams.

Key risks

Key risk	Description	Mitigant
Technology risk	Failure of the Group's systems resulting in service interruption to customers	<ul style="list-style-type: none"> Contractual agreements with key suppliers A plan to migrate to Worldpay controlled data centres with increased capacity A project to redesign the core systems Investment in service monitoring
Data security risk	Loss of data causing the Group financial loss and reputational damage	<ul style="list-style-type: none"> Dedicated team targeted to prevent unauthorised system access Installation of software designed to prevent the loading of malicious programmes Monitoring of networks and systems
Regulatory risk	Unidentified or unmanaged regulatory or industry change negatively impacts Group activities	<ul style="list-style-type: none"> A dedicated Compliance Team reviewing the regulatory environment Participation in regulatory bodies to help shape the regulatory environment Prompt implementation of regulatory changes to business systems and processes
Customer Credit risk	Customers fail to meet their obligations causing the Group financial loss	<ul style="list-style-type: none"> Extensive and ongoing due diligence process to validate the creditworthiness of customers Tiered authority levels to ensure that exposures are approved by appropriate Executives An automated monitoring tool designed to identify changes in customer profiles A team of credit professionals monitoring and reviewing customer performance Operation of contractual protection to limit exposure
Settlement risk	Failure to settle with customers in respect of their transactions	<ul style="list-style-type: none"> Regular/daily reconciliation of bank accounts Reconciliation of funds received from the card schemes against customer payouts Provision of banking facilities to support any shortfall in funds Prompt and continuous investment in systems' maintenance and improvement
Industry risk	Unmanaged Industry changes which negatively impact the Group	<ul style="list-style-type: none"> A team of industry professionals monitoring industry developments Participation in industry bodies to ensure Worldpay's voice is heard in the development of the industry Promptly alerting the business to industry developments
Scale of change	Failure to manage resources against change requests resulting in errors in business activities	<ul style="list-style-type: none"> Business unit change boards to manage resources against requests Monthly Executive meetings to prioritise projects and resources A proactive approach to staff engagement Investment in HR systems and processes to protect and augment our human capital

Risk report continued

A more detailed description of the key risks is given below.

Technology risk

To maintain Worldpay's reputation and provide the service our customers expect, technology is critical. Following the sale of Worldpay by RBS, a project was established to migrate the Worldpay systems off the RBS infrastructure and redesign the core platform. This separation project continues with several core components having been migrated into Worldpay controlled datacentres. However, a number of key systems remain on the legacy RBS infrastructure. As such, Worldpay faces a performance and stability risk while systems remain on the legacy RBS infrastructure. In addition, there is also a risk of failing to develop new systems, products and infrastructure necessary to meet the demands of our customers.

Potential impact

Any deterioration in the performance of our systems harms the reputation of Worldpay. A decrease in customer satisfaction as a result of system issues may lead to customers moving their business away from Worldpay.

Failure to correctly develop and implement new systems may also cause an inability to satisfy customer expectations and might result in a loss of customers.

Risk mitigation

The operation and management of these systems is governed by contractual agreement with RBS which covers the monitoring and support available to ensure system stability. There are also regular meetings between Worldpay and RBS to review system performance. When incidents occur, they are ranked in terms of criticality and are escalated according to their impact on our customers' operations.

Data security risk

As a leading global payments business, Worldpay manages and transmits detailed personal customer data relating to the transactions being processed. As a result, there is a risk that this customer data may be lost accidentally, accessed for non-business purposes by colleagues or stolen by individuals not employed by Worldpay.

Potential impact

The accidental loss of transaction data could mean that Worldpay is unable to complete the transactions submitted to it by its customers. Such an event would cause reputational damage and embarrassment to our customers, and could result in financial claims being made against Worldpay by those customers. In the event of data being stolen, there would be an immediate cost to the business relating to compensating the customers affected by the data theft. There would be negative publicity which could seriously damage our reputation and may lead to a loss of confidence amongst existing and potential customers.

Risk mitigation

Worldpay operates protective processes so that the effect of any data that is accidentally lost is limited.

All Worldpay systems contain audit trails which identify the user of systems and data. In addition, employees are provided with training relating to the importance of customer data and the need to keep all data confidential.

A team of IT security professionals is employed to prevent any unauthorised system access. The latest scanning software is deployed to identify any attempt to deploy malicious software on Worldpay systems. Regular vulnerability tests are carried out to test the defences of the business systems.

The security status of Worldpay's systems and reports of any incidents are documented and reported to the Risk Committee with a focus on key metrics and a forward-looking review of emerging threats.

Regulatory risk

The regulatory landscape for the payments industry is constantly changing. It is important that Worldpay remains fully aware of all proposals and changes in legislation in the countries where it operates, to ensure the continuation of services to its customers and their protection from regulatory breach.

Potential impact

A failure to identify, or understand, the impacts of changing legislation may prevent Worldpay from trading in the relevant jurisdiction; may result in Worldpay or its customers unknowingly breaching regulations; or may result in delays in providing services to our customers. Any impact on the customer would damage Worldpay's reputation and could result in regulatory or legal penalties.

Risk mitigation

Within Worldpay, we have a team of compliance professionals, together with a network of external advisers, who maintain a constant review of current and future regulatory developments and their potential impacts.

A report is provided to the Executive Committee on a monthly basis and as important changes are identified. Each Risk Committee agenda also contains a section relating to regulatory developments and potential impacts.

As a leading merchant services provider, Worldpay continues to be active with the regulatory authorities, providing specialist input and support to the decision forums.

Customer credit risk

The nature of merchant services subjects Worldpay to credit risk through the inability of merchants to deliver contractual services or refund the associated payment. At any point in time, it is estimated that Worldpay has contingent exposure of circa £3bn.

Potential impact

Unanticipated losses may directly impact our profits and, if large scale or unchecked, could limit the Group's ability to operate.

Risk mitigation

Worldpay carries out due diligence before customers are approved to receive services. This due diligence includes a review of public record information, comparison with existing Worldpay customers and, in some instances, the analysis of financial statements. Once a customer has been approved and they enter the onboarding process, monitoring is carried out daily at a transactional level with sophisticated models to review and assess merchant behaviour and transaction trends before referring questionable transactions to highly trained analysts to review.

For customers who carry larger exposures, Worldpay employs a team of credit analysts to carry out in-depth analysis of the merchant including, but not limited to, their processing activity, the sector in which they operate, their financial statements and a comparison with similar customers in the same sector on the Worldpay book. These customers often supply internal management information to assist Worldpay in managing the exposure.

There is a tiered approval authority for credit exposures with larger exposures and more complicated customers requiring approval at credit committees comprised of members of the senior management team who are experienced in business lending and merchant services.

Settlement risk

In processing payment transactions, Worldpay is required to remit the proceeds it receives from the schemes to settle the transactions of its customers. Failure to settle those transactions, either because funds have not been received or Worldpay's (or its partner bank's) systems have failed, would result in Worldpay breaching its customer contracts. Worldpay's share of the UK market makes this a systemic risk for that country's payment systems.

Potential impact

Such a breach could have legal, financial and reputational consequences.

Risk mitigation

All Worldpay's bank accounts are monitored and reconciled daily, ensuring that any rejected or unexpected payments are identified and corrected as soon as possible.

Significant bank facilities are in place to cover any shortfall in funds as a result of any failure by the card schemes to provide Worldpay with the merchant's funds on time.

In respect of card scheme funds, reports are produced on a daily basis to ensure that the appropriate level of funds has been received and that there is sufficient liquidity to allow Worldpay to meet its obligations with its merchants.

A summary report of the settlement position, and any issues associated with it, is provided to senior management monthly, and the Risk Committee on a quarterly basis.

Industry risk

Worldpay operates in a dynamic and fast moving sector. The payments industry in 2014 has seen significant changes implemented by the payment schemes (VISA and MasterCard) and a number of new entrants providing innovation and targeting niche areas. These actions have forced Worldpay to react and exert significant energy, attention and resources on dealing with these challenges.

Potential impact

Additional industry changes which divert management time and resources could cause Worldpay to alter its strategy or delay timings on achieving strategic goals.

Risk mitigation

Worldpay has a team of industry professionals who work with the Card Schemes and constantly review the industry developments.

Worldpay is utilising its position as the largest merchant services provider in Europe to help shape the industry and the speed of change through presenting our opinions and approaches at industry forums and meetings.

A more proactive approach is also being taken on reviewing emerging industry developments to ensure that the resourcing plans accommodate these changes and do not de-rail Worldpay from its strategic objectives.

Scale of change

The separation of Worldpay from RBS and establishment as a stand-alone company has resulted in a number of simultaneous large-scale projects, together with process and procedural changes to systems. The work associated with these projects and with identifying and implementing process and procedural changes poses the risk that employees and management could fail to prioritise effectively and create problems by allowing project or 'business as usual' activities to fail.

Potential impact

Failure to carry out activities or errors in processes could result in financial or reputational damage to Worldpay.

Risk mitigation

The Executive operates weekly and monthly meetings to monitor and track the performance of the various initiatives and projects. At these meetings, there are discussions concerning the available resources and the current workload. Where necessary, additional prioritisation of activities takes place.

Below the Executive level, there are frequent functional meetings attended by managers and subject matter experts that review and analyse the priorities against available headcount and provide recommendations that roll up to the Board.

Operating responsibly

Introduction

The Board of Worldpay believes that Corporate and Social Responsibility (CSR) is an important part of the organisation's culture and that the adoption of good practice will have a positive impact on profits and will increase the long term value of the Company.

In 2014 we made good progress in developing our strategic approach to CSR. We joined Business in the Community (BITC) to enable us to share best practice from other organisations and benchmark our progress in some areas. We created the first Worldpay Corporate Responsibility Forum. This forum is made up of managers from across Worldpay and is chaired by a member of our Executive team (Andy Doyle, Chief HR Officer). It aims to determine and evolve the Worldpay CSR strategy and we will report more on this in 2015.

Our approach to operating responsibly is based on three key elements:

- Our commitment to the communities where we operate;
- Being a responsible and inclusive employer; and
- Reducing our impact on the environment.

Our commitment to the communities in which we operate

We're proud to use our scale and infrastructure to support a number of charities in their fundraising. In 2014 we supported a number of major national appeals using our technology to enable our partners to process payments for good causes. These included:

- Sport Relief
- Stand up to Cancer campaign for Cancer Research UK
- Pennies, the digital charity box
- Disasters Emergency Committee

Our partnerships with charities go beyond processing payments with our continued support for Great Ormond Street Hospital. In the second half of 2014 we set a challenge to raise £100,000 to fund a new state-of-the-art bedroom in Great Ormond Street Hospital's new clinical building. Colleagues from all over the UK have taken part in a variety of fundraising activities and at the end of 2014 we had raised £67,000 towards the £100,000 target with plans to hit the target in 2015.

Our colleagues actively take part in charitable fundraising and continue to use their skills and time in supporting charities and organisations important to them.

A responsible and inclusive employer

To be successful, we must attract, retain and develop our people from the broadest pool of talent available.

In our 2013 Annual Report, the Board recognised we needed to do more work to improve diversity in the workplace. To be successful, we must attract, retain and develop from the broadest pool of talent available to us. During 2014 we've made good progress here and we plan to make more during 2015.

“ In 2014 we supported a number of major national appeals using our technology to enable our partners to process payments for good causes. ”



2014 Global workforce



Worldpay's employees:

a. Male — 58%
b. Female — 42%

Worldpay's employees over 50:

c. Over 50 — 14%
d. Under 50 — 86%



Senior Leadership Team employees:

e. Male — 80%
f. Female — 20%

Senior Leadership Team employees over 50:

g. Over 50 — 26%
h. Under 50 — 74%

In the summer of 2014 we carried out a Gender Diversity Benchmark Survey with Business in the Community – this looked at gender diversity within Worldpay and against both private sector and industry benchmarks. More than 40% of our workforce globally is female, which exceeds many of the private sector benchmarks. However, this isn't reflected in our leadership teams or in all functions in our business. As an organisation we're working hard to make sure there's better representation of women in our managerial and leadership roles and also in our technology functions as this is at the heart of our organisation.

During 2014 we developed and started to put in place a three year plan with aspirational goals. This began with an external audit, identifying areas of strength and areas for improvement in our employment practices.

In 2014 the Group gave our colleagues globally, free access to the everywomanNetwork, an online membership network, offering tools and resources to support individuals with their personal and career development. We currently have 364 male and female colleagues who've taken up membership. 2014 also saw the introduction of Worldpay's first colleague network, Women of Worldpay (WOW). The network is already making good progress and we look forward to reporting more about them in our 2015 Annual Report. During 2015 we'll continue to develop our partnership with everywoman and supporting the Women of Worldpay network. We are also committed to building more colleague networks to support colleagues across the organisation.

Our focus in 2015 will be on supporting our colleagues with family commitments, both childcare and eldercare as this recognises the changing landscape of family life and an ageing population. We aim to extend our current offering on health and wellbeing to provide more tailored support on mental health.

As noted in our 'People' report, we continue to be committed to making sure our colleagues are treated equally at all times. We expect colleagues to treat each other, our customers and our partners with respect and embrace each other's differences regardless of age, gender, disability status, sexual orientation, religion, and ethnicity. As an employer we are committed to ensuring that our policies, attraction and selection processes and employment practices are contemporary and support our ambition to attract and retain the very best talent.

Beyond the workplace we're committed to increasing our focus on CSR in our supply chains through specific improvement programmes and re-engineering to eliminate waste and improve efficiency. We've put in place a rigorous assessment process for our key suppliers – this takes into account a wide range of factors that we believe are inherent to operating as a responsible business. We expect that suppliers are committed to operating to relevant best-practice standards of employment, health, safety and environmental management in the workplace: and they provide adequate working facilities for all employees. Our expectations of suppliers go beyond regulatory compliance to encompass the UN Global Compact Principles. In return, we're committed to conducting our business with suppliers in a fair and honest manner, with openness and integrity.

Reducing our impact on the environment

Our commitment towards helping the environment is important to us. Worldpay wants to minimise its impact on the environment through a number of operational policies. This has led to energy saving, recycling of office waste and adopting paperless work practices.

During 2014 we consolidated our London-based colleagues into one office. Our London and Manchester offices have been assessed as 'Excellent' by BREEAM (Building Research Establishment Environmental Assessment Method). All our new offices have been fitted out with sustainability in mind. This is demonstrated by the accreditation of the Royal Institute of Chartered Surveyors (RICS) developed sustainability award. Our Manchester office was awarded a silver rating and our London office gold.

We do have colleagues working in older buildings and here we've undertaken a series of activities to improve the environmental impact. This includes changing how we control the heating and cooling of these buildings as well as reducing the electricity consumption. Also, replacing the lighting in meeting rooms to a low watt LED light has begun and this programme of work will continue into 2015.

To help us cut down on the amount of unnecessary printing, as well as reduce the amount of paper we use, we've installed SAFECOM on our printers across all UK Worldpay sites. Recycling is a standard feature at all Worldpay offices and we'll continue to look for ways to improve this further in 2015.

During the past year the energy contracts on all offices managed by Worldpay were also reviewed. All new contracts are now with suppliers who provide 'Green Energy' (energy from a renewable source). In the UK, this energy comes from small-scale hydro and wind sources.

“ Our focus in 2015 will be on supporting our colleagues with family commitments, both childcare and eldercare as this recognises the changing landscape of family life and an ageing population. ”



Chairman's introduction to governance



“ The Board pays significant attention to ensuring the strong governance of the Group. Although the UK Corporate Governance Code is not applicable to the Group as a non-listed company, the Board supports the principles set out in the UK Code as far as they are relevant and applicable to the Group.

As promised in last year's report, a comprehensive review of the Group's governance structure was undertaken in 2014. As a result of this review, a number of recommendations were made and are now in the process of being implemented across the Group.



John Allan, CBE
Non-Executive Chairman

Directors of Ship Midco Board

John Allan, CBE – Chairman

John joined Worldpay in 2011 as independent Non-Executive Chairman and has extensive experience in both Executive and Non-Executive capacities. John is currently Non-Executive Chairman of Barratt Developments Plc, London First and Tesco PLC. Previously, John was Chairman of Samsonite Corporation and Care UK Limited, Non-Executive Co-Deputy Chairman of Dixons Carphone plc and a Non-Executive Director of the Royal Mail Group, the UK Home Office Supervisory Board, 3i Group plc, PHS Group plc, Wolseley plc, Hamleys plc and Connell plc, as well as being a member of the supervisory boards of both Lufthansa AG and Deutsche Postbank and senior advisor to Deutsche Bank.

In his earlier career, John served as an Executive Director at BET plc and was on the management board of Deutsche Post following its acquisition of Exel plc in December 2005 where he had been Chief Executive since September 1994.

Philip Jansen – Chief Executive Officer

See biography on page 18.

Ron Kalifa – Deputy Chairman

See biography on page 18.

Rick Medlock – Chief Financial Officer

See biography on page 18.

Humphrey Battcock

Humphrey joined Advent in 1994 and has 29 years of private equity experience. Humphrey has led or co-led investments in 28 companies, 12 during his time at Advent, including The Priors Group, Towergate, Moeller, Aviagen, Boart Longyear and Worldpay. Prior to joining Advent, Humphrey spent nine years as a partner with Trinity Capital Partners, a UK private equity firm. From 1976 to 1983, Humphrey worked for Coopers & Lybrand, in London and New York, where he gained experience in international mergers and acquisitions.

James Brocklebank

James joined Advent International in 1997 and has 17 years of private equity experience. Based in London, James co-heads Advent in Europe and is responsible for the European business and financial services sector team. He is also a member of the Western Europe Investment Advisory Committee. James has led Advent's investments in Worldpay, Nets and Equiniti Group and participated in seven others. Prior to Advent, James worked on international mergers and acquisitions in the London office of investment bank Baring Brothers and its affiliate Dillon, Read & Co. in New York.

Robin Marshall

See biography on page 67.

Steve Pagliuca

Steve joined Bain Capital in 1989 as a Managing Director. Prior to joining Bain Capital, Steve was a Partner at Bain & Company where he managed client relationships in the media, software, financial services and healthcare industries. Previously, he worked as a senior accountant and international tax specialist at Peat Marwick Mitchell & Company in the Netherlands.

David Yates

David joined VocaLink as CEO in 2012 with nearly 30 years of experience in the payments and transaction processing industries.

Prior to that, David was President at Western Union with responsibility for Business Development and Innovation. At Western Union, David oversaw eCommerce, Mobile Payments, Business Payments and Pre-Paid Cards. Previously he spent six years at First Data Corporation (FDC), most recently as Executive Vice President, managing all of FDC's activities outside of the US, including the merchant acquiring, merchant transaction processing, issuer processing and ATM network solutions business units. David has also served in Executive roles with major international corporations, including IBM and General Electric.

Jeffrey Paduch

Jeffrey joined the Board in April 2013. He joined Advent International in 2002 and has 13 years of private equity experience. Jeffrey moved to Advent's London office in 2005 as part of the business and financial services sector team and has been involved with several Advent investments, including Nets, UNIT4, Worldpay, Domestic & General, CAMS, Xafinity, Equiniti, Sophis, Venere Net, WageWorks, Long Term Care Group and Aspen Technology. Prior to Advent International, Jeffrey worked in the New York office of UBS Investment Bank.

Luca Bassi

Luca joined the Board in April 2013. He joined Bain Capital in 2003 and is a Managing Director with a focus on Financial and Business Services. Prior to joining Bain Capital, Luca worked for Goldman Sachs in the Investment Banking Division in London where he advised Italian and international companies on cross-border mergers and acquisitions. Previously, he worked as a strategy consultant at Bain & Company in Milan where he focused on the industrial, consumer goods and financial services sectors. He is actively involved in Bain Capital's portfolio companies Nets Holding AS and TeamSystem Spa.

Stuart Gent

Stuart joined the Board in April 2013 after actively supporting the Group in a number of business areas. Stuart joined Bain Capital in 2007 and is a Managing Director and co-head of Bain Capital's Global Portfolio Group. Before joining Bain Capital, Stuart was Managing Director of Avis UK and a member of the Avis Europe Executive Board. Prior to this, Stuart was a Partner at Bain & Company where he worked in a variety of industries. Stuart is currently also a Director of Brakes Group, Atento (Spain) and EWOS AS (Norway).

Martin Scicluna

Martin Scicluna is Chairman of the RSA Insurance Group, Great Portland Estates and a Board member of the Financial Services Trade and Investment Board. He served as a Non-Executive Director and Chairman of the Audit Committee of Lloyds Banking Group from 2008 to 2013. In addition to his recent Non-Executive appointments, he has significant Board experience. He was Chairman of Deloitte LLP in the UK for 12 years to May 2007, having been a member of the Deloitte Board from 1990 to 2007. He also has international experience as a member of the Board of Directors of Deloitte Touche Tohmatsu for nine years. Additionally he was Audit Partner at Deloitte for 26 years and has experience in serving Boards and Audit Committees of FTSE 100 companies as Lead Partner.

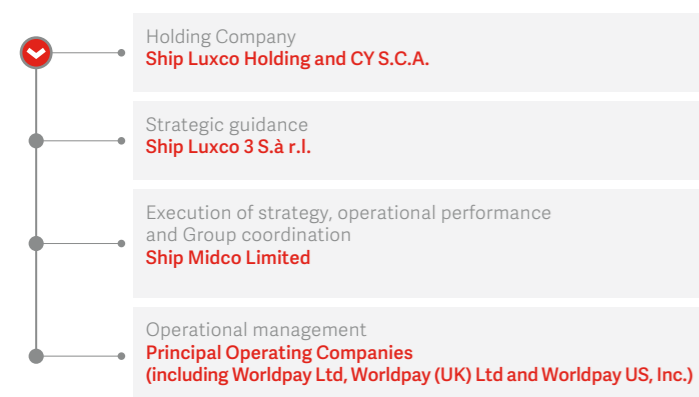
Corporate governance

The role of the Board of Managers and Subsidiary Company Directors

The Company's Board of Managers is responsible for the overall management of the Group. Their biographies may be found on page 67.

The Company's Board of Managers have delegated responsibility for providing strategic guidance to the Group to Ship Luxco 3 S.à r.l., an indirect subsidiary of the Company. Ship Luxco 3 S.à r.l. has further delegated execution of the Group's strategy, operational performance and coordination of the Group to Ship Midco Limited, the Group's principal holding company. Each Group subsidiary, including the Group's regulated entities, is responsible for the day-to-day management of their individual businesses.

Governance Entity Overview Structure



The governance of the Group's operating activities is determined by the board of Ship Midco Limited (the Board) and as a result, this report will focus on the governance structure and activities of Ship Midco Limited.

The Board's principal responsibility is to maintain effective operational control of the Group, including significant financial, organisational, legal and regulatory matters. In managing the Group's operations, the Board operated a governance structure that both reflected the needs of the business and principles set out in the UK Corporate Governance Code. In addition, the Board takes account of the Investment Agreement, which governs any obligations and restrictions imposed on the conduct of the Group by its investors (Advent International and Bain Capital LLC).

All operating subsidiaries, whether regulated or otherwise, come under the oversight of the Board and its committees.

Corporate governance

The Board is committed to high standards of corporate governance and ethical behaviour in directing the Group's affairs. The Board is responsible for the oversight of the corporate governance framework and its implementation within all Group operating companies.

A simplified view of the Group's governance structure during 2014 is shown below.

To improve the governance of the Group's IT programmes and their integration with the rest of the Group's activities, the responsibilities of the Board's IT Committee were transferred to the Audit and Operating Committees at the start of 2014. The IT Committee was consequently disbanded.

The Board recognises that a number of the Group's subsidiaries are regulated or require licences to operate, including Worldpay (UK) Limited, Worldpay Limited and Worldpay AP Limited in the UK. These companies being regulated by the Financial Conduct Authority as 'Payment Institutions' under the Payment Services Regulations 2009. As authorised Payment Institutions, these companies are required to have robust governance arrangements for payment services, including a clear organisational structure with well-defined, transparent and consistent lines of responsibility. In addition, these three companies are required to be able to demonstrate that their governance arrangements and internal control mechanisms are proportionate, appropriate, sound and adequate. In addition, the Group's principal US company, Worldpay US, Inc., is subject to oversight by the Office of the Comptroller of the Currency and the Federal Reserve Bank by virtue of it being considered a Bank Service Provider for its sponsoring financial institution, RBS Citizens, North America. To improve governance and consistency across the Group, the governance principles applied to these regulated entities are, where appropriate, adopted by other non-regulated Group companies.

During the year, the Group acquired SecureNet, Inc. in the US, Thisf Informática Ltda, holding company of the Cobre Bem group of companies in Brazil and entered into a US joint venture, Pazien, Inc. The Century Payments Group has, since its acquisition in 2013, been merged into Worldpay US Inc., resulting in the elimination of the Century Payments subsidiaries. As part of the Group's integration plans, these newly acquired subsidiaries will adopt the appropriate governance and operational controls as operated by Worldpay US, Inc. and the Group.

During the year, the Board undertook a review of its governance arrangements to ensure they remained fit for purpose in light of the Group's increasing size through both acquisition and organic growth. This review covered:

- The Group's overall Board and Committee structure and composition;
- The authorities and terms of reference for each relevant Board and Committee;

- Reporting guidelines; and
- Guidelines for the delivery of consistent high quality materials for Boards and Committees.

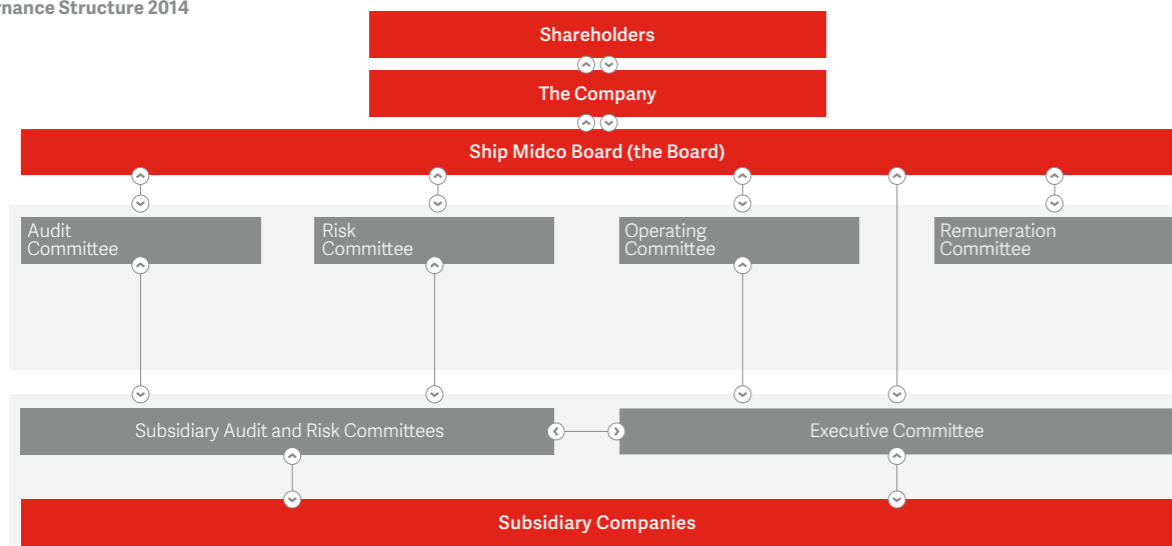
This review took into account the principles of the UK Corporate Governance Code (the Code), which are fully supported by the Board. The review resulted in a number of recommendations, which are currently being implemented across the Group. These recommendations included the implementation of a Group Governance and Control Committee (GGCC) to replace subsidiary Risk and Audit Committees.

The new Group Governance and Control Committee (GGCC) will be responsible for reviewing subsidiary audit, risk and compliance matters across the Group. The GGCC will report its activities and any recommendations to the Board's Audit and Risk Committees as well as the relevant subsidiaries and Executive Committee for their consideration and action where appropriate. The formation of this committee will further enhance the flow of timely, high quality information to the Board's Risk and Audit Committees, thus creating an improved environment for constructive challenge and debate by Board Committee members. The GGCC will be chaired by the Group Chief Financial Officer, who will provide direct feedback to the Ship Midco Audit and Risk Committees on the GGCC's activities. The membership of the GGCC will also include key members of the Executive Committee, including the Managing Directors of each principal business unit (i.e. Worldpay UK, Global eCom and Worldpay US). This composition will provide both in depth market and commercial knowledge on each business, whilst providing challenge from peers within the Group.

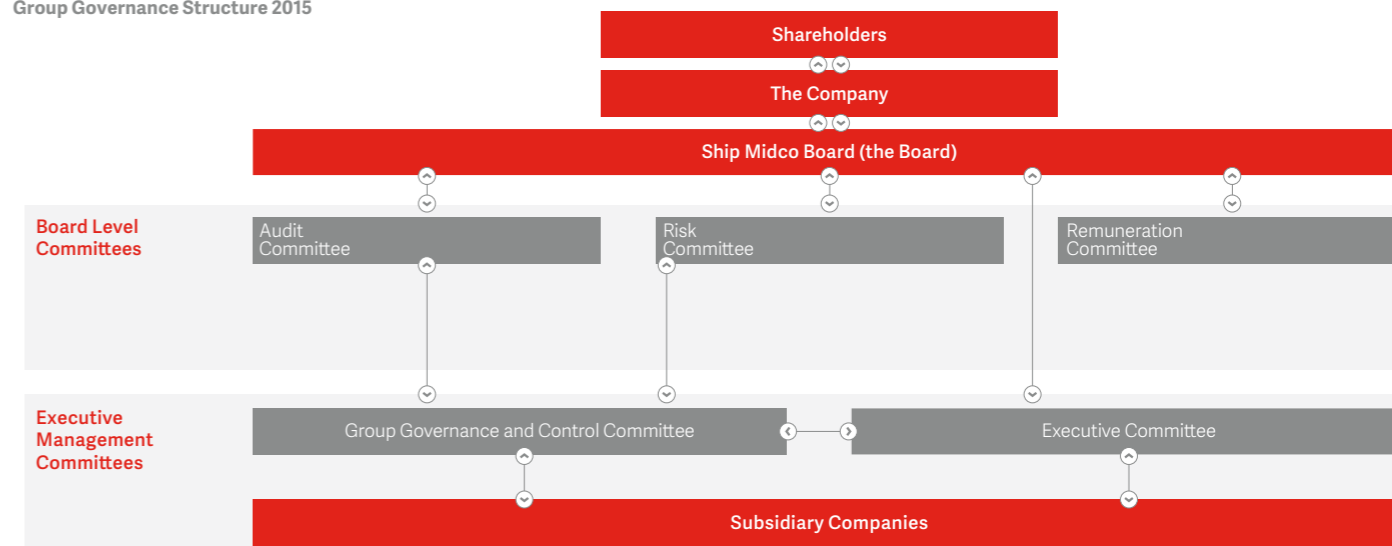
The implementation of the new governance structure in 2015 will be accompanied with the release of new terms of reference and guidelines for the effective operation of the Group's principal boards and committees.

The Group's new governance structure for 2015 is summarised as follows:

Group Governance Structure 2014



Group Governance Structure 2015



Corporate governance continued

In common with many large, privately-owned companies, the Board operates as its own Nominations Committee and has not separately constituted such a body.

Although the Code's principles are fully supported, this report does not describe how the Group's corporate governance arrangements currently apply to the Code. For a description of how the Board works, see below. Details regarding the operation of the Board's Committees and what they have done during the year can be found on pages 61 to 65.

Copies of the Code may be found on the Financial Reporting Council website at <http://www.frc.org.uk/Our-Work/Codes-Standards/Corporate-governance/UK-Corporate-Governance-Code.aspx>.

Ship Midco Board (the Board)

For the Directors' biographical details, please see page 57.

The Board's role is to provide leadership and to organise and direct the affairs of the Group in line with the Group's approved strategy. These activities are executed in accordance with the Company's Articles of Association, the Investment Agreement and all relevant laws and regulations. To discharge its duties, the Board meets as required, but not less than on a quarterly basis during the year. The Audit, Risk and Remuneration Committees oversee, consider and make recommendations to the Board on important issues, including policy and governance. At each Board meeting, the relevant Committee Chairman provides an update on the key issues considered at its most recent Committee meetings. The minutes of Audit and Risk Committee meetings are circulated for consideration at the next Board meeting.

The Board and all its Committees are authorised to engage the services of external advisors at the Company's expense. Each Board Committee has its own terms of reference, which detail its constitution, operation, authority and responsibility. There were no changes to the Company's Articles of Association during the year. The Board and its Committees may invite any employee to attend a meeting in order to enhance members' understanding of the Group's activities and to discharge their responsibilities.

The Board reports relevant matters to Ship Luxco 3 S.à r.l. and the Company as required, within the scope of its delegation or as thought necessary for the proper communication of its activities.

During the year, the Board met on four scheduled occasions. In addition to these Board meetings, a sub-group of the Board (the Operating Committee) also met on six occasions during the year. At each Board meeting, the Chief Executive Officer (CEO) provided an update on the Group's key activities and the Chief Financial Officer (CFO) provided an update on the Group's financial performance for the period. In addition to the routine reports, the Board considered a range of matters during the year including amongst other items:

Business performance:

Performance updates on the Group's Business Units (Worldpay UK, Global eCom and Worldpay US) were provided by the relevant Business Unit Managing Directors.

Strategy and annual Budget:

The Group's strategy and annual Budget were considered and approved. The Group's overall financial performance and those of its Business Units were reviewed against Budget on a routine basis.

Financing:

Changes to the Group's financing facilities were considered and approved during the year.

Technology:

Updates on the development of the Group's new IT platform and payment gateways were provided by the Chief Information Officer, including resourcing, organisation, security, migration, performance and financial matters.

Visa commitments:

The creation of different interchange rates for cross border and domestic acquiring by VISA were considered, together with the Group's response to the proposed interchange rate changes.

Key service providers:

Relationships and activities with certain key service providers were reviewed.

Acquisitions and disposals:

The Board were provided with updates regarding the Group's proposed acquisition and disposal plans, including the acquisition of the Cobre Bem group and the SecureNet business.

Staff communication

The CEO and other members of the Executive Committee provide regular face-to-face and telephone updates to colleagues and senior leadership members. These updates provide a summary of the Group's strategy and performance, together with details of the challenges and opportunities faced by the Group. These events are designed to ensure employees are aware of the progress and challenges faced by the Group and provide them with an opportunity to ask questions. Individual business heads also provide regular updates to colleagues on their respective businesses.

Board composition

The Board is led by an experienced independent Chairman and comprises 13 Directors (including the Chairman). The Board includes three independent Non-Executive Directors (including the Chairman), three Executive Directors and seven non-independent Non-Executive Directors (representing Ship Midco's principal shareholders). The Board has not appointed a Senior Independent Director. Succession planning for the Board is a matter for the shareholders.

The Board considers that the development of industry and Group knowledge is a continuous and ongoing process.

John Allan, Martin Scicluna and David Yates are regarded by the Board as independent Directors. As defined by the UK Corporate Governance Code, those Directors representing the interests of current and past shareholders are not regarded as independent.

Role of the Chairman

The Chairman is responsible for leading the Board and ensuring its effectiveness in governing the affairs of the Group.

Role of the Chief Executive Officer (CEO)

The CEO is responsible for the implementation and execution of the Group's strategy and for the day-to-day management of the Group. The CEO is supported by his fellow Executive Directors and the Executive Committee whose details are outlined on pages 18 and 19.

Role of the Non-Executive Directors

The Non-Executive Directors (both independent and non-independent) provide constructive challenge to the Executive Directors and the Executive Committee. They monitor the delivery of the agreed strategy whilst also providing strategic and market input to the Group's principal operating units. This input ensures appropriate coordination and sharing of knowledge, information and best practice across the Group. Although the Board does not regard Board members representing the Group's shareholders as independent, it does acknowledge that, in practice, they offer judgement, challenge, business experience and insight which are valuable to the ongoing management and development of the business.

The Board is satisfied that the Chairman and each of the Non-Executive Directors have committed sufficient time during the year to enable them to fulfil their duties as Directors of the Company.

The Board includes representatives from Advent International and Bain Capital LLC, together the Group's shareholders. Therefore, through both formal and informal meetings and regular dialogue the independent Non-Executive Directors have direct access to the views of the Group's shareholders.

Board evaluation

Due to the governance review during the year, there were no annual performance Board evaluations undertaken in 2014. The intention is that performance evaluations will be undertaken in due course, when it is believed appropriate to do so.

External Board appointments

The ability of Executive Directors to hold external appointments is detailed within their individual employment contracts. They are normally permitted to retain any fees received for these appointments, in order to reflect the personal risk they undertake.

Board Committees

The table below shows the number of Committee meetings held in 2014 and the membership of each of the Ship Midco Committees as at 31 December 2014:

	Audit	Risk	Remuneration
Number of Meetings	5	4	4
Name	Representing		
John Allan, CBE	Independent	M	C
Martin Scicluna	Independent	C	M
Brian Stevenson ⁽¹⁾	Independent		M
James Brocklebank	Advent	M	M
Robin Marshall	Bain Capital		C
Luca Bassi	Bain Capital	M	M

C = Chairman
M = Member

Notes:

1) Independent non-Board member

Corporate governance continued

Ship Midco Audit Committee

The Audit Committee was chaired by Martin Scicluna who is an independent Non-Executive Director with extensive experience serving as an independent director and audit committee chairman on the boards of a number of FTSE 100 and 250 companies. Prior to this, he was lead partner on the audit of a number of high profile UK companies. Martin is regarded by the Board as having recent and relevant financial experience. The composition of the Audit Committee may include up to two independent members, up to two members nominated by Advent International and up to two members nominated by Bain Capital. The quorum for the Audit Committee is two and must include one member appointed by Advent International and one member appointed by Bain Capital. Full details of the Committee's composition may be found on page 61.

In accordance with the Audit Committee's Terms of Reference the Committee's main responsibilities are:

- Monitoring the integrity of the Group's financial statements and reviewing significant financial reporting judgements;
- Reviewing the effectiveness of the internal control environment;
- Reviewing the effectiveness of financial and regulatory compliance controls and systems;
- Monitoring the effectiveness of the Group's Internal Audit function and reviewing its material findings; and
- Overseeing the relationship with the Group's external auditor, including appointment, remuneration, nature and scope of work and review of independence.

In order to fulfil these responsibilities the Board, through the Committee's Terms of Reference, has authorised the Committee to:

- Review and approve the External Audit plan;
- Review and approve the Internal Audit plan;
- Approve the terms of engagement and the remuneration to be paid to the external auditor in respect of the audit services;
- Approve the appointment and removal of the Chief Internal Auditor;
- Approve the role and remit of the Internal Audit function;
- Create, supervise and ensure the correct protocol for provision of non-audit services by the Group's external auditor;
- Oversee the procedures for detecting non-merchant fraud and financial crime; and
- Oversee the procedures in respect of the investigation and handling of allegations from whistleblowers.

In accordance with the Committee's Terms of Reference, the Committee discharges its responsibilities, through its meetings which are held at least quarterly. Certain Executives, including the CEO, CFO and Chief Internal Auditor, are entitled to attend meetings, together with the Group's external auditor, KPMG. Other Board members are welcome to attend Audit Committee meetings. At each meeting the Committee reviews the minutes from its previous meeting together with any outstanding actions. The Committee also receives updates and copy minutes from the previous Worldpay Limited, Worldpay (UK) Limited and Worldpay AP Limited Audit Committees, which are chaired by the CFO.

The Committee will commission reports from the external auditor, Internal Audit and management as necessary to discharge its responsibilities. During Committee meetings, the Committee will challenge and seek comfort from the external auditor, internal auditors and management where necessary. This constructive dialogue and challenge helps to improve quality of discussions and any resulting decisions or recommendations. All actions requested by the Committee have clear deadlines. During the year, the Audit Committee met on five occasions. Below is a summary of the main activities undertaken by the Committee:

Financial reporting

The Committee reviewed and considered the following areas in respect of financial reporting and the preparation of the interim and annual financial statements:

- The appropriateness of the accounting policies used;
- Compliance with external and internal financial reporting standards and policies;
- Significant accounting judgements and estimates and large or unusual transactions;
- Disclosures and representations;
- Going Concern; and
- Whether the Annual Report and Accounts were fair, balanced and understandable.

In carrying out these activities, the Audit Committee reviewed reports from both the Group Finance function and the external auditors. The external auditor's reports were based on a full audit of the annual financial statements and a high-level review of the interim financial statements.

The significant issues considered by the Committee were:

- Revenue recognition;
- Goodwill and other asset impairment;
- Acquisition accounting;
- Tax;
- Foreign exchange gains and losses and net investment hedging;
- Bad debt provisioning;
- Refinancing; and
- Separately disclosed items.

External audit

During the year the Committee received regular reports from the Group's external auditor, KPMG. These reports covered matters including: Audit plans and the approach to be taken to the financial reporting process, key judgements, audit observations and recommendations and confirmation of independence.

Information technology

Due to the inherent importance of the Group's IT infrastructure, the Committee commissioned a combined internal and external assurance review of the new UK acquiring platform. This review was undertaken by PwC in conjunction with internal resources. Updates on the acquiring platform are presented to the Committee on a six monthly basis.

Internal audit

At the beginning of each year, the Internal Audit function presents its internal audit plan for the year (the Plan). The Audit Committee reviews and approves the Plan, along with any subsequent changes to it. It also conducts a review of the structure and resources of the Internal Audit function to ensure that it can effectively deliver the approved Plan.

Throughout the year, the Internal Audit function presents the individual reports on internal control and assurance which form the Plan. Weaknesses identified in the reports are considered by the Audit Committee in detail, together with the appropriateness of any remediation action plan and timelines that management has committed to.

In addition, the Chief Internal Auditor provides a regular update on anti-fraud or whistleblowing investigations together with any recommendations.

Compliance

The Compliance function provided the Audit Committee with updates on key compliance issues and the Compliance Plan for 2014. The Group's Money Laundering Reporting Officer's annual report was also presented. During the year it was agreed that, in order to improve efficiency, future Compliance related updates would be presented to the Group's Risk Committee rather than divided between the Risk and Audit Committees. The Group's Director of Compliance may attend future Audit Committee meetings where it is thought beneficial to do so.

External Audit Independence

During 2013, the Committee reviewed and adopted an updated policy for the provision of non-audit services by the Group's external auditor. The policy remains in force and contains a list of permitted non-audit activities together with a list of prohibited activities. In addition to the application of the Company's own policy, KPMG undertook its standard procedures in relation to non-audit work. During the year, non-audit work was approved by the CFO and, where necessary, the Audit Committee Chairman. Full details of all non-audit work carried out by the Group's external auditor were reported to the Audit Committee. The Committee received an update on the level of non-audit work undertaken by the Group's external auditor, together with a confirmation that the auditor had met all its own internal independence tests. The Committee was satisfied that the level of fees payable in respect of audit services was appropriate for a Group of its size and that an effective audit was conducted for the year. The Committee has also concluded that KPMG remained independent. The audit and non-audit fees payable by the Company are detailed in Note 2e to the financial statements. The Chairman of the Committee held informal meetings with the external auditor outside of the normal meeting cycle. These meetings are viewed as important in maintaining an open and constructive dialogue between the Chairman and the external auditor.

Ship Midco Risk Committee

The Risk Committee is chaired by John Allan, the Chairman, and may include up to two members each from Advent International and Bain Capital, and up to three Non-Executive independent members and an Executive member. The quorum for the Risk Committee is two and must include one member appointed by Advent International and one member appointed by Bain Capital. Full details regarding the composition of the Committee can be found on page 61.

The Risk Committee is responsible for:

- overseeing the evaluation and framing of the Group's risk strategy and risk appetite;
- monitoring risk management arrangements of the Group and advising the Board on risk management issues within the Group;
- monitoring the operation of the Group's enterprise risk management framework;
- overseeing ongoing processes to identify, evaluate and manage the significant risks faced by the Group; and
- monitoring Group compliance within the terms of its regulatory obligations and risk appetite.

The Committee shall ensure that the material risks facing the Group are identified and that appropriate arrangements are in place to manage and mitigate those risks effectively.

Corporate governance continued

The Risk Committee discharges its responsibilities in accordance with its terms of reference, through its meetings which are held at least quarterly. Certain executives, including the CEO, the CFO and the Head of Risk are entitled to attend meetings. The Risk Committee also receives regular updates from business operations in the UK and US including minutes of meetings from the Worldpay Limited, Worldpay (UK) Limited and Worldpay AP Limited Risk Committees.

Details of the Group's risk management process is summarised on pages 48 to 53. The Group's key strategic and operational risks are reviewed regularly to ensure that the risk profile supports the Group's strategy and business operations. The effectiveness of the Group's risk management and internal control systems has been considered, including material operational, financial and compliance controls.

During the year, the Risk Committee met on four occasions and considered, amongst other matters, the following:

Committee development:

The Committee reviewed proposals to further develop the effectiveness of the Committee and its activities. The resulting recommendations were taken into account within the Group's overall governance review.

Risk strategy:

The Group's risk strategy, including the development of the Enterprise Risk Management Framework (ERM), was considered in light of ongoing developments within the market and the Group. More information regarding the ERM can be found on page 50.

Evaluation of the Group's key risks including credit and operational risks:

The Committee considered a number of key risks (sub-divided into Primary and Secondary risks) while assessing their likelihood and impact. Each risk was considered in detail including its definition, appetite, controls and ownership. This allowed the Committee to categorise and prioritise those key risks. A heat map showing the relative severity and likelihood of the key risks is reviewed at each Risk Committee meeting.

Risk management information:

The Committee is regularly provided with statistics which identify the Group's exposure and performance in a number of key areas such as outstanding debts, currency exposures, collections, merchant reviews and sector analysis. Material risks presented by individual customers are considered within the context of the Group's overall risk appetite.

Sector analysis:

The Group's approach to online gambling was reviewed. A new risk assessment and appetite methodology was adopted and is now applied to all territories in which the Group operates. This new methodology has resulted in the Group withdrawing from a number of existing markets, where it believes the associated risks fall outside of the Group's risk appetite.

Risk policies:

Various risk policies were reviewed during the course of the year, including the Credit Risk Policy, Airlines Policy and File Hosting Policy and were adopted and implemented across the Group as required.

Insurance:

The Group's global and local insurance programmes were reviewed, together with the Group's claims history. The Committee confirmed the adequacy of the relevant programmes.

Reports on IT and physical security:

The Committee received reports on the effectiveness of the Group's IT security systems resulting from both internal and external assessments.

Payment Card Industry (PCI) Compliance:

The status of the Group's PCI compliance within a number of key businesses was reviewed.

Compliance:

The Committee received a number of updates from the Group's Director of Compliance relating to the Group's compliance programme including:

- the Group's Anti Money Laundering risk assessment and training programmes;
- assessments of emerging regulatory developments and their potential impact on the business e.g. the Payment Services Directive 2 and UK Faster Payments. Where appropriate these assessments resulted in mitigation programmes to address the new regulatory obligations;
- updates on interactions with, and submissions to, UK and overseas regulators;
- customer verification procedures and the status of the Group's verification of historic accounts inherited through acquisitions;
- applications to undertake regulated activities in overseas territories e.g. the Netherlands.

Certain Compliance activities were also reported to the Group Audit Committee.

At the beginning of the year, the Group Compliance Plan for 2014 was approved.

Following each meeting, the Risk Committee reports its activities, including any recommendations or matters for escalation, to the Board at its next meeting.

Ship Midco Remuneration Committee

The Remuneration Committee is chaired by Robin Marshall. The composition of the Committee includes at least one Non-Executive member and one member each from Advent International and Bain Capital. The quorum for the Remuneration Committee is two and must include one member appointed by Advent International and one member appointed by Bain Capital. Full details of the Committee composition may be found on page 61.

The Committee has responsibility for determining the overall framework and policy for the remuneration of the Executive Directors and other senior Executives, as determined by the Board. The remuneration policy in respect of Executive Directors and senior management is to provide packages that are intended to attract, motivate and retain the high calibre individuals necessary to develop the Group.

The Committee discharges its responsibilities in accordance with its terms of reference, through its meetings which are held at least twice a year. Certain Executives, including the CEO, Chief Human Resource Officer and the Reward Director are invited to attend meetings, although each individual excuses themselves when discussions on their own remuneration are held.

The remuneration principles that are applied to the Executive Committee's remuneration and, where relevant, to Group employees are:

- To align the interests of Worldpay and its employees:
 - It is not in the interest of either Worldpay or its employees to over-compensate (fixed costs too high) or under-compensate (hard to recruit, motivate or retain) its employees.
- All compensation elements should reinforce the link between performance and remuneration:
 - Employees understand superior rewards can only be obtained through superior results achieved in the right way.
- The total compensation package should be fully competitive in the relevant market:
 - Market competitiveness is assessed against the market in which Worldpay competes for talent.
- Remuneration should be transparent and simple to understand:
 - All elements of reward should be simple to explain, understand and administer.
 - Communication of reward plans, targets and achieved performance levels are based on the principles of openness, transparency and simplicity; thereby understanding the connectivity between business and personal success.

During the year, the Remuneration Committee met on five occasions. Below is a summary of the main activities undertaken by the Committee:

Senior management objectives:

Each member of the Executive Committee was given a number of personal objectives, as well as common objectives for the year, which were aligned to the Group's strategy and business objectives for the year.

Performance management:

For the 2013 performance year, the Committee approved the performance distribution curve and year-end EBITDA performance used to calculate the 2013 bonus payments to be applied to all employees, including the Executive Committee. In doing so, the Committee applied any relevant discretion (up or down) in calculating the pay-out.

Equity grants:

Throughout the year, the Committee reviewed and approved individual equity grants to individual members of the Senior Leadership Team and phantom grants to a number of their direct reports.

Appointments and resignations:

During the year a number of Senior Executives were appointed or resigned from the Board of Directors and the Executive Committee. In each case, the Committee considered the individual circumstances of the appointment or resignation and approved any headline benefit terms to be applied.

The Committee considered an Independent review of the risk profile of incentive arrangements. The Committee were satisfied that the current arrangements had the appropriate governance and that the overall quantum of awards were reasonable.

Managers' report

Principal activities and strategic review

The strategic review of the Group's business, likely future development and details of principal risks and uncertainties can be found on pages 20 to 33 and 48 to 53 of this report. A description of the principal activities of the Group may also be found on page 1.

Ownership

The Worldpay Group of companies was a wholly owned subsidiary of RBS until 2010 when a majority stake was acquired by Advent International and Bain Capital. On 9 December 2013, RBS sold its entire remaining shareholding in the Worldpay Group to Advent International and Bain Capital.

Equity ownership of the Group at 31 December 2014 is as follows:

Advent International Corporation	43.1%
Bain Capital LLC	43.1%
Employee Benefit Trust	9.7%
Other investors	4.1%

Share capital

The Company has three classes of ordinary shares, including one class of management shares.

The holders of the ordinary shares are entitled to dividends and one vote per share at meetings of the Company. Voting rights are detailed in the Company's statutes and Investment Agreement.

For more details please see Note 5f to the financial statements.

Managers

Biographical details of the Managers of the Company can be found on page 67.

Managers' conflict of interests

Members of the Board of Managers are able to declare actual or potential conflicts of interest. Such matters will be considered for authorisation by those Managers who have no interest in the matter being considered.

Corporate governance

A full report on corporate governance can be found in the Corporate governance section of this report (pages 56 to 65) and is incorporated into this report by reference.

Directors' and Officers' liability insurance

The Group maintains directors' and officers' liability insurance on behalf of its Managers, Directors and Officers, which is available in respect of potential legal action which may be brought against them.

Employees

A summary of the Group's HR philosophy and policies may be found on pages 28 and 29.

Corporate responsibility

A summary of the Group's corporate responsibility policies and activities may be found on pages 54 and 55.

Environmental matters

Information on the Group's environmental initiatives can be found in the Corporate responsibility review on page 55.

Dividends

No dividends were paid by the Company during the year ending 31 December 2014 (2013: nil).

Supplier payment policy

Payment terms of 30 days from the date of invoice are applied unless otherwise agreed. All payments are made via bank transfer.

Political donations

No political donations were made during the year (2013: nil).

Other essential contractual arrangements

While the sale of the Group in 2010 ensured economic and financial separation from RBS, the business will continue to be operationally connected to RBS systems for a period of time under Transitional Service Arrangements (TSAs). Significant steps continue to be taken to ensure operational separation from RBS well in advance of the expiry of our TSAs.

For the purposes of its business as a merchant acquirer, the Worldpay Group (via Worldpay (UK) Limited, Worldpay Limited and its other operating companies) has entered into contractual arrangements with various payment schemes, including Visa Europe Limited, Visa Worldwide Pte Limited, MasterCard International Incorporated, JCB International Co Limited, Diners Club International Limited, China UnionPay Co Limited, American Express Europe Limited, American Express Payment Services Limited and Laser Card Services Limited. Visa Europe Limited is a membership organisation of which Worldpay (UK) Limited is a member, and has voting rights. Ron Kalifa is a Director of Visa Europe Limited.

Under a sponsorship agreement entered into with RBS in November 2010, RBS members continue to sponsor relevant Worldpay Group entities for the purposes of card scheme licences in Hong Kong, Singapore and the USA (in respect of card-holder not present business only). The Group also has a sponsorship agreement for Canada with Peoples Trust Company.

Worldpay also has an agreement for sponsorship in Australia with Australia and New Zealand Banking Group Limited (ANZ). On 20 December 2013, ANZ notified Worldpay of its intention to exit this arrangement following the contractual notice and run off period (which period ends in December 2015). Worldpay will therefore utilise alternative acquiring arrangements after this time.

The Group has no other essential contractual arrangements.

Research and development

The Group continued to focus on its strategic priority of separation from RBS and the implementation of its new technology platform and invested during the period in research and development activities. Among other benefits, the platform will allow the automation of many, currently manual, processes to ensure that post the completion of separation operating leverage can be maximised. During the year research and development expenditure of £35.1m (2013: £41.3m) was recognised in the profit and loss account.

Branches

The Company has no branch as at 31 December 2014.

Acquisition of own shares

The C shares are issued to an Employee Benefit Trust ('EBT') in order to facilitate management's investment in the Group. These shares are subsequently purchased by certain eligible employees from the EBT.

During the financial year 2014, the Company acquired 127,100 C shares with a nominal value of £1 per share for a total of £2.8m. At the year end, a total of 56,021 (2013:65,541) C shares with a nominal value of £1 per share remain held within the EBT. These shares are treated as Treasury shares upon consolidation of the EBT.

Post balance sheet events

Subsequent events are disclosed in Note 7c to the financial statements.

External auditor

The Audit Committee is responsible for considering the Group's external audit arrangements.

Following an audit tender in 2012, KPMG was appointed as the Company's auditor with effect from 17 September 2012.

Disclosure of information to auditors

Each of the Managers (together with the Directors of Ship Midco Limited) who held office at the date of approval of this report confirms that, to the best of their knowledge:

- There is no relevant audit information of which the Company's auditor is unaware; and
- They have taken all necessary steps (as a Manager or Director) to make the auditor aware of any relevant audit information.

Approved by the Board of Managers and signed on behalf of the Board on 24 June 2015.



Fergal O'Hannrachain
Manager



Ruth Springham
Manager

Board of Managers

Ruth Springham (appointed 30 April 2014)

Ruth serves as a Director for Bain Capital in Luxembourg, on both joint venture boards such as Worldpay and on other Bain Capital only investments, for which she additionally undertakes the role of company secretary. Prior to joining Bain Capital, Ruth was a consultant to the European Commission's DG Research and statistical divisions. Ruth is certified under the ACCA CAT scheme and holds an MA from the University of Glasgow, UK.

Desmond Mitchell

Desmond has over 30 years' experience in finance, operations and risk management since qualifying as a Chartered Accountant. Prior to joining Advent International, Desmond held senior finance positions at Collier Capital and Midland Montagu in Europe and the Far East.

Fergal O'Hannrachain

Fergal serves as Corporate Manager for Advent in Luxembourg responsible for the Worldpay holding companies. Previously he managed captive insurance vehicles for Willis and also acted as the Compliance Officer of Mourant, Luxembourg. He has worked with Deloitte in Dublin and PwC in Luxembourg, auditing financial services companies.

Robin Marshall

Robin joined Bain Capital in 2009 and is a Managing Director. Prior to joining Bain Capital, he was a Partner at 3i where he completed transactions in the healthcare, business services and consumer sectors. Robin was the founding partner of 3i's US Private Equity business and prior to that was a Managing Director of 3i's UK business. Previously, he was with McKinsey & Company and Procter & Gamble. Robin is currently a Director of Ship Midco Limited, Securitas Direct, BPL and Nets.

Audit opinion

To the Shareholders of
Ship Luxco Holding & CY S.C.A.
2, rue Beck
L-1222 Luxembourg

Report of the Réviseur d'Entreprises agréé

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Ship Luxco Holding & CY S.C.A., which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG Luxembourg, Société coopérative, a Luxembourg entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International") a Swiss entity.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Ship Luxco Holding & CY S.C.A. as of December 31, 2014, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Managers, is consistent with the consolidated financial statements.

Luxembourg, June 24, 2015
KPMG Luxembourg, Société coopérative
39, Avenue John F. Kennedy
L-1855 Luxembourg
Cabinet de révision agréé



Sophie Hustinx

Consolidated Income Statement

For the year ended 31 December 2014

	Notes	2014			2013		
		Underlying result £m	Separately disclosed items (Note 2b) £m	Total £m	Underlying result £m	Separately disclosed items (Note 2b) £m	Total £m
Revenue	2a	3,650.3	–	3,650.3	3,394.0	1.0	3,395.0
Transaction and processing costs		(2,885.0)	–	(2,885.0)	(2,689.9)	(2.3)	(2,692.2)
Gross profit		765.3	–	765.3	704.1	(1.3)	702.8
Personnel expenses	2c	(230.8)	(32.2)	(263.0)	(212.8)	(76.7)	(289.5)
General, selling and administrative expenses	2d	(159.8)	(56.4)	(216.2)	(145.7)	(90.6)	(236.3)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		374.7	(88.6)	286.1	345.6	(168.6)	177.0
Depreciation and amortisation	3b,3c	(78.4)	(82.7)	(161.1)	(68.6)	(88.4)	(157.0)
Operating profit		296.3	(171.3)	125.0	277.0	(257.0)	20.0
Finance costs	5a	(168.2)	(8.6)	(176.8)	(141.4)	(76.9)	(218.3)
Share of result of joint venture	6c	(0.3)	–	(0.3)	–	–	–
Profit/(loss) before tax	2f	127.8	(179.9)	(52.1)	135.6	(333.9)	(198.3)
Tax (charge)/credit	2g	(41.1)	38.2	(2.9)	(43.0)	76.0	33.0
Profit/(loss) for the year		86.7	(141.7)	(55.0)	92.6	(257.9)	(165.3)

The accompanying notes on pages 74 to 108 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	2014 £m	2013 £m
Loss for the year	(55.0)	(165.3)
Items that will not be reclassified through to profit and loss:	-	-
Items that are or may subsequently be reclassified to profit or loss:		
Currency translation movement on net investment in subsidiary undertakings	1.8	(6.0)
Currency translation movement due to net investment hedging	(4.5)	15.3
Total comprehensive income for the year	(57.7)	(156.0)

The accompanying notes on pages 74 to 108 form an integral part of these financial statements.

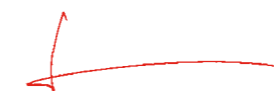
Consolidated Balance Sheet

As at 31 December 2014

	Notes	2014 £m	2013 £m
Non-current assets			
Goodwill	3a	1,260.9	1,195.9
Other intangible assets	3b	673.7	656.4
Property, plant and equipment	3c	126.7	132.7
Investment in Joint Venture	6c	3.2	-
Deferred tax assets	2i	25.0	20.6
		2,089.5	2,005.6
Current assets			
Inventory	4b	1.3	1.3
Trade and other receivables	4c	381.8	322.9
Scheme debtors	4a	414.9	433.3
Merchant float	4a	769.9	755.1
Own cash and cash equivalents	5b	169.7	179.6
		1,737.6	1,692.2
Current liabilities			
Trade and other payables	4d	(260.3)	(188.9)
Merchant creditors	4a	(1,184.8)	(1,188.4)
Current tax liabilities	2h	(9.5)	(0.5)
Derivative financial instruments		(1.2)	-
Borrowings	5c	(76.6)	(65.2)
Finance leases	5d	(12.7)	(9.1)
Provisions	4e	(13.1)	(39.1)
		(1,558.2)	(1,491.2)
Non-current liabilities			
Borrowings	5c	(2,331.5)	(2,194.3)
Finance leases	5d	(15.5)	(18.3)
Provisions	4e	(8.3)	(7.6)
Deferred tax liabilities	2i	(110.4)	(131.1)
		(2,465.7)	(2,351.3)
Net liabilities		(196.8)	(144.7)
Equity			
Called-up share capital	5f	8.4	8.4
Share premium		9.7	4.1
Capital contribution reserve		42.1	42.1
Foreign exchange reserve		(2.2)	0.5
Retained earnings deficit		(254.8)	(199.8)
Total equity		(196.8)	(144.7)

The accompanying notes on pages 74 to 108 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Managers on 24 June 2015 and signed on its behalf by:



Fergal O'Hannrachain
Manager



Ruth Springham
Manager

Consolidated Statement of Changes in Equity

As at 31 December 2014

	Called up share capital £m	Share premium £m	Capital contribution* reserve £m	Foreign exchange reserve £m	Retained earnings deficit £m	Total £m
At 1 January 2013	(8.2)	–	(615.1)	8.8	115.6	(498.9)
Loss for the year	–	–	–	–	165.3	165.3
Foreign currency translation	–	–	–	6.0	–	6.0
Foreign currency translation – net investment hedging	–	–	–	(15.3)	–	(15.3)
Total comprehensive income for the year	–	–	–	(9.3)	165.3	156.0
Transfer of C shares	(0.3)	–	–	–	–	(0.3)
Exercise of C shares	0.1	–	–	–	–	0.1
Repayment of capital contribution	–	–	493.2	–	–	493.2
Contributions from investors	–	–	(1.3)	–	–	(1.3)
YFPECS discounting unwind	–	–	81.1	–	(81.1)	–
Employee Benefit Trust income (EBT)	–	(4.1)	–	–	–	(4.1)
At 1 January 2014	(8.4)	(4.1)	(42.1)	(0.5)	199.8	144.7
Loss for the year	–	–	–	–	55.0	55.0
Foreign currency translation	–	–	–	(1.8)	–	(1.8)
Foreign currency translation – net investment hedging	–	–	–	4.5	–	4.5
Total comprehensive income for the year	–	–	–	2.7	55.0	57.7
Transfer of C shares	0.1	–	–	–	–	0.1
Exercise of C shares	(0.1)	–	–	–	–	(0.1)
Employee Benefit Trust income (EBT)	–	(5.6)	–	–	–	(5.6)
At 31 December 2014	(8.4)	(9.7)	(42.1)	2.2	254.8	196.8

The accompanying notes on pages 74 to 108 form an integral part of these financial statements.

* Capital contributions arise from the initial funding received from the shareholders in excess of the share capital issued, and the issue of yield-free PECS (Note 5c) where the fair value of the preferred equity certificates are issued at a discount to their par value.

Consolidated Cash Flow Statement

For the year ended 31 December 2014

	Notes	2014 £m	2013 £m
Cash flows from operating activities			
Cash generated by operations	4f	295.2	157.3
Tax paid		(19.1)	(8.2)
Net cash inflow from operating activities		276.1	149.1
Investing activities			
Purchase of intangible assets	3b	(116.3)	(79.9)
Purchases of property, plant and equipment	3c	(26.4)	(57.0)
Disposal of intangible assets	3b	–	1.5
Disposal of property, plant and equipment	3c	–	3.2
Purchase of Cobre Bem	6b	(3.9)	–
Purchase of SecureNet	6b	(74.9)	–
Purchase of YESpay		–	(17.6)
Purchase of Century Payments		(3.5)	(47.4)
Purchase of Cardsave		(15.4)	–
Investment in joint venture	6c	(1.7)	–
Net cash used in investing activities		(242.1)	(197.2)
Financing activities			
Finance costs paid		(131.9)	(83.1)
New finance leases		10.8	9.5
Repayment of finance lease obligations		(10.0)	(7.9)
Make-whole payment on repayment of subordinated debt		–	(26.5)
Repayment of accrued interest on preferred equity certificates	5c	–	(35.0)
Repayment of capital contribution		–	(493.2)
Drawdown of borrowings		139.6	1,356.0
Repayment of borrowings		(40.8)	(629.7)
Payment of facility set-up fees		(3.8)	(39.9)
Issue of preferred equity certificates	5c	0.8	0.7
Capital contribution from investors		–	1.3
Net cash (used in)/from financing activities		(35.3)	52.2
Net (decrease)/increase in own cash and cash equivalents		(1.3)	4.1
Own cash and cash equivalents at beginning of year		179.6	178.6
Effect of foreign exchange rate changes		(8.6)	(3.1)
Own cash and cash equivalents at end of year		169.7	179.6

The accompanying notes on pages 74 to 108 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

Section 1 – Basis of preparation

This section sets out the accounting policies of Ship Luxco Holding & CY S.C.A. and its subsidiaries (the 'Group') that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

This section also details new accounting standards that have been endorsed in the year and have either become effective in 2014 or will become effective in later years.

Note 1a Introduction to basis of preparation

The consolidated financial statements are prepared on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union. They were authorised for issue by the managers on 24 June 2015.

Ship Luxco Holding & CY S.C.A. (the "Company") is incorporated and registered in Luxembourg. The presentational currency of the Group is Sterling.

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

After making appropriate enquiries and taking into account the matters set out in the Risk management section on pages 48 to 53, the Managers have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Accounting Policies Foreign exchange

The consolidated financial statements of the Worldpay Group are presented in Sterling, which is the functional currency of the Company and the presentational currency of the Group. The net assets of foreign subsidiaries are translated to Sterling as follows:

- The assets and liabilities of the entity (including goodwill and fair value adjustments on acquisition) are translated at the rate prevailing at the end of the reporting period.
- Income and expenses are translated at the rate ruling on the date of the transaction or an appropriate average rate.
- Equity elements are translated at the date of the transaction and not retranslated in subsequent periods.

All exchange differences arising on consolidation are taken through comprehensive income to the Foreign Currency Translation Reserve.

Foreign currency transactions are initially recorded at the rate ruling on the date of the transaction. At the end of each reporting period, foreign currency items on the balance sheet are translated as follows:

- Non-monetary items, including equity, held at historic cost are not retranslated.
- Non-monetary items held at fair value are translated at the rate ruling on the date the fair value was determined.
- Monetary items are retranslated at the rate prevailing at the end of the reporting period.

Foreign exchange gains and losses arising from the retranslation of foreign currency transactions are recognised in the income statement.

Netting

The Group is party to a number of arrangements, including master netting agreements, that give it the right to offset financial assets and financial liabilities. Where it does not intend to settle the amounts net or simultaneously, the assets and liabilities concerned are presented gross.

Treasury shares

The consideration for any ordinary shares of the Company purchased by a Group company ("Treasury Shares") is deducted from equity attributable to the owners of the Company until the shares are cancelled or reissued.

On the sale or reissue of Treasury Shares the consideration received is credited to equity, net of any directly attributable incremental costs and related tax.

Accounting Developments Impact of new accounting standards

The following standards are new, revised or changes to existing standards which have been adopted by the Group in the year ended 31 December 2014. These have not impacted the balance sheet or reported results for the year, nor any previously reported results, but may have impacted how such results are disclosed:

- Amendment to IAS 32 'Offsetting Financial Assets and Financial Liabilities' – provides clarification on the application of offsetting rules.
- IFRS 10 'Consolidated Financial Statements' – builds on existing principles by highlighting the concept of control as the determining factor on whether an entity should form part of the consolidated financial statements.
- IFRS 12 'Disclosure of Interests in Other Entities' – includes disclosure requirements for all forms of interest in other entities.

- Amendments to IFRS 10, 12 and IAS 27 'Investment Entities' – includes provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- Amendment to IAS 36 'Recoverable Amount Disclosures for Non-Financial Assets' – aligns the disclosure requirements of IAS 36 following the issuance of IFRS 13. It is intended that disclosures around recoverable amount will be required when that amount is based on fair value less costs of disposal, and discount rates when present value techniques have been used in assessing recoverable amount.
- IFRIC 21 'Levies' – clarifies when to recognise a liability to pay a government levy that is accounted for in accordance with IAS 37.

New standards and interpretations not yet adopted

The following standards are in issue but not yet effective and have not been adopted by the Group.

- IFRS 9 'Financial Instruments' (2009 and 2010) – not yet endorsed by the European Union. It will eventually replace IAS 39 but currently only details the requirements for recognition and measurement of financial assets.
- IFRS 7 'Financial Instruments Disclosures' – additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.
- Annual Improvements to IFRSs: 2010 – 12 Cycle.
- Annual Improvements to IFRSs: 2011 – 13 Cycle.
- Annual Improvements to IFRSs: 2012 – 14 Cycle.

The Group has not completed its assessment of the impact of these pronouncements but the implementation of these new standards is not expected to have a material impact on the consolidated results, financial position or cash flows of the Group.

Note 1b Critical accounting estimates and judgements

The reported results of the Group for the financial year ended 31 December 2014 are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements.

The judgements and assumptions involved in the Group's accounting policies that are considered by the Managers to be the most important to the portrayal of its financial condition are discussed below.

The use of estimates, assumptions or models that differ from those adopted by the Group would affect its reported results.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated.

The value in use calculation requires the Managers to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques that take into consideration market inputs such as interest rates and volatility.

Income and deferred taxes

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges calculated by reference to the legal requirements applying to each jurisdiction in which the Group operates. As an integral part of this process, the Group applies its judgement in order to determine the tax charge applying to those matters for which the final tax treatment is considered by the Group to be uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences are recognised in the current and deferred income tax assets and liabilities in the period in which such determination is made.

Trade receivables impairment provisions

A trade receivable is impaired when there is objective evidence that, due to events since the trade receivable was created, the Group cannot recover the original expected cash flows from the trade receivable. The impairment loss is the difference between the carrying value and the present value of estimated future cash flows.

Management have performed sensitivity analysis on all of the above critical accounting estimates and judgements and are satisfied that no reasonably possible change in the key assumptions would give rise to a material change in the amounts reported.

Notes to the Consolidated Financial Statements

Section 2 – Results for the year

This section focuses on the results and performance of the Group in the financial year ended 31 December 2014.

Accounting policies

Revenue recognition

Revenue represents amounts receivable from processing transactions between the customer and an acquiring bank. Revenue streams are also earned from the rental of terminals to customers, the acceptance of alternative payment methods and income generated on settling foreign currency transactions on behalf of customers.

Revenue from transaction service charges and similar services are recognised as revenue when the services are performed. The arrangements are generally contractual and the cost of providing the service is incurred as the service is rendered. Revenue is recognised when the price is fixed and determinable.

Costs of sales are matched to the revenue generated and are recognised when incurred. Other expenses are recognised in the period to which they relate.

Items paid in advance or invoiced in arrears are shown as prepayments or accruals, as appropriate, on the balance sheet at the end of the period.

Note 2a Segmental information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker (the Operating Committee) to allocate resources and assess performance. For each identified operating segment, the Group has disclosed information for the key performance indicators that are assessed internally to review and steer performance in the Performance review section of this report. The segment named eCommerce in the 2013 Annual Report has been renamed Global eCom in this report.

Year ended 31 December 2014

	WPUK £m	WPUS £m	Global eCom £m	Corporate £m	Total £m
Underlying revenue	1,252.7	1,666.4	731.2	–	3,650.3
Underlying EBITDA	156.1	75.4	161.5	(18.3)	374.7
Underlying depreciation and amortisation	(36.7)	(28.5)	(12.2)	(1.0)	(78.4)
Underlying operating profit	119.4	46.9	149.3	(19.3)	296.3
Separately disclosed items affecting operating profit	(49.3)	(32.6)	(16.7)	(72.7)	(171.3)
Operating profit	70.1	14.3	132.6	(92.0)	125.0
Underlying finance costs					(168.2)
Separately disclosed items affecting finance costs					(8.6)
Share of JV					(0.3)
Loss before tax					(52.1)
Tax					(2.9)
Loss for the year					(55.0)
Non-current assets	1,226.0	405.7	457.8	–	2,089.5

Note 2a Segmental information (continued) Year ended 31 December 2013 (Restated*)

	WPUK £m	WPUS £m	Global eCom £m	Corporate £m	Total £m
Underlying revenue	1,145.2	1,614.3	634.5	–	3,394.0
Underlying EBITDA	162.6	74.0	125.7	(16.7)	345.6
Underlying depreciation and amortisation	(43.6)	(10.8)	(13.3)	(0.9)	(68.6)
Underlying operating profit	119.0	63.2	112.4	(17.6)	277.0
Separately disclosed items affecting operating profit	(87.6)	(41.8)	(31.0)	(96.6)	(257.0)
Operating profit	31.4	21.4	81.4	(114.2)	20.0
Underlying finance costs					(141.4)
Separately disclosed items affecting finance costs					(76.9)
Loss before tax					(198.3)
Tax					33.0
Loss for the period					(165.3)
Non-current assets	1,197.1	340.0	468.5	–	2,005.6

* 2013 segmental results have been restated for a revised allocation of centrally managed costs, which is considered by management to better reflect the expenditure relating to specific business units.

Segmental information by revenue streams

	2014 £m	2013 £m
Transaction service charges	3,209.7	3,006.9
Terminal rental fees	74.9	71.8
Float Income	2.1	2.3
Foreign exchange services	108.6	99.1
Other income (e.g. Gateway services and Alternative payments)	255.0	213.9
Underlying revenue	3,650.3	3,394.0

The Group's revenue is generally consistent with the geographical locations of the operating segments, with the exception of the Global eCom business, whose revenue is derived from worldwide sources. No individual customer amounts to more than 10% of Group revenue.

Notes to the Consolidated Financial Statements

Section 2 – Results for the year continued

Note 2b Separately disclosed items

Separately disclosed items are costs or profits that are recognised in the income statement which management believes, due to their size or nature, are not the result of normal operating performance. They are therefore separately disclosed on the face of the income statement to allow a more comparable view of underlying trading performance.

The following table gives further details of the items included:

	2014 £m	2013 £m
Affecting earnings before interest, tax, depreciation and amortisation (EBITDA)		
Platform costs	35.1	41.3
Other separation costs	24.1	19.4
Reorganisation and restructuring costs	18.2	46.3
Costs associated with business set-ups, acquisitions and disposals	2.8	44.1
Other	8.4	17.5
Total affecting EBITDA	88.6	168.6
Affecting depreciation and amortisation		
Impairment of platform assets	9.6	14.3
Amortisation of business combination intangibles	73.1	74.1
Total affecting depreciation and amortisation	82.7	88.4
Affecting finance costs		
Make-whole payment on subordinated debt	–	26.5
Accelerated discount unwind on yield free preferred equity certificates	–	45.8
Write-off of previously capitalised finance costs	–	12.6
Write-off of fair value adjustments	–	3.0
Foreign exchange losses/(gains)	8.6	(11.0)
Total affecting finance costs	8.6	76.9
Total separately disclosed items	179.9	333.9

Note 2b Separately disclosed items (continued)

Separately disclosed items in the year amounted to £179.9m (2013: £333.9m) and include separation costs, reorganisation and restructuring costs, foreign exchange gains and losses, asset impairments and the amortisation of business combination intangibles. These are costs or profits that have been recognised in the period which management believes, due to their nature or size, should be disclosed separately to give a more comparable view of the year on year underlying trading performance. Foreign exchange gains and losses and amortisation of business combination intangibles are expected to recur each year, whereas the other items are expected to be largely non-recurring.

Total costs of separation in the year amounted to £59.2m (2013: £60.7m), of which £35.1m (2013: £41.3m) relates to the investment we are making to update our technology infrastructure and provide technological independence from RBS. Total costs incurred to date on the programme are £362m (2013: £249m), of which £235m (2013: £157m) has been included within tangible and intangible assets on the balance sheet, with the remainder charged directly to the income statement.

Other costs of separation include consultancy, property, branding and remediation costs incurred in separating the business operations from RBS. It also includes the launching and rolling out of the new Worldpay brand.

As well as separation from RBS, the Group has incurred significant costs in restructuring and reorganising the business to put it in the best position to continue to achieve its ambitious growth plans. This includes restructuring the UK business and integrating the Century acquisition. These also included costs to restructure the business to enable customers of the WPUK business to benefit from the impact of structural changes in the card payments sector.

Costs of business set-ups, acquisitions and disposals includes provisions for amounts payable under the Cardsave earnout and management bonus arrangements following the acquisition of Century in 2013.

Other separately disclosed items affecting EBITDA of £8.4m include shareholder costs and losses on disposal of fixed assets following the consolidation of property locations.

The majority of the separately disclosed items affecting EBITDA result in cash flows, either in the year or in the future.

As with any project of this scale, expenditure on the Group's Platform programme is regularly reviewed to determine if any of the recognised Platform assets are impaired. During the year, these reviews have resulted in the write down of £9.6m of assets.

The amortisation of business combination intangibles in the year was £73.1m (2013: £74.1m). This non-cash charge largely relates to intangible assets recognised on the divestment of the business from RBS, as well as subsequent strategic business acquisitions.

Separately disclosed items affecting finance costs in the period were £8.6m (2013: £76.9m), being a loss on the translation of the Group's financing related, foreign currency assets and loans (2013: gain of £11.0m). The income statement impact arises from the structural currency imbalance in the composition of the Group's external debt and the structure of its intercompany loans. The prior year total charge affecting financing costs included £87.9m of costs relating to the debt refinancing completed in May 2013.

Notes to the Consolidated Financial Statements

Section 2 – Results for the year continued

Note 2c Personnel expenses

Expenses related to services rendered by employees are recognised in the period in which the service is rendered. This includes wages and salaries, social security contributions, pension contributions, bonuses and termination benefits.

Where payments of amounts due are outstanding at the end of the reporting period, an accrual is recognised. Where payments have been made in advance prior to the end of the reporting period, a prepayment is recognised.

The Group operates defined contribution pension schemes. The amounts charged to the income statement in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments on the balance sheet.

The average number of employees was:

	2014	Restated 2013
WPUK	1,533	1,380
WPUS	1,169	1,124
Global eCom	446	422
Corporate	1,370	1,216
	4,518	4,142

2013 average number of employees have been restated as WPUK operations employees are now included in the WPUK business unit. They were previously included in the Corporate business unit.

	2014 £m	2013 £m
Wages and salaries including redundancy costs	205.0	187.4
Pensions	10.7	9.0
Social security	15.1	16.4
Total underlying personnel expenses	230.8	212.8
Separation – platform	14.4	19.2
Separation – other	2.8	0.9
Reorganisation and restructuring costs	12.4	13.7
Costs of business set-ups, acquisitions and disposals	2.5	30.4
Other	0.1	12.5
Total personnel expenses in separately disclosed items	32.2	76.7
Total personnel expenses	263.0	289.5

Managers' emoluments

The Managers of the Company do not receive remuneration for specific services provided to the Company.

Note 2d General, selling and administrative expenses

	2014 £m	2013 £m
Selling costs	10.1	10.0
Operating costs	56.1	54.6
Office costs	29.6	24.7
Administrative costs	24.1	23.5
Professional fees	22.6	21.1
Bad debt expense	16.2	10.5
Other	1.1	1.3
Total underlying general, selling and administrative expenses	159.8	145.7
Separation – platform	20.7	22.1
Separation – other	21.3	18.5
Reorganisation and restructuring costs	5.9	32.6
Costs of business set-ups, acquisitions and disposals	0.2	11.9
Other	8.3	5.5
Total general, selling and administrative expenses in separately disclosed items	56.4	90.6
Total general, selling and administrative expenses	216.2	236.3

Note 2e Auditor Remuneration

	2014 £m	2013 £m
Fees payable to the Group's auditor for the audit of the Group's annual report and accounts	0.9	1.0
Fees payable to other auditors for the audit of the Company's subsidiaries pursuant to legislation	–	–
Fees payable to the Group's auditor and its associates for other services:		
Other assurance services	0.1	0.1
Other non-audit services	–	0.7
	1.0	1.8

Note 2f Profit / loss before tax (after charging)

Profit/loss before tax is stated after charging:

	2014 £m	2013 £m
Depreciation of property, plant and equipment	39.7	35.8
Amortisation of business combination intangibles	73.1	74.1
Amortisation of other intangibles	38.7	32.4
Impairment of property, plant and equipment	–	0.4
Impairment of other intangibles	9.6	14.3
Operating lease costs	19.4	13.7
Foreign exchange losses/ (gains)	8.6	(11.0)

Research and development expenditure recognised was £35.1m (2013: £41.3m). This represents the amount charged to the profit and loss account in relation to the Platform project.

Notes to the Consolidated Financial Statements

Section 2 – Results for the year continued

Note 2g Tax

	2014 £m	2013 £m
Current taxation		
UK corporation tax charge for the year	6.4	–
Prior period adjustment	(2.1)	0.8
Foreign corporation tax charges	23.7	14.2
	28.0	15.0
Deferred taxation		
UK credit for the year	(15.9)	(22.7)
Foreign credit for the year	(10.5)	(11.3)
Prior period adjustment – UK	(1.3)	(1.0)
Prior period adjustment – foreign	1.6	(1.1)
Effect of rate changes – UK	1.2	(12.2)
Effect of rate changes – foreign	(0.2)	0.3
	(25.1)	(48.0)
Tax charge/(credit) for the year	2.9	(33.0)

The Group is mainly exposed to UK and US tax. The actual tax charge differs from the expected tax charge computed by applying the average UK corporation tax of 21.49% (2013: 23.25%) as follows:

	2014 £m	2013 £m
Expected tax credit	(11.2)	(46.1)
Non-deductible items	7.7	20.8
Prior period adjustment	(2.1)	1.2
Tax exempt income	(3.1)	(5.2)
Effect of tax rates in foreign jurisdictions	1.8	(0.9)
Reduction in tax rate	1.0	(11.9)
Deferred tax prior period adjustment	0.3	(2.1)
Deferred tax not provided	8.5	11.2
Actual tax charge/(credit) for the year	2.9	(33.0)

Note 2h Current tax liabilities

The Group's current tax liabilities are analysed as follows:

	2014 £m	2013 £m
Current tax – UK	(8.0)	(0.8)
Current tax – foreign	(1.5)	0.3
	(9.5)	(0.5)

Note 2i Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax charges and credits are recognised in the income statement unless they arise from a transaction recognised directly in equity, in which case the associated deferred tax is also recognised directly in equity.

Analysis of deferred tax assets and deferred tax liabilities recognised by the Group:

	2014 £m	2013 £m
Deferred tax assets		
To be recovered within 1 year	(8.1)	(2.9)
To be recovered after more than 1 year	(16.9)	(17.7)
	(25.0)	(20.6)
Deferred tax liabilities		
To be recovered within 1 year	21.9	26.3
To be recovered after more than 1 year	88.5	104.8
	110.4	131.1
Net deferred tax liabilities	85.4	110.5

The gross movement on the deferred tax account is as follows:

	Deferred capital allowances £m	Provisions £m	Intangibles £m	Total £m
At 31 December 2012	(1.2)	(3.0)	123.8	119.6
Additions	–	(8.7)	8.2	(0.5)
Charge to income statement	(10.6)	3.0	(40.5)	(48.1)
Foreign exchange impact	–	(0.1)	(0.4)	(0.5)
Transfer of US discontinued operations held for sale	–	–	40.0	40.0
At 31 December 2013	(11.8)	(8.8)	131.1	110.5
Additions	–	(2.9)	0.9	(2.0)
Charge to income statement	(0.5)	(1.6)	(23.0)	(25.1)
Foreign exchange impact	0.3	0.3	1.4	2.0
At 31 December 2014	(12.0)	(13.0)	110.4	85.4

Notes to the Consolidated Financial Statements

Section 3 – Non-current assets

This section shows assets used by the Group to generate revenue and profits. These assets include customer relationships, brands, computer software and goodwill. The Group's physical assets are also shown in this section.

Note 3a Goodwill

Goodwill arising on an acquisition of a business represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, less any non-controlling interest. Goodwill is carried at the cost established at the date of acquisition of the business less accumulated impairment losses, if any, and is not amortised.

	£m
Cost	
At 1 January 2013	957.5
Acquisition of YESpay	22.2
Acquisition of Century Payments	29.4
Transferred from discontinued operations held for sale	191.2
Foreign exchange impact	(4.4)
At 31 December 2013	1,195.9
Acquisition of Cobre Bem	7.2
Acquisition of SecureNet	44.7
Foreign exchange impact	13.1
At 31 December 2014	1,260.9
Net book value	
At 31 December 2014	1,260.9
At 31 December 2013	1,195.9

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated.

The value in use calculation, performed at least annually, requires the Managers to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The future cash flows have been estimated using weighted average revenue growth rates of between 9% and 15% and weighted average cost growth rate of between 9% and 14% over five years with a terminal growth rate of 2%. The discount rates used are between 11% and 12%. The Managers believe that the growth rates are reasonable based on the products being developed and any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

Should the value in use be lower than the carrying value, the resultant impairment loss is first allocated to goodwill, then to remaining assets of the cash-generating unit pro rata based on their carrying amount. No asset is impaired below its own recoverable amount. The impairment loss is recognised immediately in separately disclosed items in the income statement. Impairment losses on goodwill cannot be reversed in subsequent periods.

Note 3a Goodwill (continued)

The carrying value of goodwill allocated to cash-generating units is as follows:

	2014 £m	2013 £m
WPUK (including Cardsave and YESpay)	717.3	717.1
Global eCom (including Envoy and Cobre Bem)	269.2	262.6
Worldpay US (including Century and SecureNet)	274.4	216.2
	1,260.9	1,195.9

Note 3b Other intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill include brands and contract and customer related intangibles. These are initially recognised at their fair value at the acquisition date. Subsequently they are reported at cost less accumulated amortisation and impairment losses, if any.

Amortisation is recognised on a straight line basis over the estimated useful economic life. The estimated useful economic lives and the amortisation method are reviewed at the end of each reporting period, with any changes being accounted for on a prospective basis.

The useful lives applied by the Group are:

Customer relationships	3 to 20 years
Brands	3 to 25 years

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets. These costs include directly attributable employee costs. However, any costs incurred in the research phase or as maintenance are expensed as incurred.

Computer software is amortised over its useful life which is 3 to 8 years.

Notes to the Consolidated Financial Statements

Section 3 – Non-current assets continued

Note 3b Other intangible assets (continued)

	Business combination intangibles			Total £m
	Customer relationships £m	Brands £m	Computer software £m	
Cost				
At 1 January 2013	585.4	12.0	104.1	701.5
Additions	–	–	79.9	79.9
Transfer from property, plant and equipment	–	–	0.8	0.8
Acquisition of YESpay Group	1.2	–	0.9	2.1
Acquisition of Century Payments	20.8	–	–	20.8
Disposals	–	–	(8.3)	(8.3)
Transferred from discontinued operations held for sale	131.8	6.9	34.0	172.7
Foreign exchange impact	(3.7)	0.4	(1.1)	(4.4)
At 31 December 2013	735.5	19.3	210.3	965.1
Additions	–	–	116.3	116.3
Transfer to property, plant and equipment	–	–	(8.5)	(8.5)
Acquisition of Cobre Bem	0.2	–	0.1	0.3
Acquisition of SecureNet	6.0	5.1	14.9	26.0
Disposals	–	–	(0.7)	(0.7)
Foreign exchange impact	9.3	0.5	2.8	12.6
At 31 December 2014	751.0	24.9	335.2	1,111.1
Accumulated amortisation				
At 1 January 2013	(94.1)	(4.3)	(37.9)	(136.3)
Transfer from property, plant and equipment	–	–	(0.3)	(0.3)
Charge for the year	(70.1)	(2.8)	(32.2)	(105.1)
Acquisition of YESpay Group	(0.1)	–	(0.2)	(0.3)
Acquisition of Century Payments	(1.1)	–	–	(1.1)
Disposals	–	–	6.8	6.8
Transferred from discontinued operations held for sale	(49.1)	(1.6)	(10.6)	(61.3)
Impairment charge	–	–	(14.3)	(14.3)
Foreign exchange impact	2.3	–	0.9	3.2
At 31 December 2013	(212.2)	(8.7)	(87.8)	(308.7)
Charge for the year	(71.5)	(1.6)	(38.7)	(111.8)
Impairment charge	–	–	(9.6)	(9.6)
Foreign exchange impact	(5.4)	(0.2)	(1.7)	(7.3)
At 31 December 2014	(289.1)	(10.5)	(137.8)	(437.4)
Net book value				
At 31 December 2014	461.9	14.4	197.4	673.7
At 31 December 2013	523.3	10.6	122.5	656.4

At 31 December 2014, £145.1m of intangible assets under the course of construction are shown within computer software. These assets are not yet being amortised.

Note 3c Property, plant and equipment

Property, plant and equipment includes terminals, leasehold improvements and computers and office equipment.

Property, plant and equipment is initially recognised at cost. Cost includes all expenditure directly attributable to bringing the asset to the location and working condition for its intended use. Subsequent measurement of property, plant and equipment is at cost less accumulated depreciation and impairment losses.

Subsequent expenditure is capitalised only when it is probable that it will give rise to future benefits i.e. maintenance expenditure is excluded but enhancement costs may be included.

Property, plant and equipment is depreciated to its residual value over its useful life on a straight line basis. Estimates of the useful life and residual value, as well as the method of depreciation, are reviewed as a minimum at the end of each reporting period. Any changes are classified as a change in accounting estimate and so are applied prospectively.

Depreciation rates for each category of property, plant and equipment are as follows:

Leasehold improvements	5 to 20 years
Terminals	3 to 5 years
Computers and office equipment	3 to 5 years

Depreciation begins when the asset is ready for use and ceases on disposal of the asset, classification as held for sale or the end of its useful life, whichever is the sooner.

The gain or loss on disposal is the difference between the net proceeds received and the carrying amount of the asset.

Notes to the Consolidated Financial Statements

Section 3 – Non-current assets continued

Note 3c Property, plant and equipment (continued)

	Terminals £m	Leasehold improvements £m	Computers and office equipment £m	Total £m
Cost				
At 1 January 2013	74.1	10.0	55.7	139.8
Intra category transfer	1.6	0.4	(2.0)	–
Transfer to Intangible fixed assets	–	–	(0.8)	(0.8)
Additions	14.4	2.5	40.1	57.0
Acquisition of YESpay Group	–	–	0.3	0.3
Acquisition of Century Payments	–	–	0.2	0.2
Disposals	(0.1)	(0.1)	(5.7)	(5.9)
Transferred from discontinued operations held for sale	–	3.7	21.4	25.1
Foreign exchange impact	(0.2)	–	(0.5)	(0.7)
At/to 31 December 2013	89.8	16.5	108.7	215.0
Transfer from/to Intangible fixed assets	–	(5.3)	13.8	8.5
Additions	13.1	1.3	12.0	26.4
Acquisition of SecureNet	–	–	1.7	1.7
Disposals	(14.1)	(1.5)	(15.4)	(31.0)
Foreign exchange impact	(0.1)	0.2	1.4	1.5
At 31 December 2014	88.7	11.2	122.2	222.1
Accumulated depreciation				
At 1 January 2013	(37.1)	(0.1)	(2.9)	(40.1)
Intra category transfer	–	(0.1)	0.1	–
Transfer to Intangible fixed assets	–	–	0.3	0.3
Charge for year	(16.2)	(0.9)	(18.7)	(35.8)
Disposals	–	0.1	2.6	2.7
Impairment charge	(0.4)	–	–	(0.4)
Transferred from discontinued operations held for sale	–	(0.6)	(9.2)	(9.8)
Foreign exchange impact	0.2	0.1	0.5	0.8
At 31 December 2013	(53.5)	(1.5)	(27.3)	(82.3)
Charge for year	(16.3)	(0.9)	(22.5)	(39.7)
Disposals	13.8	0.4	13.2	27.4
Foreign exchange impact	(0.2)	(0.1)	(0.5)	(0.8)
At 31 December 2014	(56.2)	(2.1)	(37.1)	(95.4)
Net book value				
At 31 December 2014	32.5	9.1	85.1	126.7
At 31 December 2013	36.3	15.0	81.4	132.7

At 31 December 2014, £52.2m of assets under the course of construction are shown within computers and office equipment. These assets are not yet being depreciated.

Note 3c Property, plant and equipment (continued)

Terminals are leased by the Group to third party merchants under operating leases. The future minimum lease rental payments receivable from operating leases are as follows:

Terminal rentals	2014 £m	2013 £m
Within 1 year	26.5	21.2
Between 1 and 5 years	34.0	27.7
Total	60.5	48.9

Impairment of non-current assets

The Group assesses its other intangible assets and property, plant and equipment for indicators of impairment at least annually. If such indicators exist, the recoverable amount of the asset or its cash-generating unit, if the asset does not generate largely independent cash flows, is estimated. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows from the asset or the cash generating unit, discounted at the appropriate pre-tax rate.

The Group recognises any impairment loss resulting from these reviews in separately disclosed items in the income statement. Impairment losses, except those arising on goodwill, may be reversed in subsequent periods. However, the revised carrying value of the asset may not exceed the carrying value had the original impairment not arisen. An exercise was undertaken to ascertain whether any of the Platform assets were impaired during 2014. This review resulted in an impairment loss of £9.6m which has been included within separately disclosed items.

Note 3d Capital commitments

Capital commitments at 31 December 2014 were £6.0m (2013: £7.1m) and consisted of contractual commitments for office premise renovation and IT hardware and software development.

Notes to the Consolidated Financial Statements

Section 4 – Trading assets and liabilities

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result.

Note 4a Merchant float, scheme debtors and merchant creditors

Merchant float, scheme debtors and merchant creditors represent intermediary balances arising in the customer settlement process.

Merchant float represents surplus cash balances that the Group holds on behalf of its customers when the incoming amount from the card schemes or networks precedes the funding obligation to customers. The funds are held in a fiduciary capacity. They are excluded from the Group cash flow statement to provide greater clarity over the Group's own cash movements.

Scheme debtors consist primarily of:

- the Group's receivables from the card schemes or networks for transactions processed on behalf of customers, where it is a member of that particular scheme or network;
- the Group's receivables from the card schemes or networks for transactions where it has (by exception) funded customers in advance of receipt of card association funding; and
- other net receivables from the schemes.

Merchant creditors consist primarily of:

- the Group's liability to customers for transactions that have been processed but not yet funded where it is a member of that particular scheme or network,
- the Group's liability to the customers for transactions for which it is holding funding from the members under the sponsorship agreement in merchant float but has not funded customers on behalf of the members,
- merchant reserves and the fair value of the Group's guarantees of cardholder chargebacks. These are amounts held as deposits from customers, either from inception of Worldpay's working relationship with them, or accrued throughout the relationship due to payment issues arising or potential chargebacks.

Note 4b Inventory

The Group's inventory consists of terminals held for sale. Inventory is measured at the lower of cost and net realisable value. Net realisable value is reassessed at each reporting date. Cost is based on the weighted average cost of the items held in stock, calculated monthly.

Any write down to net realisable value is recognised in the income statement in the period in which it occurs; similarly any reversal of this write down is recognised in the income statement in the period in which they occur.

When inventory is sold, its current carrying value is recognised as an expense in the period in which the associated revenue is recognised.

	2014 £m	2013 £m
Worldpay Zinc terminals	1.3	1.3

Note 4c Trade and other receivables

Trade and other receivables are initially recognised at fair value in the period to which they relate. They are held at amortised cost, less any provision for bad or doubtful debts, until either payment is received. Provisions for bad or doubtful debts are presented net with the related receivable on the balance sheet.

	2014 £m	2013 £m
Trade receivables	276.2	229.4
Prepayments and accrued income	75.7	62.7
Other receivables	29.9	30.8
	381.8	322.9

The trade receivables balance can be further analysed as follows:

	2014 £m	2013 £m
Gross trade receivables	308.5	256.9
Impairment provisions	(32.3)	(27.5)
Trade receivables	276.2	229.4

The 2013 balance sheet has been restated to reflect current period treatment of amounts due from and due to customers. This has had the effect of increasing trade and other receivables and trade and other payables for 2013 by £38.1m.

The movement in the impairment provision can be further analysed as follows:

	2014 £m	2013 £m
At 1 January	(27.5)	(23.9)
Transfer from/to held for sale	–	(0.5)
Impairment losses recognised	(4.8)	(3.1)
At 31 December	(32.3)	(27.5)

Impaired financial assets are analysed as follows:

	2014 £m	2013 £m
Cost of impaired receivables	41.5	37.8
Impairment provision	(32.3)	(27.5)
Net book value	9.2	10.3

£13.5m of trade receivables were between zero and three months past due at the balance sheet date but not considered impaired.

Note 4d Trade and other payables

Trade and other payables are recognised initially at fair value in the period to which they relate. They are subsequently held at amortised cost using the effective interest rate method. They are derecognised when payment has been made.

	2014 £m	2013 £m
Trade payables	127.1	57.1
Accruals and deferred income	94.7	87.2
Other liabilities	38.5	44.6
	260.3	188.9

The 2013 balance sheet has been restated to reflect current period treatment of amounts due from and due to customers. This has had the effect of increasing trade and other receivables and trade and other payables for 2013 by £38.1m.

Notes to the Consolidated Financial Statements

Section 4 – Trading assets and liabilities continued

Note 4e Provisions

The Group recognises a provision for a present obligation resulting from a past event when it is probable that it will be required to transfer economic benefits to settle the obligation, and the amount of the obligation can be estimated reliably.

Onerous contracts are recognised immediately as a provision. The amount recognised is the excess of the unavoidable costs of the contract over any expected economic benefits arising from the contract.

Restructuring provisions are only recognised when there is a detailed plan of the restructure that has been communicated and the proposed restructure is sufficiently imminent to mean that it is unlikely any significant changes will be made to the plan. The provision recognised includes costs that are directly attributable to the restructure and excludes any costs on on-going activities, such as relocation or training of staff and marketing costs.

	Debtors £m	Reorganisation and Restructuring £m	Deferred consideration £m	Onerous leases and dilapidations £m	Other £m	Total £m
Balance at 1 January 2013	(8.1)	(4.8)	–	–	–	(12.9)
Utilised in period	2.8	4.1	–	–	–	6.9
Write-backs	4.1	–	–	–	–	4.1
Unwind of discounting	–	–	(0.6)	–	–	(0.6)
Additions	–	(6.3)	(32.1)	(5.2)	(0.8)	(44.4)
Foreign exchange	–	–	0.2	–	–	0.2
Balance at 1 January 2014	(1.2)	(7.0)	(32.5)	(5.2)	(0.8)	(46.7)
Utilised in period	0.9	7.0	18.9	4.2	0.4	31.4
Write backs	–	–	–	–	0.3	0.3
Unwind of discounting	–	–	(0.9)	–	–	(0.9)
Additions	–	–	(4.7)	–	(0.5)	(5.2)
Foreign exchange	–	–	(0.3)	–	–	(0.3)
Balance at 31 December 2014	(0.3)	–	(19.5)	(1.0)	(0.6)	(21.4)

Provisions are shown on the balance sheet as follows:

	2014 £m	2013 £m
Current	(13.1)	(39.1)
Non-current	(8.3)	(7.6)
	(21.4)	(46.7)

Provisions relate to projected chargeback debtor balances that are anticipated to be incurred in future periods in relation to customer accounts that have been fully provided (Note 4c), specific legal provisions against debtors, the provision of severance payments and deferred consideration payments.

The utilisation of the deferred consideration provision in the year is related to payments for the acquisitions of Cardsave and Century. The additions to the deferred consideration provision in the year relate to provisions for payments in relation to the acquisitions of Cobre Bem, Pazien and Cardsave.

Note 4f Note to the cash flow statement

Cash and cash equivalents comprises cash and demand deposits with banks, together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Merchant float is excluded from the cash flow statement.

Following the decision in 2013 to present the Group's cash flow excluding the merchant float, a review of the amounts required to be segregated from own funds and reported as merchant float was undertaken during 2014. The impact of the review is an increase in trade and other payables and an increase in own cash and cash equivalents at 31 December 2014 of £50.0m.

The table below reconciles the loss for year before tax to cash generated by operations:

	2014 £m	2013 £m
Operating activities		
Loss for year before tax	(52.1)	(198.3)
Adjustments for:		
Depreciation and impairment of property, plant and equipment	39.7	36.2
Amortisation and impairment of intangible assets	121.4	120.8
Foreign exchange on translation	(1.4)	(5.3)
Loss on sale of assets	2.8	0.5
Share of joint venture	0.3	–
Finance costs	176.8	218.3
Net cash inflow from operating activities	287.5	172.2
Increase in trade and other receivables	(70.8)	(129.9)
Increase in trade and other payables	89.9	92.8
(Decrease)/Increase in provisions	(11.4)	22.2
Net cash inflow from operating activities before tax	295.2	157.3

Notes to the Consolidated Financial Statements

Section 5 – Financing and Equity

This section details the Group's debt and the related financing costs. It also shows the Group's capital.

Note 5a Finance costs

	2014 £m	2013 £m
Underlying finance costs		
Effective interest on borrowings	135.4	96.3
Effective interest on finance leases	2.7	1.6
Preferred equity certificates – interest	15.7	15.6
Yield free preferred equity certificates – unwind of discount	0.7	7.4
Amortisation of capitalised finance costs	9.5	11.3
Fair value losses	0.3	4.5
Other finance costs	3.9	4.7
	168.2	141.4
Separately disclosed items affecting finance costs – Note 2b		
Make-whole payment on subordinated debt	–	26.5
Accelerated discount unwind on yield free preferred equity certificates	–	45.8
Write-off of previously capitalised finance costs	–	12.6
Write-off of fair value adjustments	–	3.0
Foreign exchange losses/(gains)	8.6	(11.0)
	8.6	76.9
Total finance costs	176.8	218.3

Note 5b Net debt

	Own cash and cash equivalents £m	Senior bank borrowings £m	Subordinated borrowings £m	Preferred equity certificates £m	Finance leases £m	Total £m
At 1 January 2013	130.0	(692.4)	(325.6)	(288.9)	(25.9)	(1,202.8)
Transfer from held for sale	48.6	(221.2)	–	–	–	(172.6)
Cash flows	4.1	(725.6)	(53.8)	234.3	0.1	(540.9)
Finance costs	–	(77.7)	(18.6)	(15.6)	(1.6)	(113.5)
Fair value gains and losses	–	(4.4)	(3.1)	(53.2)	–	(60.7)
Other non-cash flows	–	(11.3)	(39.1)	–	–	(50.4)
Exchange movements	(3.1)	36.7	–	–	–	33.6
At 31 December 2013	179.6	(1,695.9)	(440.2)	(123.4)	(27.4)	(2,107.3)
Cash flows	(1.3)	(7.0)	42.4	(0.8)	1.9	35.2
Finance costs	–	(93.9)	(41.5)	(15.7)	(2.7)	(153.8)
Fair value gains and losses	–	3.5	0.3	–	–	3.8
Other non-cash flows	–	(7.1)	(2.4)	(0.7)	–	(10.2)
Exchange movements	(8.6)	(25.7)	–	–	–	(34.3)
At 31 December 2014	169.7	(1,826.1)	(441.4)	(140.6)	(28.2)	(2,266.6)

Note 5c Borrowings

The Group classifies its borrowings between senior bank borrowings, subordinated borrowings, preferred equity certificates and yield free preferred equity certificates. Preferred equity certificates and yield free preferred equity certificates are debt instruments which are akin to preference shares. They accrue interest at a set rate but do not participate in dividends. They are subordinated to the senior bank borrowings, as is the PIK debt, acquired in 2013 and classified as subordinated bank borrowings. In 2013 the Group repaid the mezzanine facility, which was previously reported as subordinated bank borrowings. Senior and subordinated bank borrowings are held at amortised cost using the effective interest method. Preferred equity certificates and yield free preferred equity certificates are initially recognised at fair value then held at amortised cost.

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised to form part of the cost of that asset. Capitalisation starts when the asset is actively being built or prepared for use and suspended when development activities stop.

Subsequently, borrowing costs are treated as part of the cost of the qualifying assets and depreciated over the economic useful life of the relevant asset.

Interest accruals and other costs related to borrowings are shown as finance costs in the income statement. The effective interest calculation on senior and subordinated borrowings includes capitalised finance costs.

	Senior bank borrowings £m	Subordinated borrowings £m	Preferred equity certificates £m	Total £m
At 31 December 2013				
Current	(64.3)	(0.9)	–	(65.2)
Non-current	(1,631.6)	(439.3)	(123.4)	(2,194.3)
At 31 December 2013	(1,695.9)	(440.2)	(123.4)	(2,259.5)
At 31 December 2014				
Current	(76.6)	–	–	(76.6)
Non-current	(1,749.5)	(441.4)	(140.6)	(2,331.5)
At 31 December 2014	(1,826.1)	(441.4)	(140.6)	(2,408.1)

The Group's senior and subordinated bank borrowings are syndicated floating rate loan notes on the following terms:

Facility	Sterling equivalent £m	CCY	Repayment type	Coupon rate	Floor rate
Senior – Facility A Loans	57.7	GBP	Amortising	LIBOR + 4.00%	1.25%
Senior – Facility B1A – I Loans	14.6	GBP	Bullet	LIBOR + 4.75%	1.25%
Senior – Facility B1A – II Loans	296.2	GBP	Bullet	LIBOR + 4.75%	1.25%
Senior – Facility B2A – II Loans	231.1	USD	Bullet	LIBOR + 4.00%	1.25%
Senior – Facility B2A – III Loans	86.3	USD	Bullet	LIBOR + 4.00%	1.25%
Senior – Facility B1B – I Loans	0.8	GBP	Bullet	LIBOR + 4.75%	1.25%
Senior – Facility B1B – II Loans	58.4	GBP	Bullet	LIBOR + 4.75%	1.25%
Senior – Facility B2B – II Loans	86.3	EUR	Bullet	EURIBOR + 4.25%	1.25%
Senior – Acquisition	60.4	GBP	Bullet	LIBOR + 4.75%	1.25%
Senior – CAR	50.6	GBP	Amortising	LIBOR + 4.00%	1.25%
Senior – RCF	50.1	GBP	Revolver	LIBOR + 4.00%	1.25%
Facility C1 Loans	249.5	GBP	Bullet	LIBOR + 4.50%	1.25%
Facility C2 Loans	306.6	USD	Bullet	LIBOR + 3.50%	1.25%
Facility C3 Loans	124.7	EUR	Bullet	EURIBOR + 4.00%	1.25%
Additional term facility	152.8	USD	Amortising	LIBOR + 3.50%	1.00%
PIK	441.4	GBP	Bullet	LIBOR + 8.00%	1.00%
Total	2,267.5				

The senior bank borrowings are subject to financial conditions as defined in the Senior Facilities Agreement. The financial covenants define limits for the cash flow cover, interest cover, leverage and capital expenditure. Covenant adherence has been tested with respect to these financial statements and all requirements have been met.

Notes to the Consolidated Financial Statements

Section 5 – Financing and Equity continued

Note 5c Borrowings (continued)

Preferred equity certificates issued by Ship Luxco Holding & CY S.C.A. to its parent entity have the characteristics of, and are classified as, liabilities:

	Interest-bearing £m	Yield-free £m	Total £m
In issue at 31 December 2013	117.1	6.3	123.4
New PECS issued	–	0.8	0.8
Accrued interest expense	15.7	–	15.7
Discount unwind	–	0.7	0.7
In issue at 31 December 2014	132.8	7.8	140.6

The senior facilities have maturity periods between 2016 and 2019. The subordinated debt matures in 2020. The profile of the above debt and preferred equity certificates is shown below:

Maturity date	£m
2015	76.6
2016	118.0
2017	67.2
2018	1.5
2019	1,562.8
2020	441.4
2059	132.8
2061	7.8
Total	2,408.1

Note 5d Lease arrangements

Leases are classified as either operating or finance leases. Classification depends on the substance of the lease transaction rather than the legal form of the lease agreement. Where substantially all of the risks and rewards of ownership lie with the lessee, the lease is classified as a finance lease. All other arrangements identified as leases are considered to be operating leases.

Finance leases

Where Worldpay is lessee of a finance lease, it recognises both the leased asset and a finance lease liability. The asset is amortised or depreciated over its useful life or the lease term, whichever is the shorter. The finance lease liability is unwound over the life of the lease at the rate implicit in the lease.

A sale and leaseback transaction is one where an asset is sold to a third party and immediately leased back. Where the leaseback is a finance lease, the gain or loss is deferred and recognised over the life of the lease on a straight line basis. For operating leasebacks, profit or loss is recognised either immediately or over the life of the lease, depending on the values of the sale and lease relative to fair value.

Finance lease liabilities are payable as follows:

	2014			2013		
	Future minimum lease payments £m	Interest £m	Present value of minimum lease payments £m	Future minimum lease payments £m	Interest £m	Present value of minimum lease payments £m
Less than one year	13.9	(1.2)	12.7	10.3	(1.2)	9.1
One to five years	16.2	(0.7)	15.5	19.4	(1.1)	18.3
	30.1	(1.9)	28.2	29.7	(2.3)	27.4

Note 5d Lease arrangements (continued)

The Group entered into leasing arrangements for certain tangible fixed assets in 2014. The majority of finance leases have a lease term of five years.

For the current financial year the average effective borrowing rate was 5.3% (2013: 5.4%).

Interest rates are fixed at the contract date and all finance lease obligations are denominated in sterling. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' rights over the leased assets.

Operating lease arrangements

Operating lease income or expense is taken to the income statement on a straight line basis. Any lease incentives are spread over the life of the lease.

At 31 December 2014, the Group had obligations to make non-cancellable operating lease payments as follows:

	2014		2013	
	Land and buildings £m	Vehicles £m	Land and buildings £m	Vehicles £m
Within 1 year	17.7	–	10.5	0.5
Between 1 and 5 years	58.2	–	34.0	0.7
After 5 years	114.4	–	76.7	–
Total	190.3	–	121.2	1.2

Note 5e Financial instruments

On initial recognition, financial assets and liabilities are classified into the relevant category and recognised at fair value. Their subsequent measurement, at either fair value or amortised cost, is dependent upon their initial classification.

Amortised cost is calculated using the effective interest rate method. Individual non-derivatives and their treatment are explained in their separate notes.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, there is a legally enforceable right to set off the recognised amounts. Financial assets are derecognised when the Group transfers the financial asset, or the contractual rights expire. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

The Group operates net investment hedges, using foreign currency borrowings. The effective portion of the foreign exchange gain or loss on retranslation of the hedging instrument is taken to the foreign currency translation reserve. Any ineffective portion is recognised immediately in the income statement. If the hedged investment is disposed of, then any balance held in reserves is recycled to the income statement.

In the year ended 31 December 2014 a loss of £4.5m (2013: a gain of £15.3m) was taken to the foreign exchange reserve in relation to net investment hedging.

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in separately disclosed items in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship.

Notes to the Consolidated Financial Statements

Section 5 – Financing and Equity continued

Note 5e Financial instruments (continued)

The Group's financial assets and liabilities are as follows:

Financial assets

	2014 £m	2013 £m
Trade receivables	276.2	229.4
Other receivables	29.9	30.8
Own cash and cash equivalents	169.7	179.6
	475.8	439.8

Financial liabilities

	2014 £m	2013 £m
Trade payables	(127.1)	(57.1)
Other liabilities	(38.5)	(44.6)
Finance leases	(28.2)	(27.4)
Borrowings	(2,408.1)	(2,259.5)
	(2,601.9)	(2,388.6)

Market risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

Foreign currency risk management

The Group operates throughout the world, with major operations in the United Kingdom, Europe and the US.

Foreign currency risk is managed at a Group level, focusing on two distinct areas: Group assets and liabilities and customer transactions (relating to the Group's payment business).

Financial assets

	2014 £m	2013 £m
EUR	134.9	126.2
GBP	116.9	94.8
USD	168.3	216.8
Other	55.7	2.0
	475.8	439.8

Financial liabilities

	2014 £m	2013 £m
EUR	(219.9)	(229.0)
GBP	(1,536.7)	(1,454.6)
USD	(845.0)	(682.7)
Other	(0.3)	(22.3)
	(2,601.9)	(2,388.6)

Customer transactions

Scheme receipts generally match customer payments in each currency.

Note 5e

Financial instruments (continued)

Foreign currency sensitivity analysis

The sensitivity analysis below details the impact of a 10% strengthening in the Group's significant currencies against Sterling, applied to the net monetary assets or liabilities of the Group.

	EUR £m	USD £m	Other £m
2014			
Monetary assets	134.9	168.3	55.7
Monetary liabilities	(219.9)	(845.0)	(0.3)
Net monetary (liabilities)/assets	(85.0)	(676.7)	55.4
Currency impact	(8.5)	(67.7)	5.5
	EUR £m	USD £m	Other £m
2013			
Monetary assets	126.2	216.8	2.0
Monetary liabilities	(229.0)	(682.7)	(22.3)
Net monetary liabilities	(102.8)	(465.9)	(20.3)
Currency impact	(10.3)	(46.6)	(2.0)

The following significant exchange rates versus Sterling applied during the year and in the prior year:

	Average		Reporting date	
	2014	2013	2014	2013
EUR	1.24	1.18	1.29	1.20
USD	1.65	1.56	1.56	1.66

Interest rate risk management

The Group is exposed to cash flow interest rate risk on borrowings and cash balances held at variable rates and mismatches on maturities between borrowings and cash, resulting in variable interest cash flows.

The Group's debt agreements include contractual interest rate floors. Cash held at variable rates offsets risk arising from changing interest rates on the Group's borrowings.

Interest rate sensitivity analysis

	EUR denominated		GBP denominated		USD denominated		Other denominated	
	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m
Own cash and cash equivalents	117.1	52.9	(67.2)	(85.3)	66.4	115.3	53.4	96.7
Merchant float	143.2	137.6	514.8	528.5	111.0	88.6	0.9	0.4
Borrowings	(212.6)	(226.9)	(1,418.5)	(1,383.9)	(776.9)	(648.7)	(0.1)	–
Net variable rate assets/(liabilities)	47.7	(36.4)	(970.9)	(940.7)	(599.5)	(444.8)	54.2	97.1

A 1% increase in interest rates would result in:

- An incremental increase of 0.38% (2013: 0.35%) on debt costs, as current base rates are significantly lower than the interest rate floors of 1.00% and 1.25%.
- An increase of 1.00% in float income arising from cash balances receiving floating rate interest.

The net impact of the above would be increased costs of £3.7m (2013: £2.9m). Once market rates exceed the floors, a 1% increase in interest rates would result in increased costs of £18.1m (2013: £17.1m).

The Group's sterling bank debt at 31 December 2014 has a floor of 1.25% (2013: 1.25%).

Credit risk management

Credit risk arises because a counterparty may fail to perform its contractual obligations.

These represent the Group's maximum exposure to credit risk. The Group's credit risk is primarily attributable to its trade and other receivables.

Notes to the Consolidated Financial Statements

Section 5 – Financing and Equity continued

Note 5e

Financial instruments (continued)

Liquidity risk management

The Group's liquidity risk management focuses on two distinct areas; own cash and settlement cash for customers (relating to the Group's payment business).

Own cash

The Group is committed to ensuring it has sufficient liquidity to meet its payables as they fall due.

This is achieved by holding significant cash balances and maintaining sufficient committed headroom. As at 31 December 2014, the Group had own cash balances of £169.7m (2013: £179.6m) and available headroom under its RCF of £25.0m (2013: £75.0m).

Settlement cycle

The Group's payment business has a short term settlement cycle where card schemes (predominantly Visa and MasterCard) remit cash and the Group pays customers from these remittances within three days.

The majority of funds are received prior to remittance to the customer, resulting in significant cash balances relating to the settlement cycle. The Group has an Intra-Day Agreement Facility of £1.7bn to ensure payments can be processed whilst awaiting card scheme remittances.

Note 5f

Share capital

	Nominal value £	Number of shares	Par value £m
At 1 January 2013		8,236,575	8.2
Total A shares	1.00	6,153,022	6.2
Total B shares	1.00	1,504,532	1.5
C shares			
Total C shares	1.00	820,000	0.8
Remaining shares held by the Employee Benefit trust at 31 December 2013	1.00	(65,541)	(0.1)
Total C shares		754,459	0.7
Total ordinary shares in issue		8,412,013	8.4
Total management shares in issue	1.00	2	–
At 31 December 2013		8,412,015	8.4
Total A shares	1.00	6,153,022	6.2
Total B shares	1.00	1,504,532	1.5
C shares			
Total C shares	1.00	820,000	0.8
Remaining shares held by the Employee Benefit Trust at 31 December 2014	1.00	(56,021)	(0.1)
Total C shares		763,979	0.7
Total ordinary shares in issue		8,421,533	8.4
Total management shares in issue	1.00	2	–
At 31 December 2014		8,421,535	8.4

Ordinary (A, B and C shares) and management shares in issue are fully paid up at par. The holders of ordinary and management shares are entitled to dividends and one vote per share at meetings of the Company.

The C shares are issued to an Employee Benefit Trust ('EBT') in order to facilitate management's investment in the Group. These shares are subsequently purchased by certain eligible employees from the EBT. As the EBT exists solely for the benefit of the Group, the EBT is consolidated in accordance with IFRS 10. At the year end, a total of 56,021 (2013: 65,541) C shares remain held within the EBT. These shares are treated as Treasury shares upon consolidation of the EBT.

Note 5f

Share capital (continued)

Upon the occurrence of a liquidity event such as change in ownership or control, the ordinary shares participate in the aggregate distributable net proceeds received to a different extent depending on the achieved return on investment.

Ordinary and management shares in the Company were initially issued at par value of £0.01. On 25 November 2010, each £0.01 ordinary and management share in issue was converted to an equivalent share with a par value of £1.00.

The holders of the preferred equity certificates are not entitled to dividends and do not vote at meetings of the Company. The Company has issued both cumulative redeemable preferred equity certificates and yield-free preferred equity certificates to its A and B shareholders that are classified as loans and included in Borrowings (Note 5c).

Note 5g

Capital resources

The Group's capital consists of equity: comprising issued share capital, share premium, capital contribution and retained earnings. The regulated entities within the Group are required to maintain minimum regulatory capital. This ensures the Company has sufficient capital resources for the activities required to undertake payment services. The capital employed in the Company, together with the reserves, ensure that a buffer to the minimum regulatory capital requirement is achieved.

Notes to the Consolidated Financial Statements

Section 6 – Group Composition – Subsidiaries, Acquisitions and Disposals

This section shows the Group's principal subsidiaries, details about subsidiaries the Group has acquired during the year and details about any subsidiaries that have been disposed of during the year.

Consolidation

The consolidated financial statements incorporate the financial statements of Ship Luxco Holding & CY S.C.A. and entities controlled by it (its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Total comprehensive income of subsidiaries is attributed to the owners of Ship Luxco Holding & CY S.C.A. and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The year end assets and liabilities of the entities are consolidated with those of Ship Luxco Holding & CY S.C.A. and presented in the consolidated balance sheet.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the IFRS policies used by the Group and for any fair value adjustments required on consolidation.

All intra-group balances, income and expenses and the effect of any intra-group profits on the balance sheet are eliminated in full on consolidation.

Note 6a Investments in subsidiaries

An entity is classified as a subsidiary of the Group when the Group has control over that entity, either through majority shareholding or other means. When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests proportionate share of the recognised amounts of the acquiree's identifiable net assets.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the following reporting period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Note 6a Investments in subsidiaries (continued)

The Group has the following principal investments in subsidiaries:

	Country of incorporation	Nature of business	Ordinary shares held %
Worldpay (UK) Limited	England	Provision of terminal card payment clearing services	100
Worldpay Limited	England	Provision of online card payment clearing services	100
Worldpay Limited	Jersey	Holding company	100
Ship Luxco 3 S.à r.l.	Luxembourg	Holding company	100
Ship Midco Limited	England	Holding company servicing Group debt	100
Ship Holdco Limited	England	Holding company	100
Ship Submidco Limited	England	Holding company	100
Worldpay eCommerce Limited	England	Holding company servicing Group debt	100
Worldpay US, Inc	USA	Provision of terminal card payment clearing services and ATM services	100
Worldpay US Finance LLC	USA	Holding company servicing Group debt	100
Worldpay B.V.	Netherlands	Provision of terminal and online card payment clearing services	100
Cardsave Group Limited	England	Provision of merchant terminals and related membership services	100
Worldpay AP Limited (formerly Envoy Services Limited)	England	Provision of alternative card payment clearing services	100
YESpay International Limited	England	Provision of innovative all in one solutions for payment processing	100
Century Payments Holdings, Inc.	USA	Sales organisation providing terminal card payment clearing services	100
Cobre Bem Tecnologia	Brazil	Provision of alternative card payment clearing services	100
SecureNet, LLC	USA	Provision of alternative card payment clearing services	100

All significant subsidiary undertakings have the same year end as Ship Luxco Holding & CY S.C.A. All the above companies have been included in the Group consolidation. The companies listed above are those which materially affect the profit and assets of the Group.

Note 6b Acquisitions

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. It includes cash, other assets transferred and any contingent consideration due to the former owners of the acquiree. Acquisition related costs are recognised in the income statement as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value as at the acquisition date.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and any non-controlling interest over the fair value of the net identifiable assets acquired, liabilities assumed plus any existing interest in the business acquired.

If the consideration transferred is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised immediately in profit or loss as a gain on a bargain purchase.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the following measurement (the measurement period is the period following the acquisition and cannot exceed one year from the acquisition date) period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Notes to the Consolidated Financial Statements

Section 6 – Group Composition – Subsidiaries, Acquisitions and Disposals

continued

Note 6b Acquisitions (continued) Cobre Bem

On 30 April 2014, the Group acquired Cobre Bem Tecnologia, a provider of gateway payment solutions in Latin America. Cobre Bem offers single point access to popular local payment methods in Latin America, including eight different credit and debit card types and more than 20 banks for direct online transfers, direct debit and Boletão Bancário. Its headquarters is in Brazil and it has offices in Rio de Janeiro and São Paulo.

Cobre Bem's contribution to the Group since acquisition has been £0.5m of revenue and £0.8m of loss before tax.

If the acquisition had occurred on 1 January 2014, the acquired business would have contributed £0.8m to Group revenue and £0.7m to loss before tax.

Details of the net assets acquired and the related fair value adjustments, together with the attributable goodwill are presented as follows:

	Book value £m	Adjustments £m	Fair value £m
Assets acquired			
Intangible assets – Customer relationships	–	0.2	0.2
Intangible assets – IPR/software	0.1	–	0.1
Tangible assets	0.1	(0.1)	–
Trade and other payables	(0.2)	(0.9)	(1.1)
Accruals and deferred income	–	(0.4)	(0.4)
Deferred tax liability	–	(0.1)	(0.1)
Net assets acquired	–	(1.3)	(1.3)
Goodwill arising on acquisition			7.2
Total cost of acquisition			5.9
Satisfied by:			
Net cash paid			3.9
Deferred consideration			0.7
Contingent consideration			1.3
			5.9
Net cash flow arising on acquisition			
Net cash paid			3.9
Cash and cash equivalents			–
			3.9

The purchase price of each asset component of the acquisition represents its provisional fair value, based on management's best estimates. The amount indicated above for trade and other receivables represents the fair value of the acquired receivables and is equal to the gross contractual cash flows, all of which are expected to be recoverable.

The provisional goodwill of £7.2m reflects anticipated benefits and synergies expected to be achieved by providing an integrated service and the most innovative technology to customers for payment processing, in that region.

Note 6b Acquisitions (continued) SecureNet

On 19 December 2014, the Group acquired 100% shares in SecureNet, LLC, a company incorporated in the United States which provides payment processing solutions to merchants.

SecureNet offers a PayOS application and iPhone card reader that allows users to accept payments online and in-store, as well as on a mobile device, an eCommerce solution that allows clients to accept credit card payment online. The acquisition allows WPUS to extend its current service portfolio and offer customers the most innovative payment technology operating system.

SecureNet's contribution to the Group since acquisition has been £0.3m of revenue and £0.4m of loss before tax.

If the acquisition had occurred on 1 January 2014, the acquired business would have contributed £9.9m to Group revenue and £7.6m to loss before tax.

Details of the net assets acquired and the related fair value adjustments, together with the attributable goodwill, are presented as follows:

	Book value £m	Adjustments £m	Fair value £m
Assets acquired			
Intangible assets – Trade Name	–	5.1	5.1
Intangible assets – Covenant Not-to-Compete Agreements	–	1.3	1.3
Intangible assets – Technology	–	14.9	14.9
Intangible assets – Customer relationships	–	4.7	4.7
Tangible assets	1.7	–	1.7
Trade and other receivables	8.1	–	8.1
Cash and cash equivalents	0.4	–	0.4
Trade and other payables	(6.2)	(0.5)	(6.7)
Deferred tax assets	–	2.3	2.3
Deferred tax liabilities	–	(1.2)	(1.2)
Net assets acquired	4.0	26.6	30.6
Goodwill arising on acquisition			44.7
Total cost of acquisition			75.3
Satisfied by:			
Net cash paid			75.3
Net cash flow arising on acquisition			
Net cash paid			75.3
Cash and cash equivalents			(0.4)
			74.9

The purchase price of each asset component of the acquisition represents its provisional fair value, based on management's best estimates. The amount indicated above for trade and other receivables represents the fair value of the acquired receivables and is equal to the gross contractual cash flows, all of which are expected to be recoverable.

The provisional goodwill of £44.7m reflects anticipated benefits and synergies expected to be achieved by providing an integrated service and the most innovative technology to customers for payment processing.

Notes to the Consolidated Financial Statements

Section 6 – Group Composition – Subsidiaries, Acquisitions and Disposals

continued

Note 6c Joint ventures

Joint ventures are accounted for using the equity method, whereby the interest in the joint venture is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets, less any impairment in the value of individual investments.

The profit or loss of the Group includes the Group's share of the profit or loss of the joint ventures. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment.

The table below sets out the aggregated amounts relating to joint ventures:

	2014 £m
At 1 January	–
Additions	3.5
Share of loss	(0.3)
At 31 December	3.2

Summary aggregated financial results and position of joint ventures:

	2014 £m
Total assets	1.4
Total liabilities	–
Net assets	1.4
Group share of net assets	0.7
Joint venture revenue	–
Loss for the year	(0.6)
Group share of joint venture's loss for the year	(0.3)

Details of the joint venture are as follows:

	Place of incorporation	Proportion of ownership interest %	Proportion of voting power held %
Pazien, Inc.	USA	34.0	50.0

On 8 May 2014, the Group purchased 65,402 Series A Preferred Shares issued by Pazien, Inc. for US\$3m. It represents 34% shareholding at the time and year end. At the same time, the Group entered into an agreement to purchase a further 65,402 Series A Preferred Shares in Pazien, Inc. for US\$3m subject to the completion of the milestone event. The total investment of US\$6m was recognised as the Group believed it was highly probable the milestone event would be met.

On 4 June 2015, the Group purchased the further 65,402 shares and although the Group now holds 51% of shares in Pazien, Inc., it does not represent control over the entity as the Board is shared equally between the Group and the founders of the business.

Notes to the Consolidated Financial Statements

Section 7 – Other notes

This section includes disclosure on contingent liabilities and related parties.

Note 7a Contingent liabilities

Contingent liabilities are disclosed when the associated outflow of economic benefits is considered possible. Their nature and other pertinent details are disclosed, along with their expected value.

Certain subsidiaries within the Group have guaranteed the obligations and liabilities of each other and Ship Luxco 2 S.à r.l. This guarantee is made against their material assets (including real estate, bank accounts, intra group receivables, third party receivables, IP and the ownership interests in the other guarantors). The subsidiaries included in the guarantee are: Ship Luxco 3 S.à r.l., Ship Holdco Limited, Ship Midco Limited, Ship Submidco Limited, Worldpay (UK) Limited, Worldpay eCommerce Limited, Worldpay Limited (Jersey), Worldpay Ltd (UK), Ship US Holdco, Inc., Worldpay US, Inc., Worldpay US Finance, LLC and Worldpay B.V.

On 23 December 2013, Ship Luxembourg Blackjack 2 & Cy S.C.A. issued PIK notes which were secured by a charge over its receivables and its shares in Ship Blackjack Limited, together with a share pledge entered into by Ship Blackjack Limited over its shares in Ship Luxco 2 S.à r.l.

Contingent liabilities also exist in respect of two letters of credit issued by the RBS on behalf of Worldpay KK. The maximum amounts that Worldpay KK would be required to pay are \$1.5m to Visa Worldwide and \$6.2m to MasterCard, respectively.

Note 7b Related parties

The Group's ultimate holding company is Ship Investor & CY S.C.A., incorporated and registered in Luxembourg, which is also the Group's immediate parent company. The ultimate holding company is jointly controlled by Advent International and Bain Capital.

On 30 November 2010, the Royal Bank of Scotland Group (RBS) divested the Worldpay Group of businesses that were purchased by Ship Luxco Holding & CY S.C.A. RBS retained a 17.8% holding in the Group as well as representation on the Board. On 9th December 2013, RBS sold its holding to Advent International and Bain Capital. Advent International and Bain Capital acquired an equal share of the RBS holding.

As at 31 December 2014, Ship Investor & CY S.C.A. heads the largest group in which the Company is consolidated.

Related party transactions and their impact on the Consolidated Statement of Comprehensive Income for the year ended 31 December 2014 and 2013 are set out in the table below:

	2014 £m	2013 £m
Interest payable to related parties		
Blackjack Luxembourg S.à r.l.	3.1	2.8
Ship Investor & CY S.C.A.	12.6	11.7
	15.7	14.5
Purchases from related parties		
Advent International	1.8	1.4
Bain Capital	1.8	1.8
	3.6	3.2

Notes to the Consolidated Financial Statements

Section 7 – Other notes continued

Note 7b

Related parties (continued)

Balances with related parties as at 31 December 2014 and 31 December 2013 are set out in the table below.

	2014 £m	2013 £m
Amounts due to related parties		
Advent International	1.1	–
Bain Capital	0.1	–
Blackjack Luxembourg S.à r.l.	36.9	24.2
Ship Investor & CY S.C.A.	103.7	99.2
	141.8	123.4
Amounts due from related parties		
Advent International	–	3.4
Ship Investor & CY S.C.A.	–	0.2
	–	3.6

Key management

The Company is a subsidiary of the Group whose policy is for companies to bear the costs of their full time staff. The time and costs of Executives and other staff who are primarily employed by the Group are not specifically recharged. However, the Group recharges subsidiaries for management fees which include an allocation of certain staff and administrative support costs.

In the Company and the Group, key management comprises Managers of the Company and members of the Group Executive Management Committee. The emoluments of the Managers of the Company are met by the Group.

The Managers of the Company do not receive remuneration for specific services provided to the Company. The remuneration of the Group Executive Committee is set out below:

	2014 £m	2013 £m
Basic salary and bonus	11.4	13.5
Pensions and social security	1.5	1.1
	12.9	14.6

Note 7c

Subsequent events

There were no events between the balance sheet date and the date of release of these consolidated financial statements that required disclosure.



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