Ship Luxco Holding & CY S.C.A.
Annual Report and Accounts 2013

worldpay

Pioneering Progress

Contents

Financial key performance indicators

Underlying revenue

£3,394m

2013	£3,394m
2012	£3,089m
2011*	£3,000m

Underlying EBITDA

£346m

2013	£346m
2012	£305m
2011*	£270m

Underlying profit before tax

£136m

2013	£136m
2012	£99m
2011**	£99m

Loss for the year

£(165)m

2013	£(165)m
2012	£(52)m
2011**	£(63)m

Free cash flow

£(65)m

2013	£(65)m
2012	£28m
2011**	£73m

Net debt

£(2,107)m

2013	£(2,107)m
2012***	£(1,375)m
2011*	£(1,307)m

* Represents management's estimate of pro forma 12 months period to 31 December 2011.
** Represents 17 months period ended 31 December 2011.
*** Includes WPUS net debt.

Operational highlights

New business wins in the year included Sainsbury's, Arnotts, Abercrombie & Fitch and Valve Corporation. In addition, we successfully retained a number of significant customers including Speedway in the US.

Acquisition of YESpay and Century Payments completed in the year increasing our future growth potential.

Strategic review of the US business completed in the year; Worldpay US retained by the Group.

Detailed design of new platform completed leading to delay in separation from RBS and increased costs.

Major refinancing of the Group completed in May 2013 with two further refinancing events later in the year; £728m repaid to shareholders.

Who we are

Worldpay is one of the world's leading independent payment processing companies. Formerly the merchant acquiring division of the Royal Bank of Scotland Group (RBS), it was jointly acquired by Advent International and Bain Capital (with RBS maintaining an 18% stake) in 2010. In December 2013, Advent International and Bain Capital purchased the remaining RBS shareholding.

Worldpay has three operating divisions:

– Worldpay UK (WPUK – previously referred to by the brand name 'Streamline', this is our UK market-leading multi-channel merchant acquirer and processor.
– Worldpay US (WPUS) – based in Atlanta, WPUS primarily provides point-of-sale and internet capabilities to small and medium-sized US-based businesses but is also one of the leading off-premises automated teller machine (ATM) processors in the USA.
– eCommerce – provider of global internet payment solutions focused on large, mainly multinational, enterprises with complex and cross-border online payment processing and acquiring needs.

Ship Luxco Holding & CY S.C.A. 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.

What we do

Worldpay operates in the global payments market, principally by providing a suite of services known as 'merchant services' to its customers. We offer all aspects of transaction processing: capturing the transaction, acquiring it, processing it; and settling funds to our customer. Worldpay is one of the few global companies to be able to offer this comprehensive approach.

Transaction processing enables the exchange of money for goods or services without the need for cash or cheques. Worldpay provides a seamless link between our customers and card schemes (such as VISA, MasterCard or China UnionPay), thus allowing our customers to accept the widest possible range of electronic payment types (e.g. debit cards, credit cards, e-wallets). Worldpay also provides a full suite of associated services including gateway services (which allow customers to access electronic payments via the internet); security products (to mitigate risk and help identify fraud); and reporting, offering data insight and intelligence to our customers.

Worldpay's customers entrust it with a vital part of their businesses. Our role is to repay that trust with services that help our customers to prosper.

Chairman's statement

John Allan, CBE
Non-Executive Chairman, Worldpay Group
March 2014

I am delighted to report that Worldpay continued to make very positive progress in 2013. Total underlying EBITDA grew by 13.5% and all three Business Units showed positive growth. Worldpay UK grew by 11%, eCommerce was up by 13%, and our US business increased earnings by 20%. We refreshed the strategies for each of our businesses during 2013 and are confident that they are all capable of sustained growth in the years ahead.

After considering strategic alternatives, we decided in mid-year to retain and build our US business. The acquisition of Century in the second half of the year will enable and support future growth and permit us to access new market opportunities.

Philip Jansen joined us as Chief Executive Officer in the spring of 2013 and the partnership between him and Ron Kalifa, our Deputy Chairman, is working extremely well. Philip has further strengthened the Executive Committee with a number of senior appointments, including Dave Hobday as the Managing Director of Worldpay UK, and Andy Doyle as Chief Human Resources Officer. Philip is providing great leadership to an extremely talented team.

We continued to make progress in 2013 on our planned separation from RBS. The most complex set of issues is in IT and, despite some challenges and delays, we are now on track to achieve total separation in the first half of 2015. We remain committed, post-separation, to maintaining a positive and fruitful trading partnership with RBS.

The markets in which we operate are evolving fast and we are committed to innovation, intensifying our customer focus and selectively broadening our product offering and geographic coverage. In all of these areas we made progress in 2013 and will move further forward in 2014 and beyond as we build a long-term growth platform and business.

On behalf of the Board, I would like to thank all of our colleagues for their commitment, hard work and achievement in 2013.
I would like to say a particular thank you to our US colleagues who achieved a great deal during the year while coping with the inevitable uncertainty that surrounded our strategic review of the business.

Worldpay has a strong track record of performance and considerable potential for the future which we are confident we will deliver in 2014 and beyond.

Chief Executive's statement

Philip Jansen
Chief Executive Officer, Worldpay Group
March 2014

Worldpay's performance in 2013 has continued its excellent trajectory since it was divested from the RBS Group at the end of 2010. Worldpay's year on year underlying EBITDA grew by 13.5% to £346 million up from £305 million in 2012. This represents a growth of c.£100 million in profitability since divestment.

It is particularly pleasing to note that this performance has been underpinned by strong contributions across all three divisions:

- Worldpay UK has begun to grow market share in a highly competitive domestic market and has launched a number of new customer propositions in 2013.
- Worldpay US has refocused its business model on the small and medium enterprises (SME) market and our growth in that market has justified that strategic decision.
- Additionally, our global eCommerce division has enjoyed particularly strong growth by expanding our reach and capabilities in its six key customer verticals.

We elaborate further on our divisional performance later in this report. However, it is worth stating here that, whilst historically the divisions have operated somewhat autonomously, in 2013 we have seen the benefit of a much more integrated and coordinated Group agenda. This has manifested itself in a more collaborative leadership team; increased synergies between the divisions; and a shared sense of the Worldpay purpose and vision.

Our vision at Worldpay is based on the premise that success in our industry will come not just by processing a wide variety of customer transactions safely, reliably and quickly – rather it will come when those transactions allow us to offer true insight. Each transaction leaves a trail as it passes through our and others' systems. In today's connected world, money is digital and comes with information attached. Real insight comes from understanding the trails, discerning the patterns money creates, and allowing insight into the behaviour and intent of those using modern money.

We, at Worldpay, aspire to become 'Leaders in Modern Money'. More and more we are focused on being able to bring valuable insights to our customers. These can inform anything from their business strategy and their customer engagement model to their pricing architecture or levels of customer advocacy and loyalty.

Looking ahead, we are excited by the chance to set a new benchmark in our industry. By helping our customers to prosper in new and exciting ways, we will ourselves realise significant growth and create more opportunities to reinvest that growth in better serving our customers.

We know that today we are far from perfect. Nevertheless, we believe that no one is better positioned in this industry than ourselves. In terms of the business footprint, product composition, talent, strategy and resources, we begin the next phase of our evolution from a position of strength.

We are not complacent and, while we prepare for the future, we remain focused on our most important task of all, which is to ensure that every day the 26 million customer transactions we process happen quickly, safely and reliably.

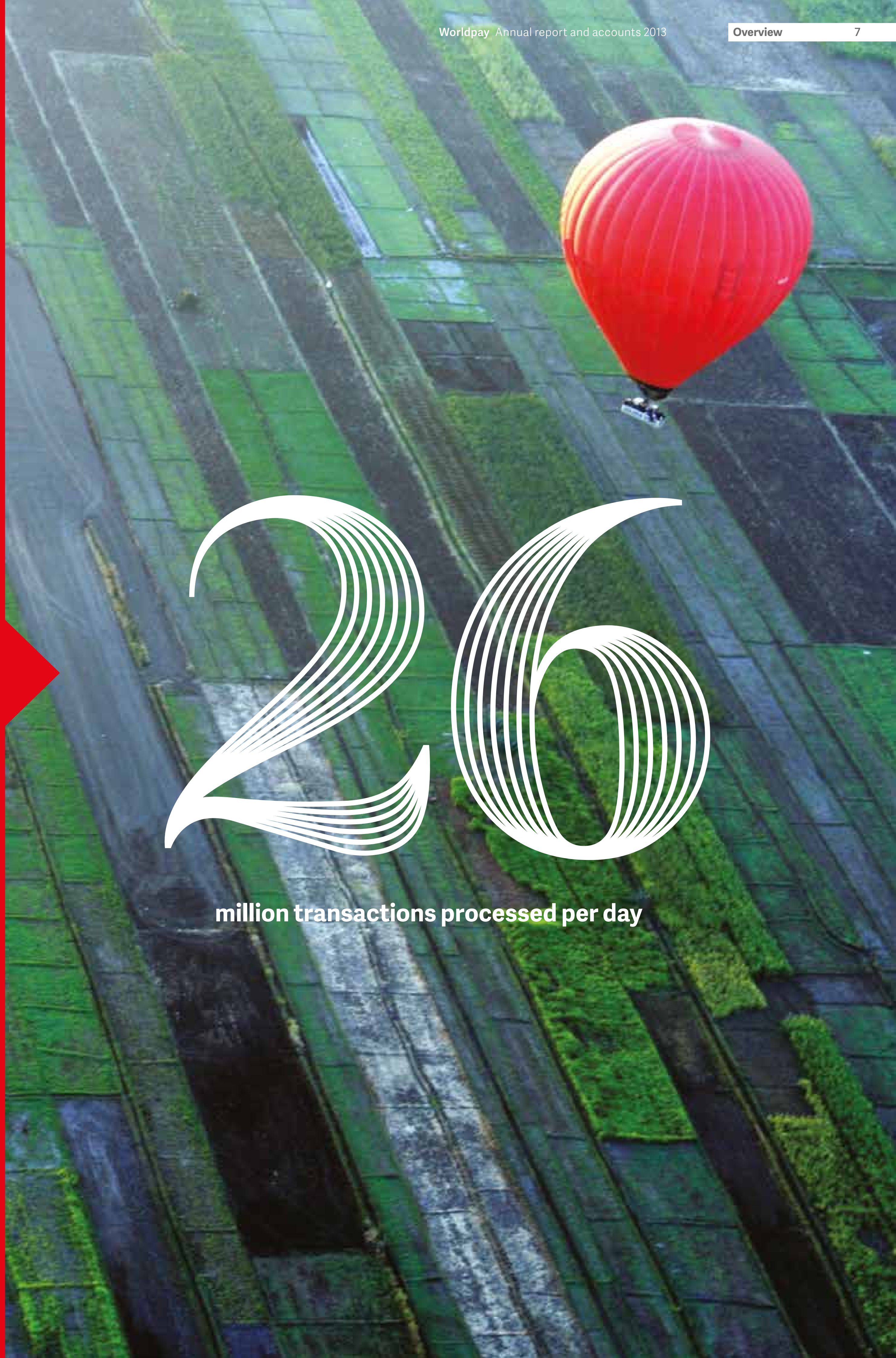
In conclusion, I would like to thank our customers, colleagues and partners for their commitment and support throughout the year. We look forward to earning your trust anew in 2014 and aspire to support your goals through our own improvement and efforts.

What is our purpose?

To be the world's most progressive, reliable payments partner, sharing insights and helping customers prosper.

Our progress

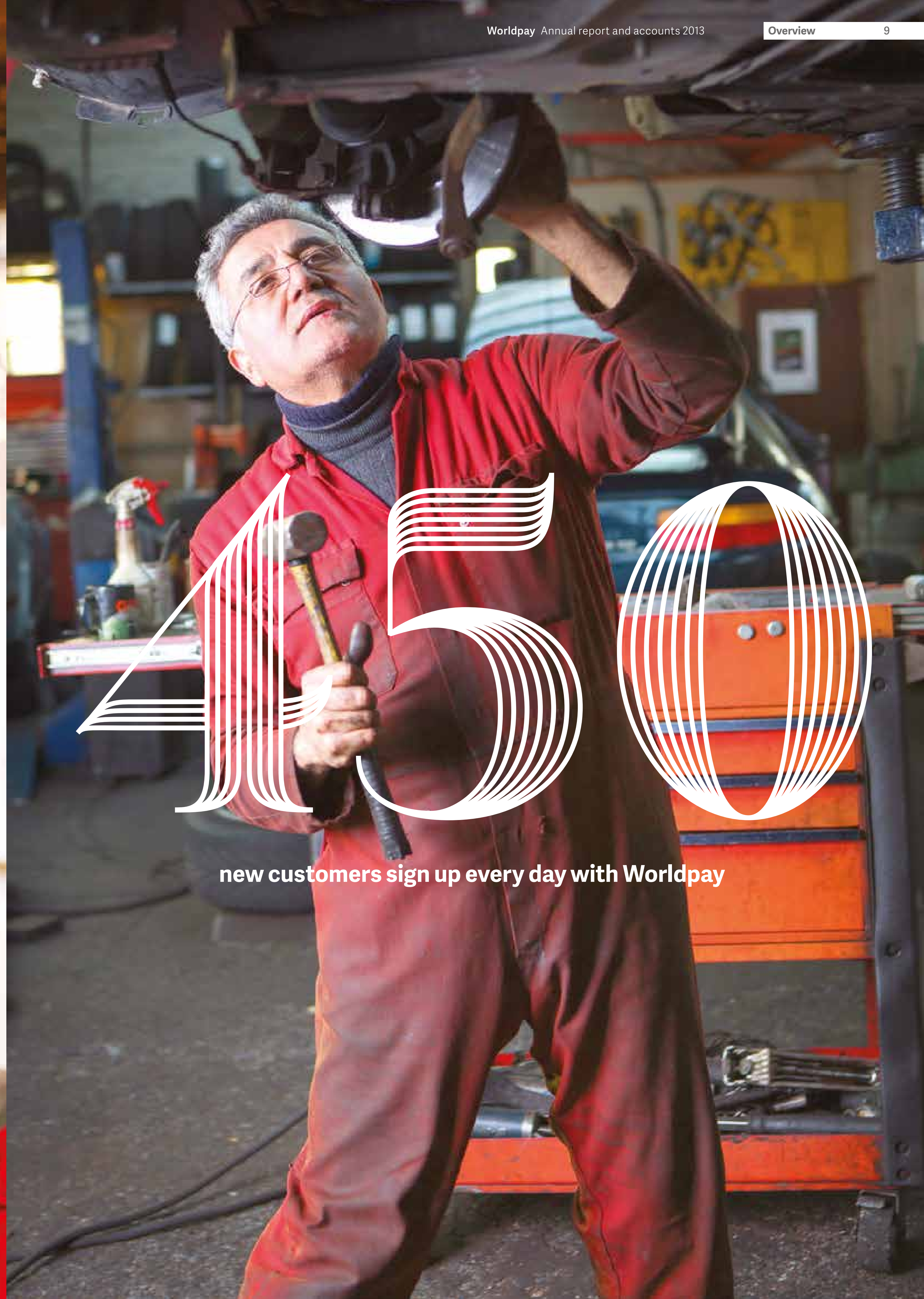
How far have we come?



44%

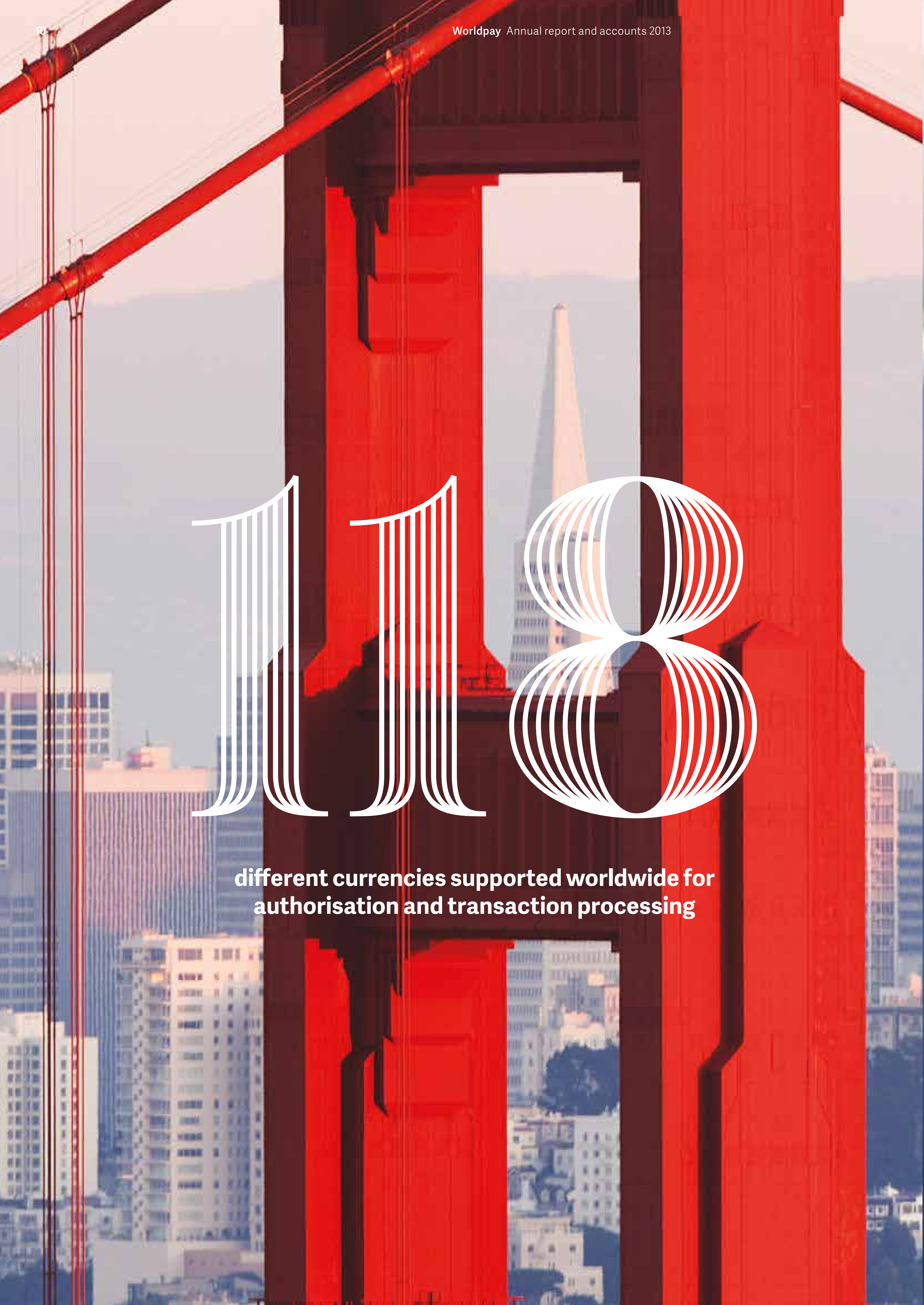
of UK card transactions processed by Worldpay in 2013*

* Based on market data provided by UK Payments Administration.



450

new customers sign up every day with Worldpay



118

different currencies supported worldwide for authorisation and transaction processing

No.1

acquirer in the UK and Europe*

*Source: Nilson Report June 2013 (Issue: 1019)

Executive Committee

From left to right:
1. Rob Hornby – Chief Information Officer
2. Ron Kalifa – Deputy Chairman
3. Tony Catalfano – President and CEO, Worldpay US
4. Aidan Connolly – Chief Financial Officer
5. Philip Jansen – Chief Executive Officer
6. Floris de Kort – MD, Worldpay eCommerce
7. Dave Hobday – MD, Worldpay UK
8. Andy Doyle – Chief Human Resources Officer

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.

Ron Kalifa – Deputy Chairman

Appointment
Ron was Group Chief Executive of Worldpay until April 2013.

Experience
Before becoming Chief Executive in 2010, Ron held various roles within RBS where he built the Worldpay business through organic growth and acquisition, first heading up the Worldpay gateway business in 2002. 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 also a member of the Visa Europe Board and of the UK Cards Association.

Aidan Connolly – Chief Financial Officer

Appointment
Aidan joined the Group on 1 January 2012 and was appointed to the Board of Ship Midco Limited and its principal subsidiaries.

Experience
Aidan joined Worldpay from Sodexo, the world leader in the delivery of quality of life services, where since 2007 he fulfilled the roles of Chief Finance Officer and, most recently, Chief Executive Officer of its UK and Republic of Ireland businesses. Aidan has been the Chief Executive for a number of public and private companies in the UK, Europe and the USA.

Prior to Sodexo, from 2003 Aidan was Deputy Group Finance Director at MyTravel Group plc and a senior member of the management team responsible for reconstructing the business and returning it to stability in one of the UK's largest ever corporate turnarounds. During his career, Aidan has gained key strengths in public listings, mergers and acquisitions, change management, business development whilst also gaining international experience as a CEO and CFO. Aidan trained as a Chartered Accountant and also holds a law degree.

External appointments
None.

Executive Committee continued

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 25 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.

Dave Hobday – Managing Director, Worldpay UK

Appointment

Dave joined the Group and was appointed as Managing Director of the WPUK division on 26 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.

Floris de Kort – Managing Director, Worldpay eCommerce

Appointment

Floris joined the Group in December 2010 and was appointed as Managing Director of the eCommerce division in May 2012.

Experience

Floris has over 10 years' international experience in the payments services sector having joined from GlobalCollect, where he held a number of senior positions as a member of the Board, including Chief Commercial Officer. During his career, Floris has developed key strengths in international eCommerce expertise, product management, change management and mergers and acquisitions.

External appointments

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

Andy Doyle – Chief Human Resources Officer

Appointment

Andy joined the Group in May 2013.

Experience

Prior to joining Worldpay, Andy has 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 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.

Rob Hornby – Chief Information Officer

Appointment

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

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.

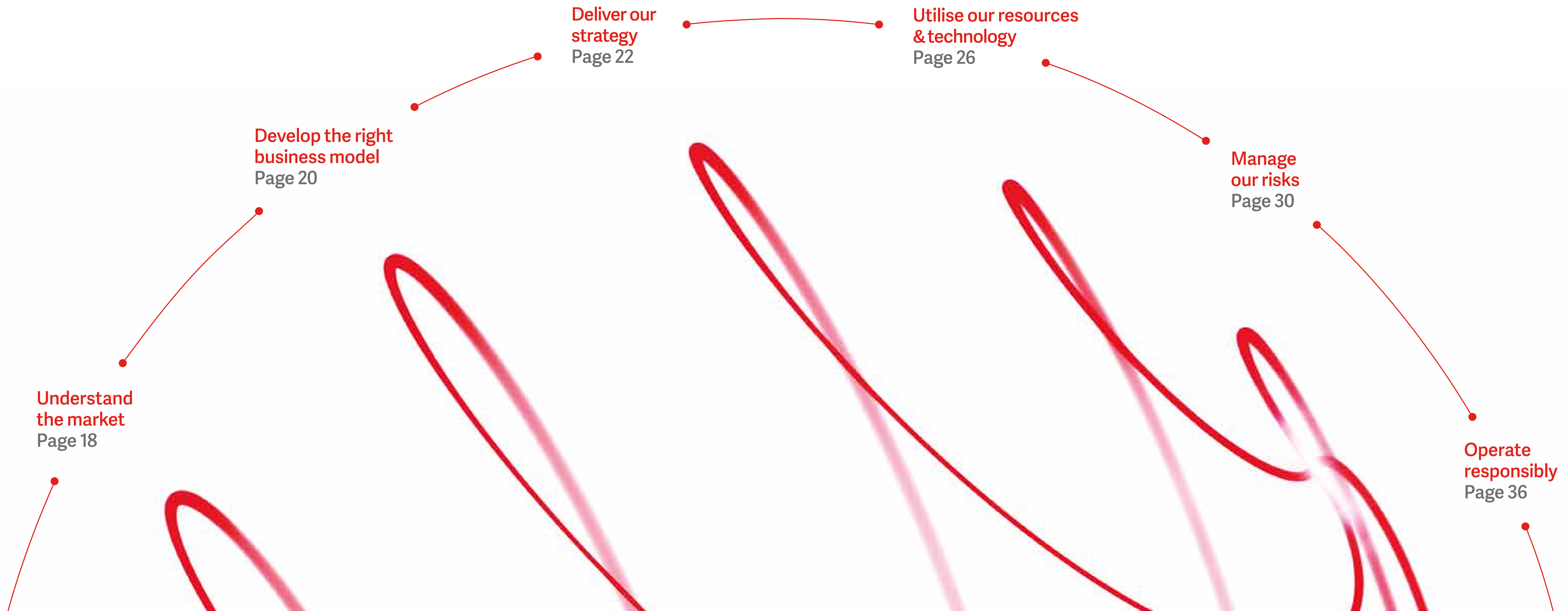
So, what's next?

"Our job is simple, it's to continue our progress towards making Worldpay the world's number one payments partner."

Philip Jansen
Chief Executive Officer

Strategic review

We have created a new sector, it's called 'modern money'. We want to be the leader. Here's how…



Market overview

Seizing the opportunity

Worldpay operates in the global payments market, principally by providing a suite of services known as 'merchant services' to its customers. Payment processing – for companies like Worldpay – covers the exchange of money for goods or services without the need for cash or cheques.

In the simplest terms, this might mean an individual buying an item from a shop using his/her credit card to pay for it. However, over time the payment and transaction capture options have become much more flexible and varied. Today, payment processing needs to handle transactions across borders in different currencies. Transactions can be made using a 'contactless' touch of a debit or credit card or one of over 200 alternative payment methods; they can be made face-to-face, online, over the phone or via a mobile device. Furthermore, it might be for a pre-payment, full- or part-payment or to receive a refund.

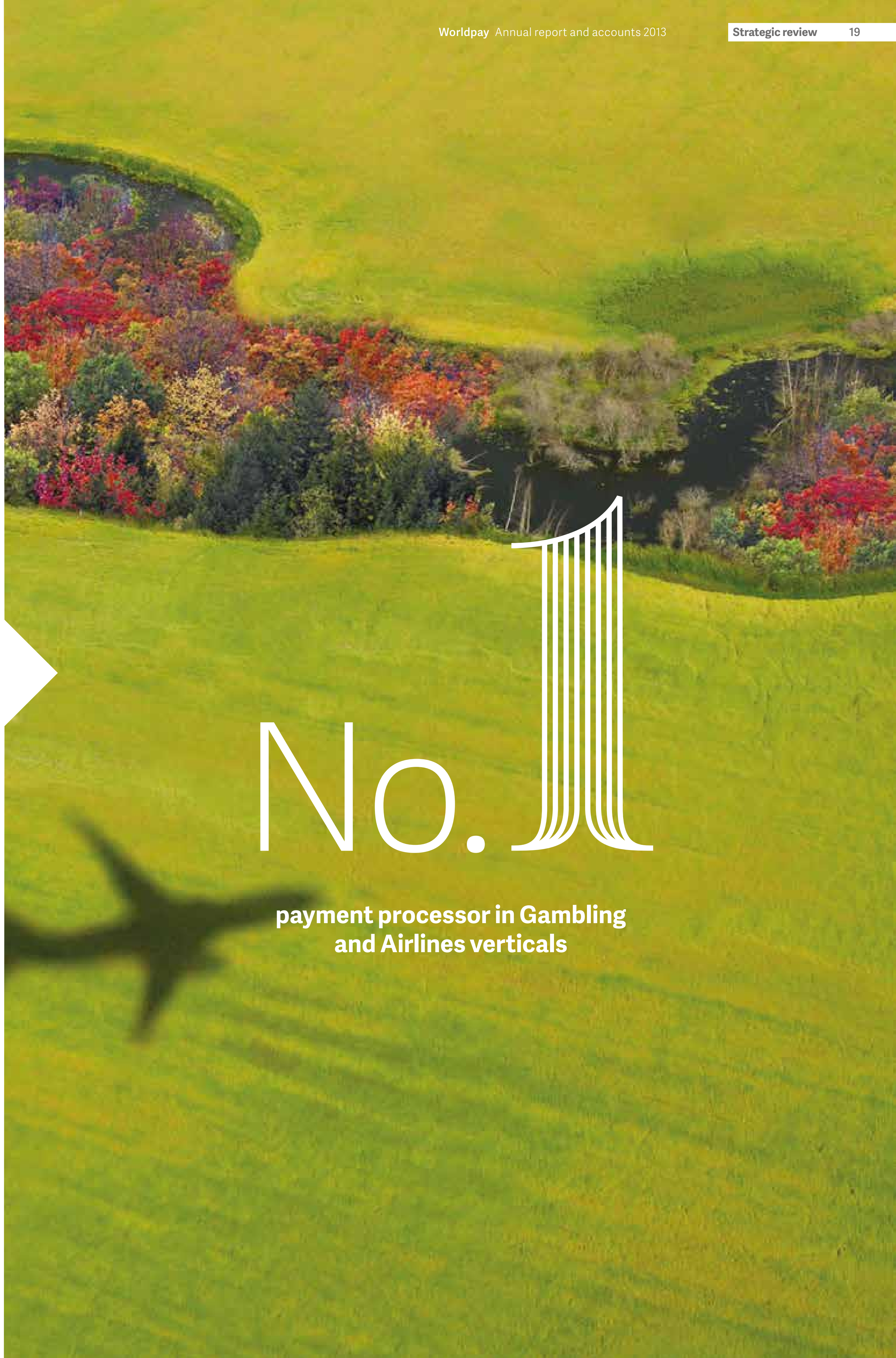
Worldpay offers all aspects of transaction processing: capturing the transaction, acquiring it, processing it and settling funds to the merchant. Worldpay is one of the few global companies to be able to offer this comprehensive approach.

The payments industry has evolved to be able to accommodate a huge variety of payment types, allowing consumers and merchants more choice than ever before about who they can do business with and how they can transact with them. In turn, this has required ever more sophisticated technology infrastructure – to make sure all the different parts of the process can talk to each other – and the provision of important security features to each transaction, such as fraud identification and prevention.

Overall, there is a gradual move from cash to other payment methods and, partly as a result, Worldpay's market has been growing strongly, and continues to do so. Additionally, the trend to online retail and global business-to-business trade has increased the number of participants wanting to transact with each other. This has fuelled the need for non-cash payment options. Furthermore, the speed, security and convenience of electronic payments have increased demand among consumers.

Today Worldpay operates with three Business Units:

- Worldpay UK (WPUK), previously referred to by the brand name 'Streamline', is our UK-based payments provider. Historically, this business was based on the market need for point-of-sale terminals but now includes domestic eCommerce capabilities, phone transactions and multi-currency acquiring, among others.
- Worldpay US (WPUS) is based in Atlanta. It primarily provides point-of-sale and eCommerce capabilities to small and medium-sized businesses but is also one of the leading off-premises ATM processors in the USA.
- Worldpay's eCommerce business is focused on large, mainly multinational, enterprises with complex and cross-border online payment processing and acquiring needs. Within this segment, we have chosen to focus on six global vertical markets: Digital Content; Global Retail; Airlines; Travel; Gambling; and Video Games.



Our business model

Creating value

There are many adaptations of the basic comprehensive payment processing model. In the simplest terms, there are four key steps:

- Capture: the request for a payment must be made and a facility (a terminal or online gateway for example) must be configured to codify and transmit that request.
- Acquire: the immediate exposure on the financial transaction needs to be 'acquired' and held in one place until such time as funds can be settled through the entire system.
- Process: the flow of request instructions throughout the stakeholders in the value chain (issuers, schemes etc.) must be initiated and accurately managed. This also includes checks on risk, fraud and identity.
- Settlement: monies must be settled to the appropriate parties starting with a debit of the consumer's account and finishing with the credit to our customer's account, both in the correct currencies.

Worldpay operates across the full value chain

Unlike many, Worldpay operates across all parts of this value chain and provides both the hardware and software infrastructure to support the capture and process components. In addition, it has the appropriate licences and partnerships to acquire and settle in the key markets.

Success factors vary across our key markets. However, the principles of our business model remain broadly consistent in each division. At its core our purpose is to help our customers prosper by enabling them to sell to as many types of consumer as possible, through as many channels as possible and with safe and secure processing.

To add value for our customers, we seek to offer them the broadest range of capture options, so that they, in turn, can maximise their consumer catchment. This may include point-of-sale terminals, online gateways, mobile wallets and a number of other alternative payment methodologies. In eCommerce, in particular, this is a central theme of our strategy and we have been able to put a superior portfolio of alternative payment methods at our customers' disposal.

In addition to the mechanism used for capture, end consumers are reliant on a 'scheme' to facilitate their requested transaction and act as the intermediary with the issuing bank. In our domestic UK market, Visa and MasterCard are the best known of the schemes but there are hundreds globally. Again, Worldpay has built an industry-leading network of agreements with these schemes to make sure that our customers can accept payments from as many consumers as possible. For example, in the UK we were the first to support China UnionPay scheme members so our customers could transact with them.

Once the transaction is captured, Worldpay uses its own acquiring platform to participate further through the value chain. To acquire transactions, we are required to have licences and/or strategic partnerships in each country in which we operate. In our home markets (the UK and the US) these have been well-established for years. Scale provides an important competitive advantage and so to optimise Worldpay's economics, we have increased significantly the number of international markets accessible to us. For example, our acquiring in Singapore is sponsored through our long-standing relationship with RBS. Technology plays a major role in Worldpay's competitive advantage and this is outlined later in this report.

Growing our customer base

By operating across the entire value chain, Worldpay is able to maximise its economic opportunity within each customer transaction. It follows, therefore, that a central theme of our business model is to increase the number of customers that we have.

To generate leads into our business, we have invested in a comprehensive lead identification and development capability. In eCommerce, we have focused on the most attractive market sectors and geographies. By organising our business around these areas, we have access to the fastest growing customer bases in the world and have successfully generated valuable volumes of opportunities into our business.

In our domestic UK and US markets, we have invested in conventional marketing channels, including search engine optimisation, but have also cultivated partnerships with some of the largest referral partners in the market. This includes all RBS Group branches, including Citizens Bank in the USA. Furthermore, we have exclusive referral relationships with the Federation of Small Businesses, The Post Office and a number of B2C enterprises, which give us a best-in-class lead generation engine.

To further access the market both in the US and in the UK, we have partnered and purchased Independent Sales Organisations who specialise in lead identification and generation, giving us unrivalled sales opportunities.

Adding value to our customers

Our scale is a key asset in our go-to-market approach as it allows us to offer broad coverage and add superior value to our target customers. We do this with a strong multi-channel distribution network in the UK and US that consists of over 700 field sales professionals and account managers, supported by over 200 telesales operators.

Understanding our customers and their needs is central to how we add value. Our sales teams are able to tailor our suite of services to each customer, based on its specific situation and our deep market and sector expertise.

Worldpay is a one-stop-shop and this is a major source of value to customers. For example, in the US and UK markets, if a small business needs to have phone, web and retail sales channels that can operate across multiple currencies and schemes, we are able to provide and support all elements of that proposition. This means that customers can consolidate their needs with one partner, making management and delivery easier. It also ensures that we can work in any phase of the customer lifecycle and can grow with a business as it matures and expands. Furthermore, it is often more cost-effective for the customer to employ one provider across all these areas.

Similarly, in the eCommerce division, our broad geographic coverage and our range of alternative payment methods allow global customers to access multiple regions with our support and ensures that we can scale up our support to them as they deliver their own growth plans.

It is vital to Worldpay that, as well as winning new customers, we nurture, support and retain them throughout their lifecycle.

Amongst our larger customers this means dedicated account management. This allows us to create true intimacy with their business needs and development plans through frequent interactions and the sharing of information. Amongst smaller customers we have established a strong track record of customer care and customer service, such that we can offer 24/7 support, differentiated premium service and dedicated retention teams to minimise churn.

Earning value for Worldpay

Worldpay makes a small amount of money from each transaction and does this by charging the customer in a number of ways. Merchant charges typically comprise a fixed charge for the provision of the capture capability. Additionally, we levy a variable cost based on the number and value of transactions processed. All of these charges vary based on the type or method of payment (e.g. if a debit or credit card is used or if foreign currency conversion is also required). Thus a simple debit card transaction at the local grocery store will be cheaper than a first class flight booked months in advance using a foreign-issued bank card, from a foreign travel agent, or airline.

Importantly, the cost that our customer sees includes those larger charges that Worldpay collects but which are actually levied by third parties. For example, scheme fees and interchange fees levied by the card schemes and the issuing banks respectively comprise the majority of the charges to the merchant and are simply 'pass-through' items for Worldpay.

Innovating for differentiation

Worldpay operates in competitive markets. One reason why we have been able to remain competitive is that we have leveraged our scale and our experience of our markets and customers to invest in innovations that continue to differentiate our products and services. This will continue to be a central theme of our strategy which we set out later in this report. In recent years this has included the development of additional referral partners, superior knowledge training for our sales people, and new products and services such as China UnionPay, Worldpay Zinc or new alternative payment methods (APM) in the eCommerce space.

Our strategy

How we are transforming our business

In 2010, Worldpay was divested from the Royal Bank of Scotland Group plc (RBS). At this point, 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 from RBS onto an independent, next-generation platform.

2. Accelerate performance: Improve performance in each of our business units through top-line growth 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:

01

Stand on our own: Execute an integrated, long-term Group strategy enabled by the migration of our systems from RBS onto an independent, next-generation platform.

This transformation programme is still under way but 2013 marks the end of the first phase.

The delivery of our technology strategy is a major undertaking and key elements of our processing operations remain on systems operated and controlled by our former parent, RBS. In 2013, we passed a number of key milestones in the build of our own infrastructure, including the establishment of new, independent, data centres, which now process the authorisation of most of our transactions. We also migrated the bulk of our eCommerce acquiring capabilities into those new facilities.

In the medium term, Worldpay's significant investment in technology independence will increase our resilience and security, accelerate our processing capabilities, drive efficiency in our business and enable the delivery of valuable, new propositions for our customers.

We have also invested heavily across our three divisions (WPUK, WPUS and eCommerce) to better understand our customers and markets and to anticipate their evolution. This has enabled us to build stronger propositions, an organisation and capabilities around them. Whilst the specific strategies for each division are notably different, they share three guiding principles:

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

By putting the customer at the heart of what we do, we are confident that our strategic direction and our operational execution will further enhance our strong growth trajectory.

Worldpay's long-term perspective is that true customer value will be delivered not merely when payments are processed safely, reliably and quickly, but also when those transactions come with information. Worldpay will increasingly offer insights and enhanced capabilities to its customers on top of the best-in-class merchant services already on offer.

To do this, we are focusing more than ever on understanding our customers – in all shapes, sizes and life stages – to ensure we can offer the full complement of merchant services better than anyone else. Whether we are working with a bed-and-breakfast in Florida, a florist in the UK or a global airline in China, we expect to know the needs of those businesses and have the full range of products to support them. In many cases, this will mean proposing new and innovative ideas to them.

Strategic priority:

02

Accelerate performance: Improve performance in each of our business units through top-line growth 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 unit strategies we will follow.

These detailed strategies have been refreshed in 2013. This has given us an even sharper view of the path ahead.

WPUK

In WPUK, the strategy centres on helping our customers to sell more. To do this we are building new propositions that will add value to their business. In the last year, Worldpay has launched Worldpay Zinc to the micro-merchant community. Zinc allows small independent traders to broaden their customer base by accepting credit cards on a pay-as-you-go basis. We have also launched Worldpay Total, an integrated ePOS offering, to mid-market customers. This helps to bring additional functionality to those customers, where previously such facilities were only really affordable for large corporate customers.

Furthermore, Worldpay has invested significantly in customer engagement, with new marketing and customer experience teams responsible for ensuring a world-class user and buyer experience. This initiative is paying dividends, enabling us to identify more potential customers in the market more quickly; tailor more compelling propositions to them; and, at the same time, significantly reduce attrition of our customers.

WPUS

In WPUS, we demonstrated our ability to grow significantly in the SME space and this is where we are choosing to focus going forward. By broadening our proposition to include an integrated eCommerce offering and by expanding our partner network, we expect to be able to reach more customers with a more compelling proposition and better fulfilment of their needs.

As in the UK, this is accompanied by major investments in our customer engagement and retention capabilities and we have seen, and continue to see, major improvements in the net number of customers joining our business.

eCommerce

eCommerce has a different customer engagement model to the UK and US businesses. However, the guiding principles remain consistent.

By focusing on six key verticals, the team has built deep sector expertise, which is highly relevant to its customers in those areas.

This has led us to further expand our global footprint and ensure that we are able to support our major customers' own expansion plans, whilst opening up new opportunities for them in local markets.

Additionally, we are expanding the portfolio of products so as to offer the full range of online payment needs: from an increasing range of alternative payments (now well over 200 types) to risk protection products, such as Risk Guardian. We also continue to work with individual customers to provide bespoke requirements as and when they are needed and ensure their success wherever possible.

We have prioritised growth during this first phase of our transformation. Growth remains a focus and is the major component of the individual business unit strategies. However, as we look ahead, we intend to ensure that this growth is delivered efficiently and effectively. To that end, we expect to drive a further improvement in our earnings trajectory by creating the conditions to maximise operating leverage in the business. Much of this will come from our new technology as we automate a large number of currently manual processes. Also, we expect to be able to drive further efficiency through our procurement processes and capabilities, our organisational design, and cash management.

Strategic priority:

03

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

Worldpay has added around 1,800 employees since 2010. It has been an era of unprecedented change in the business and, considering the growth we have enjoyed, it has been successfully managed.

Many of the Executives are relatively new to the industry, but we have hired judiciously, ensuring that we employ top talent from both inside and outside the industry. This has created an environment of domain expertise, coupled with innovation and insight from other sectors.

Worldpay needed to invest a lot of time and effort in developing many of the core central processes, which were either nascent or fractured entirely by the divestment. Now that this is largely complete, we expect to slow considerably the development of the cost base in central functions.

A significant part of our people investment has been associated with the development of the new platform. We expect to require fewer people in that area as we deliver the components of the separation and our new platform.

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. More information on our people and technology is given in the next section of this report.

In summary, the first phase of our transformation has shown that we can grow market share consistently in all our major markets. It has validated our initial business unit strategies and we have built the team to deliver those over the next five years. It gives us great confidence as we look ahead.

The next phase of our growth requires us to realise the benefits of our technology and infrastructure investments, to ensure we are delivering operating leverage as our revenues continue to grow, and to further professionalise and enhance our organisational capabilities.

As this happens, we should see an acceleration of our profitability and our free cash flow increasing as the cash outflow from our investments in capability flattens and our capital expenditure tapers.

Overall, we are confident that our principles remain valid. If we further enrich our insightful expertise, come ever closer to delivering a completely seamless customer experience and prove the value of our relationships again and again, then we are truly on the path to being 'Leaders of Modern Money'.

Our resources and technology

People and technology.

People

During 2013, the overall Group headcount continued to grow as we invested in the business and developed the organisation to achieve our growth plans.

There are a number of areas that we have focused on during 2013 as we sought to continue to improve the quality of our core people processes and develop a winning culture that provides us with a competitive advantage.

Growing our organisational capability

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 to ensure that we maximise our ability to recruit people that are capable of supporting our ambitions. Over 1,000 people joined the Group during 2013.

We have now reached a stage of development where we intend to develop our in-house recruitment capability and transition to a largely self-sourced model for future lower levels of recruitment.

Investing in our people

We have invested heavily across the business in both operational training and wider management development, so that our colleagues have the skills and capabilities to succeed. We have created divisional training teams to lead operational training that is supported by a small corporate team to drive wider leadership development.

We have run a number of programmes aimed at developing both newly-appointed managers and more experienced managers transitioning into leadership roles. The eCommerce team have successfully used a programme called 'The Journey' to create a high performing culture within their business. In November 2013, over 80 colleagues from around the Group attended the programme to drive capability into the wider business teams.

Creating the right environment for our people to succeed has been a real focus since our divestment. We have invested significantly in our technology and infrastructure. In 2013, we opened new corporate centres in Manchester and Amsterdam. We also entered into a new 15-year lease in the Walbrook building, which allows us to consolidate our current London portfolio of offices and around 1,000 staff into one single location that is fully equipped to meet our developing needs. Relocation to the new London headquarters at Walbrook is now substantially complete.

The investment in our physical environment is key to driving our culture and creating a high quality, cost effective working environment that promotes collaboration and teamwork.

Engaging our colleagues

In 2013, we conducted an overall engagement survey for our colleagues (excluding WPUS), which delivered a 79% participation rate. The survey was conducted by an independent company and provided real insight into how our colleagues felt about working at Worldpay.

In response to the survey, we identified a number of themes at a Group-wide level and provided the training and support to local managers to respond effectively to local issues.

As a result of these actions, we have made considerable improvements across the key focus areas by the end of 2013, as measured by our pulse survey results. We will continue to measure and report on overall colleague engagement in 2014.

Our resources and technology continued

Headcount and locations

During the year, the average number of employees was 4,142 compared with 3,522 in 2012.

United Kingdom	2,717
United States	1,146
India	134
Canada	51
Rest of World	94
Total	**4,142**

Becoming more efficient

We continue to develop our core people processes, including our remuneration arrangements to reward success, and our performance management systems to drive and improve the feedback and performance of our colleagues. These processes continue to evolve and develop to respond to our growth as a company and the needs of our business.

During 2013, we reviewed all of the key Group policies in response to feedback from our colleagues. We have simplified and defined over 40 policies to reflect the organisation that we are seeking to become.

We have positively engaged with representatives of our colleagues, through both Unite in the UK and our Works Council for our colleagues based in the Netherlands. As part of this engagement, we have implemented a new approach to UK employment contracts. The implementation of the new contract commenced in 2013. In the first phase, over 97% of UK colleagues voluntarily signed new employment contracts. The second phase will complete the implementation during 2014.

We conducted a review of internal communications during 2013. This resulted in a new internal communications strategy that will be implemented in 2014.

Corporate responsibility

We recognise that we still have significant opportunities to develop our corporate responsibility strategy and align it with the business. In 2013, we focused on bringing colleagues together by supporting charitable activities. The most significant of these events was a sponsored charity cycle ride from London to Paris which raised almost £80,000 for nominated charities.

In addition we signed the Armed Forces Corporate Covenant, which is designed to support the employment of people leaving the armed forces and their families.

We recognise the need to structure our corporate responsibility activity at a more strategic level. We have appointed our Chief Human Resources Officer to create and chair our wider Corporate Responsibility Committee and we anticipate that we will have developed our strategy and begun implementation during 2014.

Reward strategy

Throughout 2013, we have continued to roll out tools that reinforce our 'pay for performance' culture.

We have introduced transparent salary ranges and bonus opportunities, so colleagues' contributions can be assessed in the context of their reward.

We continue to provide competitive fixed reward (basic salary and benefits) whilst providing a bonus plan that rewards achievement of our financial targets and positive personal performance.

In the UK, we continue to encourage our 'Flexible Benefits' programme and have introduced a new benefits platform to help our colleagues discover more about the benefits that are available. We also 'auto-enrolled' our colleagues into our pension plan, as part of the new UK Government legislation. We have subsequently supported this by holding roadshows in our major locations for colleagues to more fully understand the benefits of pension contributions.

Technology

At its heart, Worldpay is a technology-driven company. Worldpay is reliant on a technology estate that is fast, secure and scalable. This enables the seamless processing of billions of transactions of many different types.

The Worldpay infrastructure comprises a diverse suite of assets including: acquiring platforms that process and record the transactions requested by our customers; the payment gateways that capture and funnel online requests; and the associated risk and reporting components that enable secure and accurate business management. This technology estate is based on a bespoke combination of hardware and software.

Technology is also a key enabler of our Group level strategy as it allows us to capture and interpret the data we have; provide a seamless customer experience; and build closer relationships with those customers based on valued services and capabilities.

In late 2010, when the business was divested from RBS, the Group embarked on a complex programme of work to separate from RBS, both operationally and technologically. Initial estimates suggested that this separation programme would cost approximately £320m and be completed in late 2013.

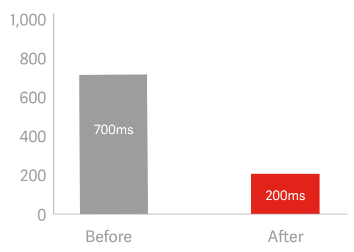
This programme of work is focused on four things:

- **Separate our core processing capabilities from RBS to a stand-alone, wholly owned, platform.** At present a transitional service agreement enables continued use of RBS-housed systems. However, as a necessary first step to support our strategy, we expect to shift our core processing capabilities in 2015 to our own, state-of-the-art, infrastructure.
- **Build market-leading functionality.** A benefit of designing and building our infrastructure from scratch is that we can incorporate many components that will meet customer needs more flexibly, support our product and service strategies, and make our internal processes more efficient.

- **Incorporate new innovative technologies.** Where our plans or our market reach demands it, Worldpay will acquire or build adjacent technology platforms and incorporate them into our estate. For example, our acquisition of YESpay has created a technology asset to meet the demands of the mid-market customer base around ePOS integration.
- **Support our internal ways of working.** Part of the technology investment has included the roll-out of front-line computing capabilities to our front-line staff. This includes desktop and mobile computing, sales force tools and data and analytics capabilities.

There were several phases to completing this programme and 2013 has seen several milestones successfully achieved. In Spring, we successfully migrated the authorisations engine into our own data centres and since that date have been processing millions of requests for payment authorisations every day using our own infrastructure. Late in the year and into early 2014, we successfully migrated our principal gateway – the Worldpay Gateway (WPG) from RBS. This process, which involved several months of dual running between the old and new systems and ourselves and RBS, was complex and created several operational incidents affecting our customers as we transformed undocumented legacy software into modern databases running on powerful new equipment. We believe we have passed the worst of our difficulties with this process and the impact on the operational capability of WPG can be seen from the following:

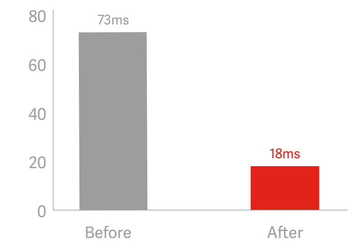
Authorisation response time (milliseconds) (ms)



The most visible improvement to customers is in our payment response time:

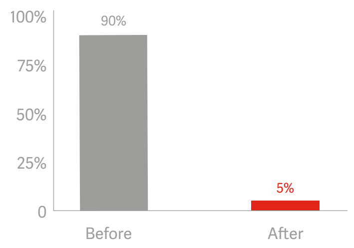
- Before the migration our response time was c.700ms;
- After migration, we now respond in c.200ms.

Anti-fraud response time (ms)



The responsiveness of our anti-fraud component (in particular, the check that examines how often a card has been used recently) has been reduced from 73ms to 18ms.

Peak CPU load (Acquirer Cell)



We have reduced load on every migrated component, including databases and servers.

In particular, in the acquirer cells – the components that handle connections to third parties have seen peak load drop to 5% of total capacity.

One of the most complicated elements of our separation programme has been the redesign of our core operating platform that processes the majority of our daily transactions. The detailed design work for the new operating platform was completed in 2013. The new design offers significantly enhanced capability to better serve our customers' needs. A review of the time needed to complete the construction and testing of this more capable, and significantly larger, platform indicated that we would not be able to migrate our data from, and sever our remaining connections with, the existing RBS-hosted processing platform on the originally envisaged timetable. Completion of the project is now expected in 2015.

As a result of the extension of the timeline, the larger, more complex design envisaged and an extended testing programme mean that we now believe that the total project costs will be in the region of £395m.

Since separation we have undertaken a parallel programme to increase the resilience of our US processing platform, which had suffered from lack of investment prior to 2010. This programme has reduced outages for our US customer base and provided additional resilience to our operations by improving both the capabilities within our data centres and the quality of the supporting infrastructure.

The Board remains confident that separation from RBS will be achieved and that the new platform will deliver sophisticated revenue management and billing solutions, coupled with powerful, yet user-friendly, analytical capabilities for our customers. This will allow us to offer more compelling and competitive propositions to our customers, offering them advantage in their businesses. Our customers, and the quality of the services we offer, remain our number one priority. Every day they entrust us with a vital component of their businesses and the revised implementation plan will be designed to ensure that we do not put at risk our service quality.

Risk report

Worldpay's approach to Risk

The nature of Worldpay's business, managing global flows of money, means that it faces wider and more acute risk challenges than many businesses. Its position of trust for its customers and suppliers sits on top of the more usual risks faced by technology businesses and provides an added dimension to defining and managing the Group's risk appetite and control systems. Crystallisation of a risk within any of the major risk categories discussed below would trigger significant reputational damage for the business, which may affect its ability to maintain its successful trading record, as well as delivering damaging financial losses.

As a consequence, risk and its management and mitigation, is a topic for significant Executive and stakeholder debate and activity within Worldpay.

The governance of risk

The governance of risk in Worldpay, as noted in the diagram below, is managed on a tiered basis. The process starts with the Board who delegate authority to the Risk and Audit Committees and then, by the clear articulation of policy, 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 which drives a culture of transparency and openness among the staff. This encourages the early escalation of risks and creation of mitigation plans as appropriate.

Risk management structure

Within the governance structure, Worldpay operates a 'three lines of defence' model which clearly defines accountabilities and responsibilities.

Business Unit Executives represent the first line of defence and have the responsibility to identify, manage, measure and monitor risks within their area.

The second line of defence is provided by the Risk and Compliance teams who provide assistance and independent challenge to the Business Units under the guidance of the Risk Committee.

A robust and independent Internal Audit function provides the third line of defence providing independent assurance to the Audit and Risk Committees through regular review.

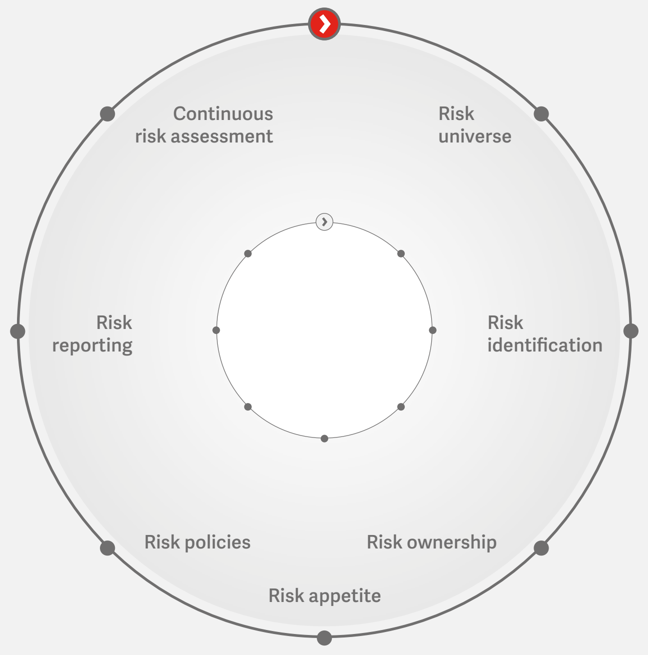
The activities of the three lines are defined by Worldpay's Enterprise Risk Management framework which was further developed during the year.

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*



To begin the process, the Board and senior Executives identified the Group's risk universe and key risks. During the year, the output from that process was cascaded to all areas of the business using a combination of meetings and workshops facilitated by senior members of the risk function.

Risk universe

The risk universe promotes and facilitates a standardised approach to risk to aid business focus when considering those risks to which it has exposure. The risk universe provides broad categories to define the types of risks the Group faces. Exposure to risk is constant and ever-changing and so the categorisation is not exhaustive and is reviewed regularly for relevance. It covers most of the risk types faced by the Group, although clearly not every risk type will be relevant to every area. The categories identified and monitored in 2013 are:

- Financial crime;
- Legal and regulatory;
- People;
- Business continuity;
- Process.
- Technology;
- Data security;
- Financial;
- External events;

Risk identification

Using the risk universe, the process of identifying the key risks of the Group was developed during a series of discussions and workshops attended by the Board and other senior Executives from across the Group. These clearly articulated the risks and associated Executive owners. They also established the format for Executive review; with the Executive Committee allocating time in their monthly meetings to consider whether the key risks remain relevant and whether any additional risks have arisen.

The key risks that were identified are mapped to the risk universe as follows:

Key risks	Risk universe
Technology risk	Technology
Data Security risk	Data security
Regulatory risk	Legal and regulatory
Customer credit risk	Financial
Settlement risk	Financial
Financial risk	Financial
Scale of change	Process and business continuity

Each of these key risks is articulated in greater detail below.

A similar risk identification process was followed at Business Unit and functional level, resulting in a greater granularity of the risks and 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 ownership

The Board is firmly of the belief that the management of risk is the responsibility of every employee in Worldpay and this message has been communicated throughout the Group. Specifically, the Business Unit Executives represent the first line of defence and are required to take an active part in managing the risks relating to their area. They formally report progress against the risks and implementation of mitigating actions once a quarter to the Risk Committee.

Each of the key risks has an Executive owner who is responsible for monitoring and reporting to the Executive Committee and Risk Committee.

Risk appetite

Worldpay's risk appetite is defined by the Board and managed and monitored by the Risk Committee. The Risk Committee manages the Group's adherence to the approved risk appetite by reviewing detailed Key Risk Indicators (KRIs) and holding deep dive sessions on particular areas, with submissions and presentations being made by the appropriate Executive and staff.

The Group's risk appetite across the key risks is confirmed at least annually by the Risk Committee, but may be updated more frequently should an emerging risk or an event suggest that a change to Worldpay's risk appetite or approach is required.

Risk policies

Once the Risk Committee has confirmed the Group's risk appetite, policy documents are created by a team including policy professionals and 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.

Risk report continued

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 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.

Each month, the KRIs are reported at a Business Unit level with the appropriate Executive reviewing performance and implementing any necessary actions.

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

The constant and ever changing risk environment requires a continuous review of the identified risks to determine whether they remain the key risks. This is achieved by a continuous risk assessment programme.

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.

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	Failure of the Group's systems resulting in service interruption to customers	– 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	Loss of data causing the Group financial loss and reputational damage	– 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	Unidentified or unmanaged regulatory or industry change negatively impacts Group activities	– A dedicated Compliance Team reviewing the regulatory environment – Participation in regulatory and industry bodies to help shape the regulatory environment – Prompt implementation of regulatory changes to business systems and processes
Customer Credit	Customers fail to meet their obligations causing the Group financial loss	– 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	Failure to settle with customers in respect of their transactions	– 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
Financial markets	Failure to appropriately manage foreign currency and interest rate risk	– Net investment hedging to minimise exposure to movements in foreign currency on Group loan balances – Variable rates on cash balances and merchant float offset risk arising from changing interest rates on borrowings – Prohibition on taking FX positions
Scale of change	Failure to manage resources against change requests resulting in errors in business activities	– 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

Technology is critical to ensure that we can deliver market-leading capability and services to our customer base. 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. As noted earlier in this report, this separation project is expected to complete in 2015. In the meantime, Worldpay faces a performance and stability risk while systems remain on the legacy RBS infrastructure, as well as the risk of failure to develop new systems, products and infrastructure to meet the demands of our growing 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

Worldpay has contractual agreements in place with RBS which cover 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.

Migration off the RBS infrastructure is happening progressively to minimise risk and, as it does, Worldpay is investing heavily in additional capacity and monitoring tools to manage its new infrastructure and ensure that the new platforms remain stable and available. In addition, an incident management centre is on-call around the clock to deal with any issues.

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 a changing legislation environment may prevent Worldpay from trading in the relevant jurisdiction; may result in Worldpay or its customer 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 in the payments industry and 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 on-boarding 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.

Financial markets risk

Worldpay operates across the globe and as a result is exposed to a number of different financial risks including foreign exchange risk and interest rate risk. These risks, their potential impact, and their management is discussed in more detail in Note 5e of the Financial statements section of this Annual Report.

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 the 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 Group'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 will be working on, and implementing, a full CSR strategy as part of the next step in the Group's evolution. In the meantime, various measures continue to be taken to reduce the Group's impact on the environment; ensure we act as a responsible and fair employer; and support local communities and charities.

Our impact on the environment

The Group aims to minimise its impact on the environment through operational policies that result in energy saving, recycling of office waste and paperless work practices.

During the year, Worldpay has opened two new offices in the UK – one in Manchester and one in London where we are in the process of consolidating all of our London-based workforce. Both offices have a number of environmentally-friendly features and have been assessed as 'Excellent' by BREEAM (Building Research Establishment Environmental Assessment Method).

The London building has a CCHP (combined cooling, heating and power) system which uses a gas engine to produce electricity, heating and cooling via an absorbent chiller. Absorbent chillers provide an economic and environmental alternative to conventional refrigeration for air conditioning. They are efficient, produce low emissions, and reduce harmful air emissions.

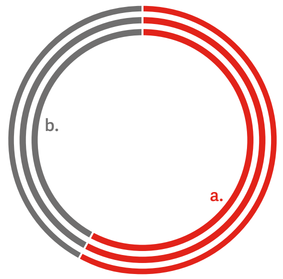
Floor plates have also been installed which link to the lighting control system. The system enables reduced levels of lighting on the first two rows of lights nearest to the natural light source.

All our offices have been fitted out with sustainability in mind. This is demonstrated by the accreditation of the RICS-developed sustainability award. This accreditation ensures focus is applied to sustainable specification, waste management and ongoing environmental impact. The new office in Manchester was awarded a Silver rating; and the recently completed Walbrook offices in London achieved a Gold rating. These are significant achievements.

A review of energy contracts on all offices managed by Worldpay was also performed during the year. All new contracts are now with suppliers who provide 'Green Energy' (energy from a renewable source). In Worldpay's case, this energy comes from small-scale hydro and wind sources.

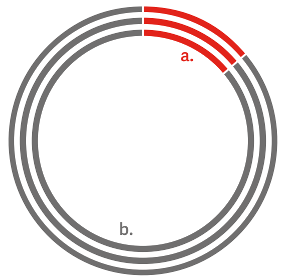
From 1 December 2013, three of our main Worldpay managed sites (55 Mansell Street, Gateshead, Cambridge) have been using purely Green Energy.

How Worldpay's workforce is made up:



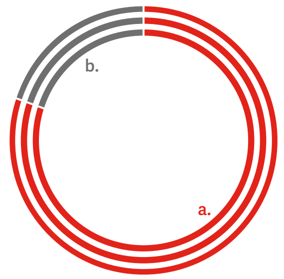
Worldpay's employees:

a. Male — 58%
b. Female — 42%



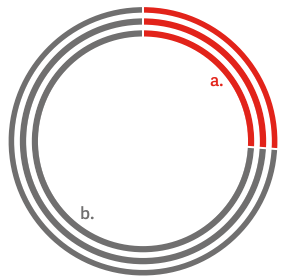
Worldpay's employees over 50:

a. Over 50 — 14%
b. Under 50 — 86%



Senior Leadership Team employees:

a. Male — 80%
b. Female — 20%



Senior Leadership Team employees over 50:

a. Over 50 — 26%
b. Under 50 — 74%

A responsible and fair employer

Worldpay recognises that retaining and attracting talent is key to the success of the Group. As noted in our 'People' report, we are committed to ensuring colleagues are treated equally during our selection process and throughout their time with us. 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.

The Board recognises, however, that it has more work to do to improve diversity in the workplace.

Ethical code for suppliers

We recognise our responsibilities extend outside our commercial business interests, and that we play an important role in the economies in which we trade. We are committed to increasing our focus on corporate responsibility within our supply chains through specific improvement programmes and re-engineering to eliminate waste and improve efficiency.

We have put in place a rigorous assessment process for our key suppliers which takes into account the wide range of factors which 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 that 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 are committed to conducting our business with suppliers in a fair and honest manner, with openness and integrity.

Supporting local communities and charities

The Group encourages its staff to participate in charitable fundraising through sponsorship and has run a number of successful giving campaigns throughout the year.

On Friday 28 June 2013, a team of 60 Worldpay employees embarked on a charity cycle ride from the London Eye to the Eiffel Tower in Paris, which spanned 210 miles over three days.

The team of riders worked incredibly hard to train, prepare and fundraise for this event and raised over £77,000 for three children's charities – Great Ormond Street Hospital, Make-A-Wish and Haven House. The team exceeded their original target of £50,000 and raised enough funds to help the charities in more ways than they imagined possible. The money went towards life-saving equipment for a new ward that is being built at Great Ormond Street Hospital; granting up to seven wishes for sick children; and funding a Haven House nurse for a year.

Worldpay offices have also taken part in fund-raising events for the Royal British Legion, Macmillan Cancer Support, and Children in Need during the year.

Case study
Speedway

> "Speedway has been a client since 2008 and we have worked hard to understand what we can do as a partner to improve the efficiency of Speedway's operation and keep them with the best value payments operation. They are a great partner and I am proud that we have recently renewed their multi-year contract."

Peter Forbes
EVP National Business, Worldpay US

Speedway is one of the largest and most well-known US gas (petrol) retailers, operating over 1,400 locations and serving over two million customers each day. Typically, large forecourts with connected convenience stores,

Speedway has been at the forefront of innovation in customer service, rewards and store operation and have received multiple industry awards for their business.

Financial review

The financial year ended 31 December 2013 has marked another year of significant growth and investment at Worldpay. All of our trading divisions have had a strong year and seen double-digit growth in underlying EBITDA. In addition, the acquisitions of YESpay and Century Payments have added to our growth potential for the future. The acquisition of YESpay allows us to expand our product and service offering to both existing and new customers by combining YESpay's innovative technology with the speed and reliability of the WPUK platform for card processing, giving customers a one-stop solution for payment processing. The acquisition of Century Payments secures an important revenue stream for WPUS for the foreseeable future.

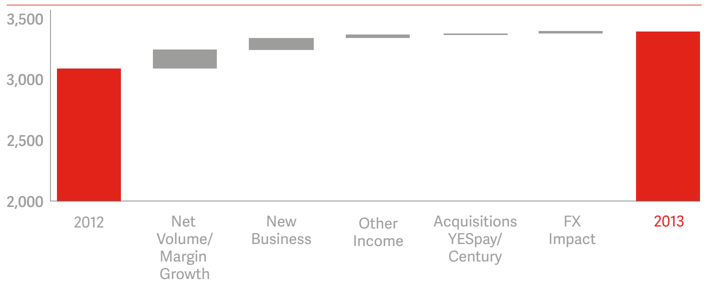
Separation from RBS has continued at pace during the year with significant investment in our new platform development and our colleagues. In addition, we completed a major refinancing of the Group in May 2013 and two further refinancing events later in the year.

Income statement

	Year ended 31 Dec 2013 £m	Year ended 31 Dec 2012 £m	Year on year change %
Underlying revenue	**3,394.0**	**3,088.9**	**9.9%**
Underlying gross profit	**704.1**	**634.2**	**11.0%**
Gross margin	**20.7%**	**20.5%**	
Underlying EBITDA[1]	**345.6**	**304.5**	**13.5%**
Underlying depreciation and amortisation	(68.6)	(58.6)	(17.1)%
Underlying finance costs	(141.4)	(146.8)	3.7%
Underlying profit before tax	**135.6**	**99.1**	**36.8%**
Separately disclosed items:			
– affecting EBITDA	(168.6)	(97.9)	
– affecting depreciation and amortisation	(88.4)	(74.3)	
– affecting finance charges	(76.9)	3.2	
	(333.9)	**(169.0)**	**(97.6)%**
Loss before tax	**(198.3)**	**(69.9)**	**(183.7)%**
Tax	33.0	17.7	86.4%
Loss for the year	**(165.3)**	**(52.2)**	**(216.7)%**

[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
£m



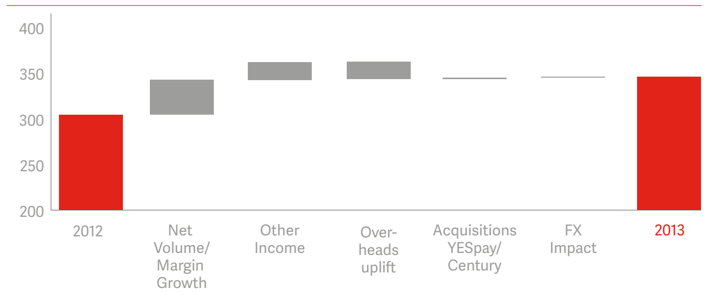
Underlying revenue in the year at £3,394.0m (2012: £3,088.9m) was £305.1m higher than the prior year. Excluding the impact of acquisitions and the FX translation impact on our WPUS revenue, like-for-like growth was 9.0% and reflects strong volume growth in all of our businesses. The acquisitions of YESpay and Century payments contributed £4.3m and £4.0m respectively to the year on year increase.

Underlying gross profit at £704.1m (2012: £634.2m) was up £69.9m, or 11.0% year on year. Excluding the impact of acquisitions and FX translation on our WPUS gross profit, like-for-like growth was 9.5%. The improvement in the gross margin from 20.5% to 20.7% represents a shift in the proportion of gross profit coming from our higher margin eCommerce division.

Underlying personnel and net operating expenses

Underlying personnel and net operating costs increased year on year by 8.7% to £358.5m. Excluding the impact of acquisitions and FX translation on our WPUS revenue, the like-for-like increase in overheads was 6.5%. This increase reflects our continued investment in people and infrastructure to support the growth strategy. In 2014, the Group is undertaking a detailed cost review to ensure that operating leverage can be maximised post the completion of separation and the implementation of the new platform which will allow the automation of many of our currently manual processes.

Underlying EBITDA
£m



Underlying EBITDA, at £345.6m was £41.1m, or 13.5% higher than the prior year. Acquisitions and translation contributed £2.2m to this improvement with the remainder stemming from the strong underlying growth in volume and ancillary income in all of our divisions, offset partly by the growth in overheads.

The divisional review of performance is included later in this report.

Underlying depreciation and amortisation

Underlying depreciation and amortisation was £68.6m (2012: £58.6m). The increase year on year predominantly reflects our continued investment in IT software and hardware as we move towards separation and build our own operating platform.

Refinancing activities and underlying finance costs

On 16 May 2013, the Group completed a refinancing of its debt, which significantly simplified the Group's debt structure, as well as extending the tenure of the debt and reducing the future finance costs. The refinancing raised approximately £700m of additional bank debt which was denominated as follows: £250m, €161m and US$479m.

The additional bank debt raised allowed the Group to repay its expensive subordinated debt (£373.5m, including a make-whole[2] payment of £26.5m); a significant proportion of its yield-free preferred equity certificates (£200.0m); and accrued interest on its interest-bearing preferred equity certificates (£35.0m). In addition, £93.0m of capital contribution was repaid to the shareholders.

Fees of £16.8m were paid in connection with the refinancing and have been capitalised against the debt.

The refinancing delivered a significant reduction in the Group's cost of debt. Additionally the financial covenants were reset and simplified, significantly reducing restrictions on the Group's freedom to use cash generated from operations to fund investments and acquisitions.

On 23 October 2013, the Group raised an additional $240m of bank debt to fund the acquisition of Century Payments, Inc and put cash on the balance sheet. Fees of £7.3m were paid and have been capitalised against the debt.

On 23 December 2013, the Group issued a Payment-In-Kind (PIK) toggle note of £455m with a tenor of 6.5 years and an interest rate of LIBOR plus 8%. The proceeds, plus £2.0m of own cash, were used to fund a further repayment of capital contribution of £400.2m and pay fees of £15.8m. We have retained £41.0m of the proceeds to pay the first two interest coupons. Future cash interest on the PIK is only payable if senior leverage is below 4.25 times and the Group has a minimum cash balance of £90m. Should cash interest not be paid, an additional 0.75% will be added to the interest rate.

Underlying finance costs in the period were £141.4m (2012: £146.8m). The slight decrease year on year comes despite an overall increase in net debt of £731.9m and reflects the fact that expensive debt was replaced by cheaper debt during the refinancing in May 2013.

Separately disclosed items

Separately disclosed items in the year amounted to £333.9m (2012: £169.0m) and include separation costs, reorganisation and restructuring costs, FX gains and losses, asset impairments, amortisation of business combination intangibles, and costs of refinancing. 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. FX 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 2013 £m	Year ended 31 Dec 2012 £m
Affecting EBITDA:		
Separation – platform	(41.3)	(41.5)
Separation – other	(19.4)	(10.3)
Reorganisation and restructuring costs	(46.3)	(24.0)
Costs of business set-ups, acquisitions and disposals	(44.1)	(6.8)
Other	(17.5)	(15.3)
	(168.6)	**(97.9)**
Impairment of platform assets	**(14.3)**	**–**
Amortisation of business combination intangibles	**(74.1)**	**(74.3)**
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)	–
FX gains	11.0	3.2
	(76.9)	**3.2**
Total separately disclosed items	**(333.9)**	**(169.0)**

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

Total costs of separation in the year amounted to £60.7m, of which £41.3m relates to the investment we are making to re-platform our technology infrastructure and provide technological independence from RBS. Total costs incurred to date on the re-platforming programme are £249m, of which £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.

As well as separation from RBS, the Group has incurred significant costs in restructuring and reorganising the business to put us in the best position to continue to achieve our ambitious growth plans. This includes redundancy costs incurred, most notably, in moving the Finance and Risk back office functions from Gateshead, Harrogate and London to a newly established business services hub in Manchester. Also included are the costs incurred in attracting the high calibre senior Executives we need to drive the business forward, as well as consultancy spend incurred in helping to define and execute the growth plans. In addition, we have recognised £4.5m of provisions for onerous leases and dilapidations on our London portfolio which arose as a result of the move to new London headquarters in Walbrook.

Financial review continued

Costs of business set-ups, acquisitions and disposals includes provisions for amounts payable under the Cardsave earnout and management bonus arrangements; losses incurred in setting up the Worldpay Zinc business; and costs incurred directly as a result of the strategic review of our US business. Also included are the costs associated with aborted and successful acquisitions.

Other separately disclosed items affecting EBITDA of £17.5m include shareholder costs and the costs of a discretionary mid-term bonus paid to senior management.

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

Following the re-planning of the Platform programme and the subsequent delay to separation, an exercise was undertaken to ascertain whether any of the Platform assets were impaired. This review resulted in a write down of £14.3m of assets.

The £74.1m of non-cash amortisation of business combination intangibles (2012: £74.3m) largely arises from the divestment of the business from RBS.

Separately disclosed items affecting finance costs in the period were £76.9m (2012: profit of £3.2m). £87.9m of costs arose as a result of the debt refinancing completed in May 2013. £26.5m of the charges relate to a make-whole payment that was payable on repayment of the subordinated debt. Other refinancing-related charges include £61.4m of non-cash items as we accelerated the unwind of the discounting on the repaid portion of the yield-free preferred equity certificates (£45.8m), and wrote-off previously capitalised financing costs (£12.6m) and fair value adjustments (£3.0m).

During the year, the Group recorded a gain of £11.0m (2012: gain of £3.2m) on the translation of its foreign currency assets and loans. The gain arose due to the structural currency imbalance arising from the composition of the Group's external debt and the structure of its intercompany loans.

Loss before tax

The loss before tax for the period was £198.3m (2012: £69.9m). The increase year on year reflects the increase in separately disclosed items, partly offset by the strong underlying trading performance.

Tax

The tax credit for the year ended 31 December 2013 was £33.0m (2012: tax credit of £17.7m). Excluding the effect of separately disclosed items, this represents an effective tax charge of 31.7% (2012: 27.2%) on the underlying profit for the year of £135.6m. This is higher than the UK effective rate of 23.25%, primarily because of overseas tax suffered at higher prevailing rates and UK tax losses not being fully utilised.

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 the applicable 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 US and the Netherlands, and by tax losses arising in the UK. Tax losses of £45m are being carried forward in one UK operating subsidiary. £7m of UK tax losses were brought forward from 2012 in two UK subsidiaries. These losses had been recognised in deferred tax, so there is no current year benefit to the tax charge.

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 2013 £m	Year ended 31 Dec 2012 £m	Year on year change £m
Underlying EBITDA	345.6	304.5	41.1
Separately disclosed items affecting EBITDA	(168.6)	(97.9)	(70.7)
Working capital	(14.9)	(0.3)	(14.6)
Tax paid	(8.2)	(25.4)	17.2
Non-cash items	(4.8)	3.7	(8.5)
Operating cash flow	**149.1**	**184.6**	**(35.5)**
Net capital expenditure	(132.2)	(114.0)	(18.2)
Underlying finance costs paid	(81.5)	(42.2)	(39.3)
Free cash flow[3]	**(64.6)**	**28.4**	**(93.0)**
Acquisitions	(65.0)	–	(65.0)
Underlying movement in borrowings	(32.8)	24.4	(57.2)
Net impact of refinancing	166.5	–	166.5
Net cash flow	**4.1**	**52.8**	**(48.7)**

[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 £149.1m (2012: £184.6m) as strong trading cash inflows were offset by significant cash costs of separately disclosed items. Working capital was a small net cash outflow and reflects the underlying growth of the business (as income from merchants largely lags the outflows to schemes and banks).

As a result of the significant spend in the year on separately disclosed items, the operating cash flow was not sufficient to fund the continued capital investment and underlying finance costs, resulting in a free cash outflow in the year of £64.6m.

Net expenditure on tangible fixed assets and software in the year was £132.2m (2012: £114.0m) and includes £79.3m of hardware purchases and costs incurred in the development of our new technology platform.

The refinancing activities noted above provided surplus cash to close the free cash flow gap and fund the acquisitions of Century Payments and YESpay. As a result, the net cash inflow in the year was £4.1m.

Debt and financing

As noted earlier, the Group undertook a number of financing activities during the year which significantly simplified the Group's debt structure, as well as extending the tenor of the debt and reducing the future finance costs, as expensive debt was repaid and replaced by additional bank debt. Additionally, the financial covenants were reset and simplified, significantly reducing restrictions on the Group's freedom to use cash generated from operations to fund investments and acquisitions.

Net debt at 31 December 2013 was £2,107.3m (2012: £1,375.4m) made up as follows:

	As at 31 Dec 2013 £m	As at 31 Dec 2012 £m	Year on year change £m
Own cash	**179.6**	**178.6**	**1.0**
Bank borrowings	(1,695.9)	(913.5)	(782.4)
Preferred equity certificates	(123.4)	(289.0)	165.6
Mezzanine debt	–	(325.6)	325.6
PIK note	(440.2)	–	(440.2)
Finance leases	(27.4)	(25.9)	(1.5)
	(2,286.9)	**(1,554.0)**	**(732.9)**
Net debt	**(2,107.3)**	**(1,375.4)**	**(731.9)**

The increase year on year reflects the refinancing and subsequent share premium repayment.

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
2014	64.9
2015	52.6
2016	126.0
2017	37.4
2018	1.4
2019	1,441.9
2020	439.3
2059	117.1
2061	6.3
Total	**2,286.9**

Change of major shareholders

On 9 December 2013, our major shareholders Advent International and Bain Capital purchased the remaining 17.8% shareholding that RBS owned in Worldpay, demonstrating our shareholders' continuing confidence and support of our future success.

Post balance sheet event

On 31 January 2014, Worldpay signed a binding agreement to purchase 100% of the share capital of a company based in Brazil for a headline consideration of up to $10m. The acquisition is expected to complete during the second quarter of 2014.

Case study
Arcadia

> “We primarily see myCurrency as a way of improving the experience for customers, rather than a source of income. The simple IT implementation and staff training, combined with the customer service benefits, makes myCurrency a compelling service for us.”

Jon Smith
Arcadia

First and foremost a British business, the Arcadia Group, has used myCurrency to deliver a better in-store experience for their overseas shoppers for over two years. Worldpay’s myCurrency gives overseas shoppers the option to pay in their local currency, knowing exactly how much their purchase is going to cost them. The service has proved both popular and profitable in more than 250 stores nationwide.

Operating review

Divisional 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.

	Year ended 31 Dec 2013 £m	Year ended 31 Dec 2012 £m	Year on year change %
Revenue			
WPUK	1,145.2	1,038.2	10.3%
WPUS	1,614.3	1,483.4	8.8%
eCommerce	634.5	567.3	11.8%
Corporate	–	–	–
Group revenue	**3,394.0**	**3,088.9**	**9.9%**
Underlying gross profit			
WPUK	321.7	295.8	8.8%
WPUS	173.7	158.1	9.9%
eCommerce	208.7	180.3	15.8%
Corporate	–	–	–
Group underlying gross profit	**704.1**	**634.2**	**11.0%**
Underlying EBITDA			
WPUK	186.9	168.2	11.1%
WPUS	73.7	61.3	20.2%
eCommerce	127.6	112.7	13.2%
Corporate	(42.6)	(37.7)	(13.0)%
Group underlying EBITDA	**345.6**	**304.5**	**13.5%**

Worldpay UK (WPUK)

WPUK is a newly-formed division of the Worldpay Group which combines the former Streamline business with Cardsave, YESpay and our new Zinc business. WPUK supports businesses of all sizes with the ability to accept and process credit and debit card payments. It services a quarter of a million customers ranging from sole traders to major national high street retailers. It provides a comprehensive payment processing service enabling the capture of both card-holder present and card-holder not present transactions.

WPUK generates its revenue through merchant acquiring, rental of terminals, and the sale of related products and services. The business is 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 ranging from national retailers to smaller multi-location customers, such as restaurant chains.

Since the divestment from RBS, we have invested in rebuilding the WPUK proposition. We are revitalising every aspect of our business so that we can help our customers to grow and prosper by taking advantage of the scale and depth of our payments expertise.

Our continuing investment and innovation programme will allow all our customers to take advantage of the breadth of our operations, whilst offering each the opportunity to benefit appropriately from new and improved services, sharper market insight, and increasing ease of use.

On 27 June 2013, the Group launched Worldpay Zinc, a pay-as-you-go card acceptance service designed specifically to meet the needs of the UK's smallest businesses and start-ups. Very small businesses have traditionally been unable to justify the costs associated with accepting payment cards due to the infrequent volume of payments that they would take and the required monthly financial commitment. The new pay-as-you-go service removes these cost barriers, so these very small businesses only pay for the transactions they accept, and are therefore able to accept card payments for the first time. As these businesses are completely new to cards, they represent an exciting new growth opportunity for WPUK, one which complements the existing face-to-face proposition we offer.

On 6 March 2013, we acquired the YESpay Group, a provider of technologically advanced payments systems. The acquisition allows Worldpay to expand its product and service offering to both existing and new customers by combining YESpay's innovative technology with the speed and reliability of the WPUK platform for card processing, giving customers a one-stop solution for payment processing. As a result of the acquisition, during the year, we were able to launch Worldpay Total, an integrated payments solution for customers in our Commercial segment. Leveraging the YESpay acquisition, we have developed a one-stop payments solution that integrates all payment capture methods (tills, websites, tablets) and delivers much improved transaction data, making acceptance, processing and reconciling of payments much easier for our customers.

Performance review – WPUK

	Year ended 31 Dec 2013	Year ended 31 Dec 2012	Year on year change	Year on year change
Financial				
Revenue (£m)	1,145.2	1,038.2	107.0	10.3%
Gross profit (£m)	321.7	295.8	25.9	8.8%
Gross margin (%)	28.1%	28.5%	(0.4)%	
Underlying EBITDA (£m)	186.9	168.2	18.7	11.1%
Underlying EBITDA margin (%)	16.3%	16.2%	0.1%	
Non-financial				
Acquiring transactions (m)	4,479	4,179	300	7.2%
Net acquiring margin (%)	0.11%	0.11%	–	–

During the year, WPUK performed well, with both revenue and underlying EBITDA showing double-digit growth. Overall transaction volumes grew by 7%, with Small growing at 8% and Corporate at 7%. The growth in both channels was ahead of the market which grew at 6%.

The growth in Small was partly attributable to increased new business signings, but also to improved retention performance. This is a direct result of the investment we made in building a new retention team in our operations centre in Gateshead and has resulted in a reduction in lost income in the year of £6m. RBS continues to be our biggest source of leads in the SME channel, however, in the final quarter of 2013, we signed a deal with the Post Office whereby the Post Office will refer Worldpay to their customers through their 11,000 branches and further franchise businesses.

In our Corporate channel, we also benefited from new business wins. One such win that went live during 2013 was Sainsburys, for whom we now process approximately 8 million credit transactions per month. Other key Corporate wins in the year include Arnotts, a large department group in Ireland, securing us a strong market position in this geography. Also in the year, we successfully retained a number of significant clients.

Alongside our large corporate clients, we see significant value in the £1m to £10m card turnover Commercial channel and have built sales force capability in the year to ensure we can be market leaders in this channel.

Revenue grew by 10.3% in the year, due largely to the volume growth discussed above. Pricing initiatives, a mix shift towards Small, and extra revenue generated through the provision of additional value-added services, including compliance and assurance services, also contributed to the year on year improvement.

The net acquiring margin improved slightly due to a mix shift towards more profitable credit card transactions. These gains were, however, offset by a 1% decline in average transaction values driven by discounting in the major supermarkets and squeezed consumers limiting spending in the continuing tough economic climate. As a result, we saw card turnover growing 6% slower than our volume growth and average transaction values declining year on year in line with market trends.

Gross margin at 28.1% declined slightly compared to the prior year driven by a change in transaction mix.

Overheads increased by £7.2m year on year as we continued to invest in people and capability to drive the business forward and build for the future. In WPUK, over 100 additional colleagues joined us during the year, largely in the retention and Commercial teams. Underlying EBITDA was £186.9m, an increase of £18.7m, or 11.1% on the prior year period.

The Cardsave business, which is an independent sales operation that we acquired in December 2010, is performing well and contributed £35.7m to revenue (2012: £29.9m) and £18.0m to underlying EBITDA (2012: £12.9m) in the year. YESpay contributed £4.3m to the revenue and £0.5m to the underlying EBITDA figures shown above.

The year one start-up losses of Zinc (£7.9m) have been included in separately disclosed items in 2013 and are therefore not included in the above figures. From 2014, Zinc's performance will be included in the results of WPUK.

Worldpay US (WPUS)

As part of a strategic review undertaken during 2012, the Group decided to explore potential disposal options for its US operations. Following the conclusion of the strategic review, we decided that the US business should be retained, as we believe the growth potential and value of Worldpay US meant it would be better if it remained part of the Worldpay Group.

WPUS enables small and medium-sized businesses to accept and process a broad range of electronic payments (such as credit card, debit card and prepaid card) across the US. It has a strong position in the merchant acquiring industry and is the third largest independent, non-bank merchant acquirer and the second largest acquirer focused on the small merchant market in the US.

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

- Small Business Unit (SBU) – businesses with card turnover of up to $5m per annum. These are generally small enterprises with one or two locations;
- Mid Market – businesses with card turnover greater than $5m but less than $1bn per annum. These are generally medium-sized enterprises with more complex needs;
- Independent Sales Organisation (ISO) – third party independent sales organisations that sell processing services to small enterprises with one or two locations; and
- ATMs – providing wholesale processing solutions to third party organisations that own ATMs. The business serves over 100 third party owners across the US that own ATMs placed in non-bank, retail locations.

We have continued to invest in improving our ability to service our customers' needs with the launch of a number of new products which meet the changing needs of consumers. We have also continued to improve the underlying resilience of the business; upgrading or replacing key internal systems and up-skilling our customer-facing staff to improve our service levels. In addition, we rolled out a number of key customer retention initiatives in 2013 which started to bear fruit in the second half of the year, and will continue to drive improvement in 2014. The retention initiatives impact all stages of the customer lifecycle – from boarding to

Operating review continued

engagement to renewals – and include new pricing programmes; a platinum service offering to our bigger customers; and guaranteed rate pricing.

On 25 September 2013, we acquired Century Payments Holding Inc, an independent sales organisation. The Century acquisition brings a strong partner-led lead source, with National Cash Register (NCR), together with a growing portfolio.

Our focus for the future is on developing more partnerships with point-of-sale (POS) vendors as well as software development partners, whilst continuing to serve our small 'bricks-and-mortar' businesses and selected mid-market verticals nationwide. We will offer payment acceptance technology that is:

- the easiest to integrate with;
- accepts all payment types (today and in the future); and
- can connect to a customer's processor of choice.

We will also build a consultative partner-sales model that creates the right bundle of product, pricing and insight to drive growth for our partners and their customers.

Performance review – WPUS

	Year ended 31 Dec 2013	Year ended 31 Dec 2012	Year on year change	Year on year change
Financial				
Revenue (£m)	1,614.3	1,483.4	130.9	8.8%
Gross profit (£m)	173.7	158.1	15.6	9.9%
Gross margin (%)	10.8%	10.7%	0.1%	
Underlying EBITDA (£m)	73.7	61.3	12.4	20.2%
Underlying EBITDA margin (%)	4.6%	4.1%	0.5%	
Non-financial				
Acquiring transactions (m)	3,311	3,070	241	7.9%
Net acquiring margin (%)	0.19%	0.21%	(0.02)%	(9.5)%

WPUS continued to show steady progress in 2013. Revenue increased by 8.8% to £1,614.3m (2012: £1,483.4m) and gross profit increased by 9.9%. Adjusting for the impact of changes in FX translation, revenue increased by 7.3% and gross profit by 8.7%. Included within the revenue figure is £432.1m (2012: £424.4m) of low margin ATM revenue. Exclusively this, translation-adjusted revenue increased by 10.0% year on year and gross profit by 8.9%.

Total transactions processed increased by 7.9% to 3.3bn, compared to 3.1bn in 2012; and total processing volume for the year was $134.5bn, an 8.2% increase on the $124.3bn processed in the prior year. We provided payment processing services for active customers in approximately a quarter of a million outlets, a slight decrease versus the prior year. SBU customers decreased 5.2% year over year; Mid Market and ISO increased 5.8% and 13.1% respectively compared to 2012.

SBU new signed sales increased by 3.4% against the prior year but fell short of management's expectations, driven by lower volume of leads from our bank lead source. New business signed outside of the bank channel did show improvement, however, increasing by 39.3% compared to the prior year. This was driven by increased lead flow activity from partners. SBU customer net nil performance (new deals offset by attrition) improved dramatically year over year as a result of the retention initiatives we put in place.

Mid Market new business performed well in 2013. New business sales increased by 34.9% compared to prior year as a result of a renewed focus on attracting eCommerce customers and signing better quality deals. Successful renewals of major clients, such as Speedway, also had a positive impact in the year and will benefit revenue and margins going forward. Revenue attrition for Mid Market was down to 4.5% versus 6.7% in 2012 and the contribution margin improved by 44.1% year over year. In addition to the portfolio improvements, debit routing incentives reduced our cost of sales and provided an incremental benefit in the year.

ISO transaction volumes increased by 17.6% year over year driven by a 24.8% increase in new customer growth. Century, our largest ISO prior to acquisition, contributed significantly to this growth. Gross margin per transaction improved by 19.8% year over year, and contribution earnings increased by 46.8%. Since acquisition in September 2013, Century has contributed £4.0m to WPUS revenue and £0.9m to underlying EBITDA.

ATM transaction volumes decreased 2% against the prior year. However, contribution earnings for ATM increased by 7.8% as a contract buy-out by one of our large ISOs yielded a one-time benefit of £1m in the year. ATM new terminals decreased 8.8% and total active terminal count was down 3.3% year over year. The ATM business has been impacted by market consolidation and our current strategy is to maintain business performance with minimal additional investment.

Overheads increased by £3.2m year on year as a result of the Century acquisition and the impact of FX translation. On a like-for-like basis, overheads have decreased slightly as a result of management's continued strong focus on cost control.

Underlying EBITDA was £73.7m, an increase of £12.4m, or 20.2% on the prior year period. Adjusting for the impact of changes in FX translation rates, underlying EBITDA was £72.9m.

eCommerce

Worldpay's eCommerce business was established in 1994, when it became the world's first provider of internet payment services. Since then, we have created a multi-scheme, multi-currency and multi-payment processing operation, serving some of the world's largest online businesses.

Our value proposition is centred around fulfilling our customers' most important payment needs, globally. We provide customers with the broadest access to shoppers via our global reach. In addition to the main global debit and credit payment schemes, including China UnionPay, we help our customers to accept more than 120 different payment currencies and over 200 alternative payment products.

Combined with our global reach is a focus on maximising transaction success and lowering business cost and risk for our customers. Investment in market-leading fraud detection and customer screening is a key part of our proposition.

In eCommerce, we have chosen to focus on six global vertical markets:

- Digital Content;
- Global Retail;
- Airlines;
- Travel;
- Gambling; and
- Video Games.

Our goal is to offer a flawless end-to-end experience, and true partnership, through this sector-specific approach. This vertical approach applies throughout the eCommerce organisation, from our commercial team to customer support, as well as in product design and technology developments. In 2014, we will supplement our leading position in the Airlines and Gambling sectors by driving rapid growth in the Travel, Digital Content and Global Retail vertical markets.

Innovation is critical to the aspiration of Worldpay eCommerce to lead in the global online payment processing market. We continue to invest in platform stability and best-in-class products across our portfolio of:

- Merchant acquiring;
- Alternative payment methods (Alternative);
- Payment gateway services (Gateway);
- Global multi-currency processing; and
- Fraud and risk management.

In merchant acquiring, we are strengthening our position by obtaining local licences in several key countries – Japan, Canada and India. In 2014, we will be the first non-bank acquirer to enter Japan and its first non-domestic acquirer for 15 years, presenting us with an attractive growth opportunity. Our focus on geographic reach is also supported by the addition of further local alternative payment products in the US and Asia, and by the opening of a local sales office in China.

In 2012, it became clear that the features of our Risk Guardian product had fallen behind those offered in other products. With considerable input from our customers describing their needs, we invested in a complete upgrade of Risk Guardian. In early 2014, we will relaunch Risk Guardian with market-leading features and capabilities. We continue to add value for our customers with new foreign exchange and cross-border settlement solutions.

Performance review – eCommerce

	Year ended 31 Dec 2013	Year ended 31 Dec 2012	Year on year change	Year on year change
Financial				
Revenue (£m)	634.5	567.3	67.2	11.8%
Gross profit (£m)	208.7	180.3	28.4	15.8%
Gross margin (%)	32.9%	31.8%	1.1%	
Underlying EBITDA (£m)	127.6	112.7	14.9	13.2%
Underlying EBITDA margin (%)	20.1%	19.9%	0.2%	
Non-financial				
Acquiring transactions (m)	682	733	(51)	(7.0)%
Gateway transactions (m)	550	386	164	42.5%
Alternative transactions (m)	39	32	7	21.9%
Fraud transactions (m)	258	205	53	25.9%
Net acquiring margin (%)	0.19%	0.18%	0.01%	5.6%

During the year, our eCommerce division performed strongly, with both revenue and underlying EBITDA showing double-digit growth. This reflects year on year growth in all vertical markets and all products.

Revenue and gross profit increased by 11.8% and 15.8% respectively year on year, driven by growth in all products, with Acquiring and Gateway performing particularly strongly. Gateway transaction numbers increased by 42.5% year on year and Alternative transactions increased by 21.9%. Our global presence and continued investment in product development and innovation has ensured that eCommerce is well-placed to benefit from the underlying growth in the global internet payments market and is able to meet the changing demands of our current and prospective customers.

Acquiring transactions were 7.0% lower than in 2012, whilst Acquiring turnover was 8.0% higher. The overall book is growing but the reduction in transactions was caused by the movement away of some of one customer's volume (which consisted of high transaction numbers and low average transaction value).

All vertical markets performed well compared to the prior year as a result of increased volumes from existing clients, as well as large new client wins. In the Airlines vertical, gross profit increased by £5.1m with volume growth coming from a number of existing and recently boarded airlines. In Gambling, gross profit increased by £5.8m with the increased popularity of mobile in-game betting at customers such as Bet365 driving much of the growth. Gross profit from Digital Content grew by £5.6m assisted by volume growth in Acquiring and Gateway transactions across this high growth vertical.

Worldpay Annual report and accounts 2013

Case study
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."

Neville Stone
Procurement Manager, Corporate British Airways

British Airways is the UK's largest airline. Flying upwards of 30 million passengers to locations around the world on an annual basis, the airline's main base of operations is at Heathrow Airport in West London. A long time innovator in the field of passenger payments, British Airways has been working with Worldpay for more than two decades to give customers from around the world a range of payment choices. Today, revenues in excess of £3bn are transacted by Worldpay for British Airways every year. Having revolutionised airline payments with the world's first global card acceptance programme, the relationship between British Airways and Worldpay continues to evolve. Providing consultancy on a range of issues that affect both the airline and its customers, Worldpay supports British Airways with first-class processing capabilities and an industry-leading view of the payments market.

With support from Worldpay, British Airways has:
- Broken new ground in international card acceptance, a two decade-long journey of innovation that continues today;
- Developed the world's first multicurrency card processing and settlement platform;
- Enhanced and refined the customer payment experience, helping to boost revenues and deliver the highest standards of service;
- Reacted and adapted to changes in customer payment preferences, from mobile to multicurrency;
- Had its voice heard at the highest levels within the card payments industry, ensuring that its specific concerns are taken into account by those who matter.

Operating review continued

During the year, our increased focus on the Travel vertical paid dividends. Gross profit increased by £5.2m year on year driven by volume growth in all products and our support of growing customers such as Secret Escapes. In Global Retail, gross profit increased by £2.2m year on year despite the loss of some volumes from a high volume, low value customer. The increase in gross profit was in part due to volume growth from new business wins such as Abercrombie & Fitch and Zalando, as well as our support for high growth customers in emerging markets. Gross profit from Video Games increased by £2.4m year on year with volume growth coming from existing customers such as Sony (with their successful launch of the PS4), as well as new business wins such as Valve Corporation.

As a result of further investment in the future growth of the business, overheads increased by £13.5m in 2013. This was driven by new product delivery as well as investment in our customer service capabilities in several areas, including relationship management, data and analytics, and enhanced customer support for our leading customers. As a result, underlying EBITDA was £127.6m, an increase of £14.9m, or 13.2% on the prior year period.

Corporate

	Year ended 31 Dec 2013	Year ended 31 Dec 2012	Year on year change	Year on year change
Underlying EBITDA (£m)	(42.6)	(37.7)	(4.9)	(13.0)%

Corporate principally contains central personnel and consultancy spend. Costs increased by £4.9m 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

As announced in December 2012, Philip Jansen was appointed as Chief Executive Officer from April 2013. Ron Kalifa, the Group's previous Chief Executive Officer, assumed a new position of Deputy Chairman at the same time.

Darren Wilson, Managing Director of WPUK, stepped down from his position in the year and was replaced by Dave Hobday. Dave joined the Group from British Telecom 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.

Following the completion of the detailed design work for the new operating platform in May 2013, we took the decision to bring together Technology and Transformation into one team, to drive an aligned function with clear accountability and improved efficiencies. Rob Hornby, Chief Transformation Officer, is leading the merged team and was appointed to the newly created role of Chief Information Officer. Erik Toivonen, Chief Technology Officer, left the business in June 2013.

Pete Smith, Chief Human Resources Officer, also left the business in June 2013 and was replaced by Andy Doyle. Andy brings with him a wealth of experience and joins us from ITV plc, where he was Group HR Director. Andy's focus will be on investment in people which is vital to our strategy as we continue our journey to become the world's leading independent payment processing company.

Mark Chambers, Group General Counsel, resigned as Company Secretary and Executive Committee member in December 2013. We are currently searching for a replacement.

In addition, the Group has appointed Simon Gulliford as Group Marketing Director. Simon has been leading a piece of work to define Worldpay's brand strategy, having successfully completed similar projects at easyJet and Barclays.

Outlook

The results for 2013 were very pleasing with significant revenue growth and double-digit underlying EBITDA growth in all of our trading divisions. 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 will continue the pattern of growth established since its divestment from RBS.

Our WPUK business is well placed for continued future growth due to its wide customer base; renewed focus on innovation; and its success in generating new business.

The global online payments market is expected to continue to grow across all geographic regions, albeit growth levels will be greater in emerging markets. With its global reach, capability and comprehensive suite of products and services, eCommerce is well-positioned to benefit from this growth.

The US acquiring market remains one of the largest in the world and is predicted to continue to grow steadily. With the plans we have in place to improve the retention of existing customers in the US acquiring business, and our focus on the partnership model following the acquisition of Century, we believe that we are well-placed to benefit from this growth.

Chairman's introduction to governance

John Allan, CBE
Non-Executive Chairman

"The Board takes governance extremely seriously. 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.

In recognition of the Group's evolution and growth, a comprehensive review of our governance structure and policies will be undertaken during 2014 and we would aim to implement speedily any appropriate recommendations from the review."

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 Dixons Retail plc and is a Non-Executive Director of the Royal Mail Group and the UK Home Office Supervisory Board. Previously,John was Chairman of Samsonite Corporation and Care UK Limited and a Non-Executive Director of 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 (CEO)
See biography on page 13.

Ron Kalifa – Deputy Chairman
See biography on page 13.

Aidan Connolly – Chief Financial Officer (CFO)
See biography on page 13.

Humphrey Battcock
Humphrey joined Advent in 1994 and has 28 years of private equity experience. Humphrey has led or co-led investments in 28 companies, 12 during his time at Advent, including The Priory 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 16 years of private equity experience. Based in London, James is responsible for the European business and financial services sector team and is a member of the Western Europe Investment Advisory Committee. James has led Advent's investments in Worldpay and Equiniti Group and participated in seven others (two as sponsor). Prior to Advent, James worked on international mergers and acquisitions in the London office of investment bank Baring Brothers and then its affiliate Dillon, Read & Co. in New York.

Robin Marshall
See biography on page 63.

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, information services and healthcare industries. Steve was also involved in developing Bain & Company's turnaround practice. 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 12 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 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 company TeamSystem Spa.

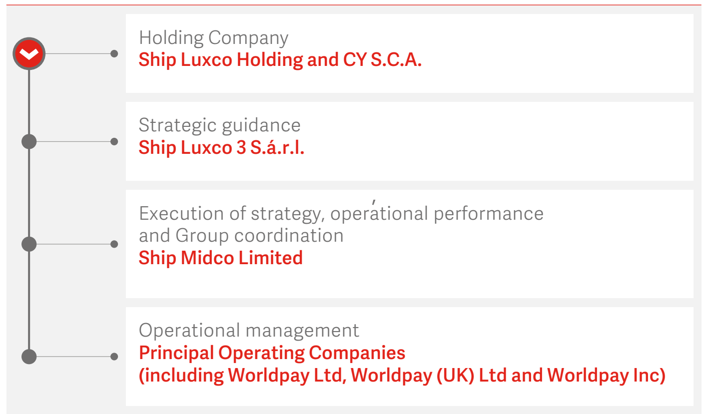
Stuart Gent
Stuart joined the Board in April 2013 after actively supporting the Group in a number of business areas. Stuart joined Bain Capital in 2007 and is a Managing Director and co-head of Bain's Global Portfolio Group. Before joining Bain Capital, Stuart was Managing Director of Avis UK and a member 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 RSA Insurance Group and Chairman of Great Portland Estates. 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 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 Board of Managers is responsible for the overall management of the Group. Biographies for the Board of Managers can be found on page 63.

The governance structure of the Group may be summarised as follows:



Ship Luxco 3 S.á.r.l. is an indirect subsidiary of the Company and is responsible for providing strategic guidance to the Group. The Board of Ship Midco Limited (the Board), an indirect subsidiary of Ship Luxco 3 S.á.r.l., is responsible for all matters delegated to it by Ship Luxco 3 S.á.r.l., including the execution of the Group's strategy, operational performance and Group coordination. The Boards of the Group's principal regulated entities, Worldpay (UK) Limited and Worldpay Limited (both of which are indirect subsidiaries of Ship Midco Limited) and Worldpay Inc are, in turn, responsible for the day-to-day management of their payment services businesses.

This report focuses on the governance structure and activities of Ship Midco Limited, since the governance of the Group is focused there.

The Board is responsible for maintaining effective operational control of the Group, including significant financial, organisational, legal and regulatory matters. In managing the Group's operations, the Board takes account of the Investment Agreement, which governs the investments made in the Group by Advent International and Bain Capital LLC which, among other things, imposes certain obligations and restrictions on the conduct of the Group.

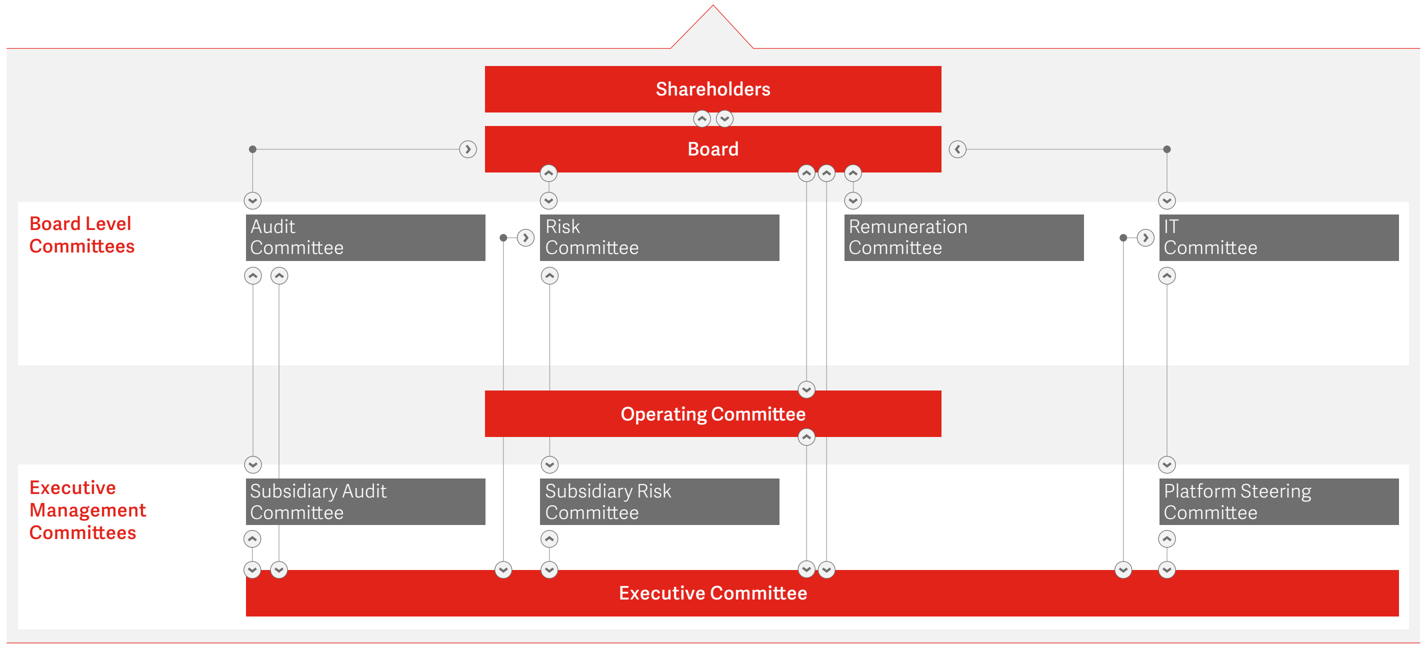
Many of the Group's entities are regulated or require licences to operate in a geography or industry including the Group's entities which are regulated in the UK by the Financial Conduct Authority (FCA) as 'Payment Institutions' under the Payment Services Regulations 2009. As authorised Payment Institutions, Worldpay (UK) Limited, Worldpay Limited and Worldpay AP Limited 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, all three companies are required to be able to demonstrate that their governance arrangements and internal control mechanisms are proportionate, appropriate, sound and adequate.

Worldpay US, Inc. is subject to oversight by the Office of the Comptroller of the Currency (OCC) and the Federal Reserve Bank (FED) by virtue of it being considered a Bank Service Provider for its sponsoring financial institution, RBS Citizens, NA.

During the year, the Group acquired the YESpay group of companies based in the UK, India and Canada, in addition to Century Payments Holdings Inc, a US-based payments company. These companies, together with the rest of the Group, 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.

The Group's governance structure as at 31 December 2013 is summarised below:



Corporate governance continued

The Board is supported by the Executive Committee, Operating Committee and four Board Committees which operate on a Group-wide basis – Audit, Risk, Remuneration and IT. The Audit and Risk Committees are assisted by Committees of the principal regulated entities and all Committees receive guidance and support from members of the Executive Committee. This structure is designed to enable the Board and its Committees to receive the appropriate business and functional support they require to discharge their responsibilities and to facilitate an appropriate level of information to allow constructive challenge and debate.

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

As part of the ongoing development of the Group, a review of the governance structure for the business at Board, operating Company and Executive management levels commenced at the end of 2013 and is expected to complete during the first half of 2014. The review will cover:

- The Group's overall Board and Committee structure and composition;
- The authorities and terms of reference for each relevant Board and Committee;
- Reporting guidelines;
- Guidelines for the delivery of consistent high quality materials for Boards and Committees.

This review will take into account the principles of the UK Corporate Governance Code, which are fully supported.

This report does not, however, 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 58 to 61.

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.

The new revised governance structure for the Group will be implemented in 2014 and summarised in the 2014 Annual Report and Accounts.

Ship Midco Board (the Board)

For the Directors' biographical details, please see page 54.

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 Ship Midco's constitution and all relevant laws and regulations. To discharge its duties, the Board meets as needed, but not less than on a quarterly basis during the year. The Audit, Risk, Remuneration and IT 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 a report on the key issues considered at its most recent Committee meetings. The minutes of all 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. The Board is governed by the Company's Articles of Association and the Investment Agreement. Each Board Committee has its own terms of reference, which detail its constitution, operation, authority and responsibility. 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.á.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 11 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 were provided by the relevant Business Unit Managing Directors.

Strategy and annual Budget

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

Dividends

The Board considered and approved recommendations for the payment of interim dividends to its immediate parent company.

Refinancing

Changes to the Group's financing facilities were considered and approved during the year. Further details can be found in the Performance review section of this report.

Compliance

The Board received updates on the Group's principal compliance risks, including those that may have a significant impact in the future.

Technology

Progress updates on the development of the Group's new IT platform and payment gateways were provided, including resourcing and financial updates.

Board and Committee composition

The composition of the Board and its Committees were reviewed and resulted in a number of changes in April 2013. Full details can be found later in this report.

Amendment of the Board and Committee terms of reference

The terms of reference of the Board and its Committees were amended to reflect the new compositions and quorum requirements.

Amendment of the Company's Articles of Association and Investment Agreement

The Company's Articles of Association were amended to reflect the new compositions and quorum requirements.

Acquisitions and disposals

The Board were provided with updates regarding the Group's proposed acquisition and disposal plans, including the acquisition of the YESpay group and proposed divestment of the Group's US business.

The CEO and other members of the Executive Committee provide regular face-to-face updates to staff. 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 update employees on the progress of the Group and provide them with an opportunity to ask questions regarding the business. Individual business heads also provide regular updates to staff 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 two independent Non-Executive Directors, three Executive Directors and eight 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 composition of the Board was reviewed in 2012 and resulted in Philip Jansen joining the Ship Midco Board as Worldpay's Chief Executive Officer on 30 April 2013, replacing Ron Kalifa who became Deputy Chairman. During the year, the Board also recognised the benefit that could be achieved from the appointment of an additional independent Non-Executive Director, who could also chair the Board's Audit Committee. This resulted in a search being undertaken using the services of an external independent recruitment specialist, The Inzito Partnership, to assist the Board in identifying suitable candidates. As a result of this search, Martin Scicluna was appointed to the Board and chair of the Audit Committee on 31 October 2013. Martin will also become a member of the Risk Committee in 2014. Philip's biographical details may be found on page 13 and Martin's details may be found on page 54.

Further changes to the Directors nominated by the Group's shareholders occurred during the year. Jeff Paduch, Luca Bassi, Stuart Gent and Richard Kibble became members of the Board. Melissa Bethell resigned as a Director and member of the Audit, Risk and IT Committees on 30 April 2013. Furthermore, on 30 September 2013, Bruce Van Saun resigned as a Director and, in connection with the sale of the remaining interest in the Group held by RBS to Advent International and Bain Capital LLC, the remaining Directors nominated by RBS (Chris Sullivan and Richard Kibble) resigned their Board directorships. During the year, Philip Jansen and Martin Scicluna undertook an induction programme tailored to their needs including for example, meeting key managers, the provision of background materials and site visits. The Board considers that the development of industry and Group knowledge is a continuous and ongoing process.

Both John Allan and Martin Scicluna are regarded by the Board as independent Directors. Those Directors representing the interests of the Group's shareholders are not regarded as independent, as defined by the UK Corporate Governance Code.

The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is continually under review.

Role of the Chairman

The Chairman is responsible for leading the Board and ensuring its effectiveness in governing the affairs of the Group. The Chairman ensures that links between the Executive Committee and the Company's shareholders are transparent and robust, whilst also providing support and challenge to the Executive Committee.

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 his Executive Committee whose details are outlined on pages 13 and 14.

Role of the Non-Executive Directors

The Non-Executive Directors (both independent and non-independent) provide constructive challenge to the Executive Committee; monitor the delivery of the agreed strategy; and provide 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 is 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 owners. As a result, independent Non-Executive Directors have direct access to the views of those shareholders, through Board and informal meetings and regular dialogue.

Board evaluation

Due to the large number of Board changes and the restructuring of its sub-Committees during the year, there were no annual performance Board evaluations undertaken in 2013. 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.

Corporate governance continued

Board Committees

The table below shows the number of Committee meetings held in 2013 and the membership of each of the Ship Midco Committees as at 31 December 2013:

		Audit	Risk	Remuneration	IT
Number of Meetings		5	4	4	9
Name	**Representing**				
John Allan, CBE[1]	Independent	M	C	M	M
Martin Scicluna[2]	Independent	C			
Brian Stevenson[3]	Independent		M		
James Brocklebank[4]	Advent	M	M	M	
Jeff Paduch[5]	Advent		M		M
Robin Marshall[6]	Bain			C	
Luca Bassi[7]	Bain	M	M		M
Clyde Thomas[8]	Advent				M
Philip Jansen[9]	Executive		M		C
Aidan Connolly	Executive				M

C = Chairman
M = Member

Notes:
1) Chair of the Risk Committee
2) Joined the Board and Audit Committee on 31 October 2013
3) Independent non-Board member
4) Chair of the Audit Committee until 31 October 2013 when Martin Scicluna assumed the role
5) Joined the Board and Audit, Risk and IT Committees on 30 April 2013. Resigned from Audit Committee on 31 October 2013 on the appointment of Martin Scicluna
6) Resigned from the Audit and Risk Committees on 26 April 2013
7) Joined the Board and IT Committees on 30 April 2013
8) Non-Board member
9) Member of the Risk Committee and Chairman of the IT Committee since November 2013.

Ship Midco Audit Committee

The Audit Committee was chaired by James Brocklebank until the appointment of Martin Scicluna on 31 October 2013. Martin 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 above.

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 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 whistle-blowers.

In accordance with its 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. Other Board members are welcome to attend Audit Committee meetings. The Committee also receives updates from the Worldpay Limited and Worldpay (UK) 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 and internal auditors where necessary. This constructive dialogue and challenge helps to improve audit scope and quality. 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 judgements made;
- Disclosures and representations; 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 judgements considered by the Committee were:

- Revenue recognition;
- Goodwill and other asset impairment;
- Acquisition accounting;
- Tax;
- Refinancing; and
- Separately disclosed items.

Internal Audit

At the beginning of each year, the Internal Audit function presents its 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 any material anti-fraud or whistleblowing cases together with any recommendations.

Compliance

The Compliance function provides the Audit Committee with updates on regulatory matters throughout the year, including details of any new, or proposed, laws and regulations that may impact on the Group's future activities.

External Audit Independence

During the year, the Committee reviewed and adopted an updated policy for the provision of non-audit services by the Group's external auditor. The policy 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 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 with 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 58.

The Risk Committee is responsible for monitoring the operation of the Group's enterprise risk management framework and has an ongoing process to identify, evaluate and manage the significant risks faced by the Group. 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 updates from the Worldpay Limited, Worldpay (UK) Limited and Worldpay Inc Risk Committees.

Details of the Group's risk management process is summarised on pages 30 to 35. 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 have 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:

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 Group and within the market in which it operates. More information regarding the ERM can be found on page 31.

Corporate governance continued

Evaluation of the Group's key risks including credit and operational risks
The Committee considered a number of key risks and sub-divided them 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.

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.

Software reviews
The Risk function reviewed the implementation of Brighterion, a software solution providing fraud risk, credit risk and anti-money laundering risk services, for the purpose of detecting and monitoring fraud and suspicious activity in transactions. In addition, Brighterion also provides hosting services for customer data.

Risk policies
Various risk policies were reviewed during the course of the year, including the Group's approach to online gambling and, where appropriate, updates were adopted and implemented across the Group as required.

Reports on IT and physical security
The Committee received reports from the Group's Chief Security Officer regarding the Group's IT and building security.

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

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 58.

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 and the Chief Human Resource Officer, and the Reward Director are entitled 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.
- 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 four 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 2012 performance year, the Committee approved the performance distribution curve and year-end EBITDA performance used to calculate the 2012 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. In addition, the Committee also reviewed and approved changes to the 2013 performance management process for the year.

Equity grants
Throughout the year, the Committee reviewed and approved individual equity grants to individual members of the senior leadership team.

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.

Ship Midco IT Committee
The IT Committee was chaired by Ron Kalifa, the Deputy Chairman until 27 November 2013 when Philip Jansen assumed the role of Committee Chairman. The Committee includes two members nominated by Advent International, two members nominated by Bain Capital, the Chairman of the Board and in addition may include up to three Executive members. The Chairman of the Committee is elected by Advent International. The quorum for the IT 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 58.

The IT Committee discharges its responsibilities in accordance with its terms of reference, through its meetings which are held at least four times a year. Certain members of the Executive Committee are entitled to attend meetings. It also receives input from the Platform Steering Committee.

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

Review of the Group's IT platform programme
During the year, the Committee reviewed the Group's IT platform programme, including a review of its scope, cost and risk profile. The Committee was advised that the programme would be significantly delayed and would not deliver within its planned Budget. A revised plan was therefore proposed which would minimise any risk to the Group's customers. The revised plan and Budget was approved.

The Group's technology operating model
A review of the Group's IT structure and operating model was undertaken and resulted in the separate functions of Technology and Transformation being merged into a single Change and Technology Services function reporting to a Chief Information Officer (CIO), Rob Hornby. The CIO proposed a number of changes to improve the efficiency and effectiveness of the new function, which were approved. An assurance plan was agreed, including independent quality assurance reviews and additional engagement with Internal Audit.

Ongoing IT services
During the year, the Group has maintained a high level of service in most areas. However, there have been a number of internal and third-party incidents that have impacted services to customers. As a result of these incidents, two external reviews were commissioned. The first report reviewed operational integrity, whilst the second reviewed the infrastructure. The Committee monitored progress against the recommendations arising out of those reviews.

Project reviews
The Committee reviewed all ongoing major IT projects, including the platform programme, the migration of the Worldwide Payment Gateway, the Merchant File Gateway, infrastructure deployments (including new data centres and end-user computing), and replacement payment gateways. The Committee was also briefed on progress made in the second half of 2013 to create a single view of demand for technology from the business. The Committee reviewed and agreed how the Group's IT resources should be applied.

Financial updates
The Committee reviewed the Group's IT finances on a quarterly basis. Following the delay to the platform programme, a revised Budget was approved.

IT risks
The Committee reviewed three areas of risk during the year:

- The risk to ongoing business operations and customer experience on programme launch;
- The risk of late, over-Budget or poor quality delivery; and
- Ongoing IT functional risks.

The Committee agreed to an IT risk framework and provided guidance to the leadership team on all three areas of risk. In particular, the Platform Programme was directed to minimise the risk posed to our customers, and two reviews were commissioned to investigate risks to live service.

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 16 to 37 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 2013 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 63.

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 Governance section of this report (pages 53 to 61) 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 27 and 28.

Corporate responsibility

A summary of the Group's Corporate responsibility policies and activities may be found on pages 36 and 37.

Environmental matters

Information on the Group's environmental initiatives can be found in the Corporate responsibility review found on page 36.

Dividends

No dividends were paid by the Company during the year ending 31 December 2013 (2012: 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 (2012: 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 Union Pay 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 and obtained, in 2013, its own licences for Japan in respect of Visa and MasterCard.

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 June 2015). Worldpay will therefore utilise alternative acquiring arrangements after this time.

The Group has no other essential contractual arrangements.

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 confirm 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 4 March 2014.

Fergal O'Hannrachain
Manager

Ailbhe Jennings
Manager

Board of Managers

Ailbhe Jennings

Ailbhe serves as a Director at Bain Capital in Luxembourg. Ailbhe has 28 years' professional experience in the Luxembourg financial services sector and is on the Boards of all of Bain Capital's Luxembourg companies.

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 Coller 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 Worldpay, Securitas Direct and PRUK.

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, 2013 and the consolidated statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Manager's 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.

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, 2013, 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, March 4, 2014
KPMG Luxembourg S.à r.l.
9, allée Scheffer
L-2520 Luxembourg
Cabinet de révision agréé

Jean-Manuel Séris

Consolidated Income Statement
For the year ended 31 December 2013

	Notes	2013 Underlying result £m	2013 Separately disclosed items (note 2b) £m	2013 Total £m	Restated 2012 Underlying result £m	Restated 2012 Separately disclosed items (note 2b) £m	Restated 2012 Total £m
Revenue	2a	**3,394.0**	**1.0**	**3,395.0**	3,088.9	–	3,088.9
Transaction and processing costs		**(2,689.9)**	**(2.3)**	**(2,692.2)**	(2,454.7)	–	(2,454.7)
Gross profit		**704.1**	**(1.3)**	**702.8**	634.2	–	634.2
Personnel expenses	2c	**(212.8)**	**(76.7)**	**(289.5)**	(186.4)	(36.7)	(223.1)
General, selling and administrative expenses	2d	**(145.7)**	**(90.6)**	**(236.3)**	(143.3)	(61.2)	(204.5)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	2a	**345.6**	**(168.6)**	**177.0**	304.5	(97.9)	206.6
Depreciation and amortisation	3b,3c	**(68.6)**	**(88.4)**	**(157.0)**	(58.6)	(74.3)	(132.9)
Operating profit	2a	**277.0**	**(257.0)**	**20.0**	245.9	(172.2)	73.7
Finance costs	5a	**(141.4)**	**(76.9)**	**(218.3)**	(146.8)	3.2	(143.6)
Profit/(loss) before tax	2f	**135.6**	**(333.9)**	**(198.3)**	99.1	(169.0)	(69.9)
Tax (charge)/credit	2g	**(43.0)**	**76.0**	**33.0**	(27.0)	44.7	17.7
Profit/(loss) for the year		**92.6**	**(257.9)**	**(165.3)**	72.1	(124.3)	(52.2)

The accompanying notes on pages 70 to 107 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2013

	2013 £m	Re-presented 2012 £m
Loss for the period	**(165.3)**	(52.2)
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	**(6.0)**	(10.1)
Currency translation movement due to net investment hedging	**15.3**	–
Total comprehensive income for the period	**(156.0)**	(62.3)

The accompanying notes on pages 70 to 107 form an integral part of these financial statements.

Consolidated Balance Sheet
As at 31 December 2013

	Notes	2013 £m	2012 £m
Non-current assets			
Goodwill	3a	**1,195.9**	957.5
Other intangible assets	3b	**656.4**	565.2
Property, plant and equipment	3c	**132.7**	99.7
Deferred tax assets	2i	**20.6**	4.1
		2,005.6	1,626.5
Current assets			
Discontinued operations – assets held for sale	6c	**–**	915.8
Inventory	4b	**1.3**	–
Trade and other receivables	4c	**284.8**	179.4
Scheme debtors	4a	**433.3**	165.0
Current tax assets	2h	**–**	2.9
Merchant float	4a	**755.1**	749.9
Own cash and cash equivalents	5b	**179.6**	130.0
		1,654.1	2,143.0
Current liabilities			
Discontinued operations – liabilities held for sale	6c	**–**	(727.9)
Trade and other payables	4d	**(150.8)**	(158.4)
Merchant creditors	4a	**(1,188.4)**	(914.9)
Current tax liabilities	2h	**(0.5)**	–
Borrowings	5c	**(65.2)**	(51.5)
Finance leases	5d	**(9.1)**	(5.9)
Provisions	4e	**(39.1)**	(12.9)
		(1,453.1)	(1,871.5)
Non current liabilities			
Borrowings	5c	**(2,194.3)**	(1,255.4)
Finance leases	5d	**(18.3)**	(20.0)
Provisions	4e	**(7.6)**	–
Deferred tax liabilities	2i	**(131.1)**	(123.7)
		(2,351.3)	(1,399.1)
Net (liabilities)/assets		**(144.7)**	498.9
Equity			
Called-up share capital	5f	**8.4**	8.2
Share premium		**4.1**	–
Capital contribution reserve		**42.1**	615.1
Foreign exchange reserve		**0.5**	(8.8)
Retained earnings deficit		**(199.8)**	(115.6)
Shareholders' deficit/equity		**(144.7)**	498.9

Note: The above Balance Sheet for 2012 includes WPUS as a discontinued operation. A pro forma Balance Sheet is included in Note 6d which re-presents the WPUS balances on a like-for-like basis.

The accompanying notes on pages 70 to 107 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Managers on 4 March 2014 and signed on its behalf by:

A. J

Fergal O'Hannrachain
Manager

Ailbhe Jennings
Manager

Consolidated Statement of Changes in Equity
As at 31 December 2013

	Share capital £m	Share premium £m	Capital contribution* £m	Foreign exchange reserve £m	Retained deficit £m	Total £m
At 1 January 2012	(8.2)	–	(615.1)	(1.3)	63.4	(561.2)
Loss for the period	–	–	–	–	52.2	52.2
Foreign currency translation	–	–	–	10.1	–	10.1
Total comprehensive income for the period	–	–	–	10.1	52.2	62.3
Transfer of C shares	(0.2)	–	–	–	–	(0.2)
Exercise of C shares	0.2	–	–	–	–	0.2
At 31 December 2012	(8.2)	–	(615.1)	8.8	115.6	(498.9)
Loss for the period	–	–	–	–	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 period	**–**	**–**	**–**	**(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 31 December 2013	**(8.4)**	**(4.1)**	**(42.1)**	**(0.5)**	**199.8**	**144.7**

The accompanying notes on pages 70 to 107 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 2013

	Notes	2013 £m	Restated 2012 £m
Cash flows from operating activities			
Cash generated by operations	4f	**157.3**	210.0
Tax paid		**(8.2)**	(25.4)
Net cash inflow from operating activities		**149.1**	184.6
Investing activities			
Purchase of intangible assets	3b	**(79.9)**	(26.0)
Purchases of property, plant and equipment	3c	**(57.0)**	(88.0)
Disposal of intangible assets	3b	**1.5**	–
Disposal of property, plant and equipment	3c	**3.2**	–
Purchase of YESpay (net of cash acquired)	6b	**(17.6)**	–
Purchase of Century Payments Holdings, Inc. (net of cash acquired)	6b	**(47.4)**	–
Net cash used in investing activities		**(197.2)**	(114.0)
Financing activities			
Finance costs paid		**(83.1)**	(68.0)
New finance leases		**9.5**	28.8
Repayment of finance lease obligations		**(7.9)**	(3.0)
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		**1,356.0**	115.0
Repayment of borrowings		**(629.7)**	(90.6)
Payment of facility set-up fees		**(39.9)**	–
Issue of preferred equity certificates	5c	**0.7**	–
Capital contribution from investors		**1.3**	–
Net cash from/(used in) financing activities		**52.2**	(17.8)
Net increase in own cash and cash equivalents		**4.1**	52.8
Own cash and cash equivalents at beginning of period		**178.6**	132.5
Effect of foreign exchange rate changes		**(3.1)**	(6.7)
Own cash and cash equivalents at end of period		**179.6**	178.6

The accompanying notes on pages 70 to 107 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 2013 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 4 March 2014.

Ship Luxco Holdings & 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.

With effect from 1 January 2013, the Group includes a column for separately disclosed items on the face of the income statement. Separately disclosed items 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. They are presented in their relevant income statement category, but highlighted through separate disclosure. The 2012 income statement has been re-presented to reflect this presentational change.

Also, with effect from 1 January 2013, the Group cash flow statement is presented excluding merchant float. Merchant float represents surplus cash balances that the Group holds on behalf of its merchants when the incoming amount from the card schemes or networks precedes the merchants' funding obligation. The funds are held in a fiduciary capacity and cannot be utilised by the Group to fund its own cash requirements. The merchant float is also subject to significant period by period fluctuations depending on the day of the week a period end falls. For these reasons, management has excluded the merchant float from its cash flow statement to allow a better understanding of the Group's underlying own cash flows. The 2012 cash flow statement has been restated to reflect this change.

Accounting policies
Foreign exchange

The consolidated financial statements of the 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 into the presentational currency 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 2013. 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 1 'Presentation of Items of Other Comprehensive Income' – requires disclosure of items that may be reclassified to profit or loss and items that will not be reclassified to profit or loss.
- Amendment to IFRS 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' – amends the disclosures required when certain items have been offset.
- IFRS 13 'Fair Value Measurement' – applies to IFRSs that require or permit fair value measurements or disclosures; provides a single IFRS framework for measuring fair value; and requires disclosures about fair value measurement.

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.

- Amendments 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.
- Amendments 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 IFRS 37.
- 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.

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.

Notes to the Consolidated Financial Statements
Section 1 – Basis of preparation continued

Note 1b
Critical accounting estimates and judgements

The reported results of the Group for the financial year ended 31 December 2013 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.

The future cash flows have been estimated using weighted average revenue growth rates of between 6.4% and 14.9% and weighted average cost growth rates of between 4.3% and 13.8% over five years and a terminal value of 2.0%. The discount rate used is between 10.6% and 14.0%.

The carrying amount of goodwill at 31 December 2013 was £1,195.9m (2012: £957.5m). No impairment loss was recognised during the year. Details of the impairment assumptions are set out in Note 3a.

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.

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 2013.

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.

Transaction and processing costs 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

The Group has adopted IFRS 8, 'Operating Segments' for the first time in the year ended 31 December 2013, to provide additional relevant 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.

Year ended 31 December 2013

	WPUK £m	WPUS £m	eCommerce £m	Corporate £m	Total £m
Underlying revenue	1,145.2	1,614.3	634.5	–	3,394.0
Underlying EBITDA	186.9	73.7	127.6	(42.6)	345.6
Underlying depreciation and amortisation	(30.8)	(13.3)	(19.7)	(4.8)	(68.6)
Underlying operating profit	156.1	60.4	107.9	(47.4)	277.0
Separately disclosed items affecting operating profit	(128.0)	(41.8)	(37.6)	(49.6)	(257.0)
Operating profit	28.1	18.6	70.3	(97.0)	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 year					(165.3)
Non current assets	1,197.1	340.0	468.5	–	2,005.6

Notes to the Consolidated Financial Statements
Section 2 – Results for the year continued

Note 2a
Segmental information (continued)

Year ended 31 December 2012

	WPUK £m	WPUS £m	eCommerce £m	Corporate £m	Total £m
Underlying revenue	1,038.2	1,483.4	567.3	–	3,088.9
Underlying EBITDA	168.2	61.3	112.7	(37.7)	304.5
Underlying depreciation and amortisation	(22.7)	(12.0)	(20.5)	(3.4)	(58.6)
Underlying operating profit	145.5	49.3	92.2	(41.1)	245.9
Separately disclosed items affecting operating profit	(75.5)	(37.5)	(30.6)	(28.6)	(172.2)
Operating profit	70.0	11.8	61.6	(69.7)	73.7
Underlying finance costs					(146.8)
Separately disclosed items affecting finance costs					3.2
Loss before tax					(69.9)
Tax					17.7
Loss for the period					(52.2)
Non current assets	1,137.8	–	485.2	3.5	1,626.5

Segmental information by revenue streams

	2013 £m	2012 £m
Transaction service charges	**2,956.1**	2,721.5
Terminal rental fees	**71.8**	63.5
Foreign exchange services	**99.1**	85.2
Float Income	**2.3**	5.1
Other income	**264.7**	213.6
Underlying revenue	**3,394.0**	3,088.9

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

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.

Note 2b
Separately disclosed items (continued)

The following table gives further details of the items included:

	2013 £m	2012 £m
Affecting earnings before interest, tax, depreciation and amortisation (EBITDA)		
Platform costs	**41.3**	41.5
Other separation costs	**19.4**	10.3
Reorganisation and restructuring costs	**46.3**	24.0
Costs associated with business set-ups, acquisitions and disposals	**44.1**	6.8
Other	**17.5**	15.3
Total affecting EBITDA	**168.6**	97.9
Affecting depreciation and amortisation		
Impairment of platform assets	**14.3**	–
Amortisation of business combination intangibles	**74.1**	74.3
Total affecting depreciation and amortisation	**88.4**	74.3
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 gains	**(11.0)**	(3.2)
Total affecting finance costs	**76.9**	(3.2)
Total separately disclosed items	**333.9**	169.0

Separately disclosed items in the year amounted to £333.9m (2012: £169.0m) and include separation costs, reorganisation and restructuring costs, FX gains and losses, material goodwill or other asset impairments, amortisation of business combination intangibles, and costs of refinancing. 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. FX 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 £60.7m (2012: £51.8m), of which £41.3m (2012: £41.5m) relates to the investment we are making to re-platform our technology infrastructure and provide technological independence from RBS. Total costs incurred to date on the re-platforming programme are £249m, of which £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.

As well as separation from RBS, the Group has incurred significant costs in restructuring and reorganising the business to put us in the best position to continue to achieve our ambitious growth plans. This includes redundancy costs incurred, most notably, in moving the Finance and Risk back office functions from Gateshead, Harrogate and London to a newly established business services hub in Manchester. Also included are the costs incurred in attracting the high calibre senior Executives we need to drive the business forward, as well as consultancy spend incurred in helping to define and execute the growth plans. In addition, we have recognised £4.5m of provisions for onerous leases and dilapidations on our London portfolio which arose as a result of the move to new London headquarters in Walbrook.

Costs of business set-ups, acquisitions and disposals includes provisions for amounts payable under the Cardsave earnout and management bonus arrangements; losses incurred in setting up the Worldpay Zinc business; and costs incurred directly as a result of the strategic review of our US business. Also included are the costs associated with aborted and successful acquisitions.

Other of £17.5m includes shareholder costs and the costs of a discretionary mid-term bonus paid to senior management.

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

Notes to the Consolidated Financial Statements
Section 2 – Results for the year continued

Note 2b
Separately disclosed items (continued)

Following the re-planning of the Platform programme in 2013 and the subsequent delay to separation, an exercise was undertaken to ascertain whether any of the Platform assets were impaired. This review resulted in a write-down of £14.3m of assets.

The £74.1m of non-cash amortisation of business combination intangibles (2012: £74.3m) largely arises from the divestment of the business from RBS.

Separately disclosed items affecting finance costs in the period were £76.9m (2012: profit of £3.2m). £87.9m of costs arose as a result of the debt refinancing completed in May 2013. £26.5m of the charges relate to a make-whole payment that was payable on repayment of the subordinated debt. Other refinancing-related charges include £61.4m of non-cash items as we accelerated the unwind of the discounting on the repaid portion of the yield-free preferred equity certificates (£45.8m), and wrote-off previously capitalised financing costs (£12.6m) and fair value adjustments (£3.0m).

During the year, the Group recorded a gain of £11.0m (2012: gain of £3.2m) on the translation of its foreign currency assets and loans. The gain arose due to the structural currency imbalance arising from the composition of the Group's external debt and the structure of its intercompany loans.

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 profit and loss account 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 during the year was:

	2013	2012
WPUK	900	658
WPUS	1,124	1,133
eCommerce	422	377
Corporate	1,696	1,354
	4,142	3,522

Personnel expenses are broken down as follows:

	2013 £m	2012 £m
Wages and salaries including redundancy costs	187.4	164.4
Pensions	9.0	7.5
Social security	16.4	14.5
Total underlying personnel expenses	**212.8**	186.4
Separation – platform	19.2	14.1
Separation – other	0.9	2.5
Reorganisation and restructuring costs	13.7	12.1
Costs of business set-ups, acquisitions and disposals	30.4	4.8
Other	12.5	3.2
Total personnel expenses in seperately disclosed items	**76.7**	36.7
Total all personnel expenses	**289.5**	223.1

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

	2013 £m	2012 £m
Selling costs	10.0	7.7
Operating costs	54.6	61.6
Office costs	24.7	16.5
Administrative costs	23.5	21.0
Professional fees	21.1	20.8
Bad debt expense	10.5	13.3
Other	1.3	2.4
Total underlying general, selling and administrative expenses	**145.7**	143.3
Separation – platform	22.1	27.5
Separation – other	18.5	7.9
Reorganisation and restructuring costs	32.6	11.9
Costs of business set-ups, acquisitions and disposals	11.9	2.0
Other	5.5	11.9
Total general, selling and administrative expenses in separately disclosed items	**90.6**	61.2
Total all general, selling and administrative expenses	**236.3**	204.5

Note 2e
Auditor's remuneration

	2013 £m	2012 £m
Fees payable to the Group's auditor for the audit of the Group's annual report and accounts	1.0	0.7
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	0.8
	1.8	1.6

Note 2f
Profit/loss before tax

Profit/loss before tax is stated after charging:

	2013 £m	2012 £m
Amortisation of business combination intangibles	74.1	74.3
Amortisation of other intangibles	32.4	26.6
Depreciation of property, plant and equipment	35.8	32.0
Operating lease costs: land and buildings	13.7	8.7
Foreign exchange gains	(11.0)	(3.2)

Research and development expenditure recognised was £41.3m (2012: £41.5m). This represents the amount charged to the profit and loss account in relation to the Platform project.

Note 2g
Tax

Tax on the profit or loss for the year comprises current 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 tax rates and bases of calculation which have been enacted or substantively enacted in the applicable jurisdiction for the current accounting period, together with any necessary adjustments to tax payable in respect of previous accounting periods. Current tax is recognised in the income statement unless it arises from a transaction recognised directly in equity, in which case the associated tax is also recognised directly in equity. Relief for foreign taxation in calculating UK taxation liabilities is taken into account where appropriate.

Notes to the Consolidated Financial Statements
Section 2 – Results for the year continued

Note 2g
Tax (continued)

The Group's tax credit for the year can be analysed as follows:

	2013 £m	2012 £m
Current taxation		
UK corporation tax charge for the financial year	–	3.3
Prior period adjustment	**0.8**	1.3
Overseas corporation tax charges	**14.2**	11.7
	15.0	16.3
Deferred taxation		
UK credit for the financial year	**(22.7)**	(15.5)
Prior period adjustment – UK	**(1.0)**	6.3
Prior period adjustment – overseas	**(1.1)**	(4.4)
Effect of rate changes	**(11.9)**	(13.4)
Overseas credit for the financial year	**(11.3)**	(7.0)
	(48.0)	(34.0)
Tax credit for the financial year	**(33.0)**	(17.7)

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 23.25% (2012: 24.5%) as follows:

	2013 £m	2012 £m
Expected tax credit	**(46.1)**	(17.1)
Non-deductible items	**20.8**	13.5
Prior period adjustment	**1.2**	0.8
Tax exempt income	**(5.2)**	(4.5)
Effect of tax rates in foreign jurisdictions	**(0.9)**	1.1
Reduction in tax rate	**(11.9)**	(13.4)
Deferred tax prior period adjustment	**(2.1)**	1.9
Deferred tax not provided	**11.2**	–
Actual tax credit for the financial year	**(33.0)**	(17.7)

Note 2h
Current tax (liabilities)/assets

The Group's current tax (liabilities)/asset can be analysed as follows:

	2013 £m	2012 £m
Current tax – UK	**(0.8)**	7.8
Current tax – overseas	**0.3**	(4.9)
	(0.5)	2.9

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.

Note 2i
Deferred tax (continued)

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.

The analysis of deferred tax assets and deferred tax liabilities recognised by the Group is as follows:

	2013 £m	2012 £m
Deferred tax assets		
To be recovered within 1 year	**(2.9)**	–
To be recovered after more than 1 year	**(17.7)**	(4.1)
	(20.6)	(4.1)
Deferred tax liabilities		
To be recovered within 1 year	**26.3**	17.2
To be recovered after more than 1 year	**104.8**	106.5
	131.1	123.7
Net deferred tax liabilities	**110.5**	119.6

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

	Deferred capital allowances £m	Provisions £m	Intangibles £m	Total £m
At 31 December 2011	(2.9)	–	199.2	196.3
Charge to statement of comprehensive income	1.7	(3.0)	(32.4)	(33.7)
Foreign exchange rate impact	–	–	(3.0)	(3.0)
Transfer of US discontinued operations held for sale	–	–	(40.0)	(40.0)
At 31 December 2012	(1.2)	(3.0)	123.8	119.6
Transfer from US discontinued operations held for sale	–	–	40.0	40.0
Additions	–	(8.7)	8.2	(0.5)
Charge to statement of comprehensive income	(10.6)	3.0	(40.5)	(48.1)
Foreign exchange rate impact	–	(0.1)	(0.4)	(0.5)
At 31 December 2013	**(11.8)**	**(8.8)**	**131.1**	**110.5**

Notes to the Consolidated Financial Statements

Section 3 – Non current assets

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

Note 3a
Goodwill

Goodwill arising on the 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 2012	**1,156.9**
Additions	–
Transferred to discontinued operations held for sale	(191.2)
Foreign exchange impact	(8.2)
At 31 December 2012	**957.5**
Acquisition of YESpay Group	22.2
Acquisition of Century Payments Holdings, Inc.	29.4
Transferred from discontinued operations held for sale	191.2
Foreign exchange impact	(4.4)
At 31 December 2013	**1,195.9**
Net book value	
At 31 December 2013	**1,195.9**
At 31 December 2012	957.5

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 8.8% and 14.9% and weighted average cost growth rate of between 8.6% and 13.8% over five years with a terminal value of 2.0%. The discount rates used are between 10.6% and 11.5%. 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 the 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.

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

	2013 £m	2012 £m
WPUK	**717.1**	694.9
WPUS	**216.2**	–
eCommerce	**262.6**	262.6
	1,195.9	957.5

Note 3b
Other intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill include brands and customer relationships. 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 three to eight years.

Notes to the Consolidated Financial Statements
Section 3 – Non current assets continued

Note 3b
Other intangible assets (continued)

	Business combination intangibles: Customer relationships £m	Business combination intangibles: Brands £m	Computer software £m	Total £m
Cost				
At 1 January 2012	723.4	19.8	113.2	856.4
Additions	–	–	26.0	26.0
Transferred to discontinued operations held for sale	(131.8)	(6.9)	(34.0)	(172.7)
Foreign exchange impact	(6.2)	(0.9)	(1.1)	(8.2)
At 31 December 2012	**585.4**	**12.0**	**104.1**	**701.5**
Transfer from property, plant and equipment	–	–	0.8	0.8
Additions	–	–	79.9	79.9
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**
Accumulated amortisation				
At 1 January 2012	(75.2)	(1.9)	(21.9)	(99.0)
Charge for the year	(70.3)	(4.0)	(26.6)	(100.9)
Transferred to discontinued operations held for sale	49.1	1.6	10.6	61.3
Foreign exchange impact	2.3	–	–	2.3
At 31 December 2012	**(94.1)**	**(4.3)**	**(37.9)**	**(136.3)**
Transfer from property, plant and equipment	–	–	(0.3)	(0.3)
Charge for the year	(71.3)	(2.8)	(32.4)	(106.5)
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)**
Net book value				
At 31 December 2013	**523.3**	**10.6**	**122.5**	**656.4**
At 31 December 2012	491.3	7.7	66.2	565.2

At 31 December 2013, £57.0m 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.

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

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 2012	**36.7**	**10.4**	**33.5**	**80.6**
Additions	18.3	3.7	66.0	88.0
Reclassifications	19.8	–	(19.8)	–
Disposals and write offs	(0.7)	(0.2)	(1.9)	(2.8)
Transferred to discontinued operations held for sale	–	(3.7)	(21.4)	(25.1)
Foreign exchange impact	–	(0.2)	(0.7)	(0.9)
At 31 December 2012	**74.1**	**10.0**	**55.7**	**139.8**
Reclassifications	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 31 December 2013	**89.8**	**16.5**	**108.7**	**215.0**
Accumulated depreciation				
At 1 January 2012	(12.2)	–	(7.6)	(19.8)
Charge for year	(14.7)	(0.7)	(16.6)	(32.0)
Reclassifications	(10.7)	–	10.7	–
Disposals	0.5	–	1.3	1.8
Transferred to discontinued operations held for sale	–	0.6	9.2	9.8
Foreign exchange impact	–	–	0.1	0.1
At 31 December 2012	**(37.1)**	**(0.1)**	**(2.9)**	**(40.1)**
Reclassifications	–	(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 and write offs	–	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)**
Net book value				
At 31 December 2013	**36.3**	**15.0**	**81.4**	**132.7**
At 31 December 2012	37.0	9.9	52.8	99.7

At 31 December 2013, £52.8m 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	2013 £m	2012 £m
Within 1 year	**13.3**	11.5
Between 1 and 5 years	**12.9**	11.1
	26.2	22.6

Impairment of other intangible assets and property, plant and equipment

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. Following the re-planning of the Platform programme in 2013 and the subsequent delay to separation, an exercise was undertaken to ascertain whether any of the Platform assets were impaired. This review resulted in a write-down of £14.3m which has been included within separately disclosed items.

Note 3d
Capital commitments

Capital commitments at 31 December 2013 were £7.1m (2012: £6.5m) and consisted entirely of contractual commitments for 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 has received funding from the members under the sponsorship agreement but has not yet 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.

	2013 £m	2012 £m
Scheme debtors	**433.3**	165.0
Merchant float	**755.1**	749.9
Merchant creditors	**(1,188.4)**	(914.9)
	–	–

Note 4b
Inventory

Group inventory consists of terminals. 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 it occurs.

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

As at 31 December 2013, the Group held inventory (terminals) of £1.3m (2012: nil). These terminals are 'Worldpay Zinc' terminals which are held for sale.

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 or the relevant goods or services are delivered. Provisions for bad or doubtful debts are presented net with the related receivable on the balance sheet.

	2013 £m	2012 £m
Trade receivables	**191.3**	124.3
Prepayments and accrued income	**62.7**	40.3
Other receivables	**30.8**	14.8
	284.8	179.4

The trade receivables balance can be further analysed as follows:

	2013 £m	2012 £m
Gross trade receivables	**218.8**	148.2
Impairment provisions	**(27.5)**	(23.9)
Trade receivables	**191.3**	124.3

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

	2013 £m	2012 £m
At start of the year	**(23.9)**	(18.1)
Transfer from/to held for sale	**(0.5)**	0.5
Transfer to provision (Note 4e)	**–**	2.6
Impairment losses recognised	**(3.1)**	(8.9)
At end of the year	**(27.5)**	(23.9)

Impaired financial assets are analysed as follows:

	2013 £m	2012 £m
Cost of impaired receivables	**37.8**	27.1
Impairment provision	**(27.5)**	(23.9)
Net book value	**10.3**	3.2

£4.7m (2012: £4.7m) 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 or the goods or services delivered.

	2013 £m	2012 £m
Trade payables	**19.0**	76.5
Accruals and deferred income	**87.2**	54.3
Other liabilities	**44.6**	27.6
	150.8	158.4

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, such as earn outs and severance pay outs.

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 ongoing activities, such as relocation or training of staff and marketing costs.

	Debtors £m	Reorganisation and Severance £m	Deferred consideration £m	Onerous leases and dilapidations £m	Other £m	Total £m
Balance at 1 January 2012	(7.3)	–	–	–	–	(7.3)
Transferred from bad debt reserve	(2.6)	–	–	–	–	(2.6)
Write-backs	4.7	–	–	–	–	4.7
Additions	(2.9)	(4.8)	–	–	–	(7.7)
Balance at 31 December 2012	**(8.1)**	**(4.8)**	**–**	**–**	**–**	**(12.9)**
Utilised in period	2.8	4.1	–	–	–	6.9
Write-backs	4.1	–	–	–	–	4.1
YESpay contingent consideration	–	–	(5.6)	–	–	(5.6)
Century Payments deferred consideration	–	–	(2.7)	–	–	(2.7)
Century Payments contingent consideration	–	–	(2.8)	–	–	(2.8)
Cardsave contingent consideration	–	–	(21.0)	–	–	(21.0)
Unwind of discounting of YESpay contingent consideration	–	–	(0.6)	–	–	(0.6)
Onerous lease provision	–	–	–	(3.8)	–	(3.8)
Dilapidations	–	–	–	(1.4)	–	(1.4)
Additions	–	(6.3)	–	–	(0.8)	(7.1)
Foreign exchange	–	–	0.2	–	–	0.2
Balance at 31 December 2013	**(1.2)**	**(7.0)**	**(32.5)**	**(5.2)**	**(0.8)**	**(46.7)**

Provisions are shown on the balance sheet as follows:

	2013 £m	2012 £m
Current	**(39.1)**	(12.9)
Non current	**(7.6)**	–
	(46.7)	(12.9)

Provisions include 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). In addition, provisions also include onerous lease and dilapidations costs, reorganisation costs and severance payments, and deferred consideration payments.

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.

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

	2013 £m	2012 £m
Operating activities		
Loss for period before tax	**(198.3)**	(69.9)
Adjustments for:		
Depreciation and impairment of property, plant and equipment	**36.2**	32.0
Amortisation and impairment of intangible assets	**120.8**	100.9
Foreign exchange on translation	**(5.3)**	0.1
Loss on sale of assets	**0.5**	3.6
Finance costs	**218.3**	143.6
Net cash inflow from operating activities	**172.2**	210.3
Increase in trade and other receivables	**(91.8)**	(65.6)
Increase in trade and other payables	**54.7**	59.6
Increase in provisions	**22.2**	5.7
Cash generated by operations	**157.3**	210.0

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

	2013 £m	2012 £m
Underlying finance costs		
Effective interest on borrowings	**96.3**	98.1
Effective interest on finance leases	**1.6**	1.1
Interest on preferred equity certificates	**15.6**	15.5
Discount unwind on yield free preferred equity certificates	**7.4**	15.2
Amortisation of capitalised finance costs	**11.3**	12.5
Fair value losses	**4.5**	2.5
Other finance costs	**4.7**	1.9
	141.4	146.8
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 gains	**(11.0)**	(3.2)
	76.9	(3.2)
Total all finance costs	**218.3**	143.6

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 2012	132.5	(878.4)	(302.4)	(258.2)	–	(1,306.5)
Transfer to held for sale	(48.6)	221.2	–	–	–	172.6
Cash flows	52.8	16.4	24.3	–	(24.8)	68.7
Finance costs	–	(52.0)	(46.1)	(15.5)	(1.1)	(114.7)
Fair value gains and losses	–	1.6	0.9	(15.2)	–	(12.7)
Other non-cash flows	–	(10.2)	(2.3)	–	–	(12.5)
Exchange movements	(6.7)	9.0	–	–	–	2.3
At 31 December 2012	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)**

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 subordinate to the senior bank borrowings, as is the Payment in Kind (PIK) debt, acquired in 2013 and classified as subordinated borrowings. In 2013, the Group repaid the mezzanine facility, which was previously shown as subordinated borrowings. Senior and subordinated 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.

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
Current excluding WPUS	(49.1)	(2.4)	–	(51.5)
WPUS	(3.2)	–	–	(3.2)
Total current	**(52.3)**	**(2.4)**	**–**	**(54.7)**
Non current excluding WPUS	(643.3)	(323.2)	(288.9)	(1,255.4)
WPUS	(218.0)	–	–	(218.0)
Total non current	**(861.3)**	**(323.2)**	**(288.9)**	**(1,473.4)**
At 31 December 2012	**(913.6)**	**(325.6)**	**(288.9)**	**(1,528.1)**
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)**

Notes to the Consolidated Financial Statements
Section 5 – Financing and Equity continued

Note 5c
Borrowings (continued)

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

Facility	Sterling equivalent £m	CCY	Repayment type	Coupon rate	Floor rate
Senior – Facility A Loans	70.2	GBP	Amortising	LIBOR + 4.00%	1.25%
Senior – Facility BA – I Loans	20.2	GBP	Bullet	LIBOR + 4.75%	1.25%
Senior – Facility BA – II Loans	287.9	GBP	Bullet	LIBOR + 4.75%	1.25%
Senior – Facility B2A – II Loans	218.5	USD	Bullet	LIBOR + 4.00%	1.25%
Senior – Facility B1B – I Loans	1.1	GBP	Bullet	LIBOR + 4.75%	1.25%
Senior – Facility B1B – II Loans	58.0	GBP	Bullet	LIBOR + 4.75%	1.25%
Senior – Facility B2B – II Loans	91.9	EUR	Bullet	EURIBOR + 4.25%	1.25%
Senior – Acquisition	60.1	GBP	Bullet	LIBOR + 4.75%	1.25%
Senior – CAR	75.8	GBP	Amortising	LIBOR + 4.00%	1.25%
Senior – RCF	(0.5)	GBP	Revolver	LIBOR + 4.00%	1.25%
Facility C1 Loans	249.1	GBP	Bullet	LIBOR + 4.50%	1.25%
Facility C2 Loans	287.3	USD	Bullet	LIBOR + 3.50%	1.25%
Facility C3 Loans	133.4	EUR	Bullet	EURIBOR + 4.00%	1.25%
Additional term facility	142.9	USD	Amortising	LIBOR + 3.50%	1.00%
PIK	440.2	GBP	Bullet	LIBOR + 8.00%	1.00%
Total	**2,136.1**				

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.

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

Maturity date	£m
2014	64.9
2015	50.9
2016	115.3
2017	22.4
2018	1.4
2019	1,441.9
2020	439.3
Total	**2,136.1**

The table below shows the movement in the preferred equity certificates during the year:

	Interest-bearing £m	Yield-free £m	Total £m
In issue at 31 December 2012	136.3	152.6	288.9
New PECs issued (in relation to YESpay acquisition)	0.2	0.5	0.7
Accrued interest expense	15.6	–	15.6
Interest repayment	(35.0)	–	(35.0)
Discount unwind	–	53.2	53.2
Repayment	–	(200.0)	(200.0)
In issue at 31 December 2013	**117.1**	**6.3**	**123.4**

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 an operating lease.

Finance leases

Where the Group 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.

At 31 December 2013, the Group's finance lease liabilities are payable as follows:

	2013			2012		
	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	**10.3**	**(1.2)**	**9.1**	7.1	(1.2)	5.9
One to five years	**19.4**	**(1.1)**	**18.3**	21.9	(1.9)	20.0
	29.7	**(2.3)**	**27.4**	29.0	(3.1)	25.9

The Group entered into leasing arrangements for certain tangible fixed assets in 2012 and 2013. The majority of finance leases have a lease term of three to five years.

For the current financial year the average effective borrowing rate was 5.4%. For the year ended 31 December 2012, the average effective borrowing rate was 5.7%.

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/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 2013, the Group had obligations to make non-cancellable operating lease payments in relation to land, buildings and vehicles as follows:

	2013		2012	
	Land and buildings £m	Vehicles £m	Land and buildings £m	Vehicles £m
Within 1 year	**10.5**	**0.5**	6.5	–
Between 1 and 5 years	**34.0**	**0.7**	8.6	–
After 5 years	**76.7**	**–**	–	–
Total	**121.2**	**1.2**	15.1	–

Notes to the Consolidated Financial Statements
Section 5 – Financing and Equity continued

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 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, to mitigate the foreign currency translation risk of its US subsidiary, Worldpay US Inc., and the EUR denominated branches of Worldpay Limited and Worldpay UK Limited. The Group's investments in other foreign subsidiaries are not hedged. Portions of the Senior Facility loans B2B-II and C3 (EUR), and C2 (USD) were designated as net investment hedges. The effective portion of the foreign exchange gain or loss on retranslation of the hedging item is taken to the foreign exchange reserve. Any ineffective portion is recognised immediately in the income statement. When the hedged investment is disposed of, any balance held in reserves is recycled to the income statement.

In the year ended 31 December 2013, £15.3m (2012: nil) 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 movements in interest rates and foreign exchange rates. These include 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 remeasured 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.

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

Financial assets

	2013 £m	2012 £m
Trade receivables	**191.3**	124.3
Other receivables	**30.8**	14.8
Own cash and cash equivalents	**179.6**	130.0
	401.7	269.1

Financial liabilities

	2013 £m	2012 £m
Trade payables	**(19.0)**	(76.5)
Other liabilities	**(44.6)**	(27.6)
Finance leases	**(27.4)**	(25.9)
Borrowings	**(2,259.5)**	(1,306.9)
	(2,350.5)	(1,436.9)

Note 5e
Financial instruments (continued)

Market 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.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

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

	2013 £m	2012 £m
GBP	**94.8**	151.1
EUR	**126.2**	96.9
USD	**178.7**	21.1
Other	**2.0**	–
	401.7	269.1

Financial liabilities

	2013 £m	2012 £m
GBP	**(1,454.6)**	(1,274.4)
EUR	**(229.0)**	(93.2)
USD	**(644.6)**	(68.9)
Other	**(22.3)**	(0.4)
	(2,350.5)	(1,436.9)

Notes to the Consolidated Financial Statements
Section 5 – Financing and Equity continued

Note 5e
Financial instruments (continued)

Customer transactions
Scheme receipts generally match customer payments in each currency.

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.

2013	EUR £m	USD £m	Other £m
Monetary assets	126.2	178.7	2.0
Monetary liabilities	(229.0)	(644.6)	(22.3)
Net monetary liabilities	**(102.8)**	**(465.9)**	**(20.3)**
Currency impact	(10.3)	(46.6)	(2.0)

2012	EUR £m	USD £m	Other £m
Monetary assets	96.9	21.1	–
Monetary liabilities	(93.2)	(68.9)	(0.4)
Net monetary assets/(liabilities)	3.7	(47.8)	(0.4)
Currency impact	0.4	(4.8)	–

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

	Average		Reporting date	
	2013	2012	2013	2012
EUR	**1.18**	1.23	**1.20**	1.22
USD	**1.56**	1.58	**1.66**	1.62

Interest rate risk management
The Group is exposed to cash flow interest rate risk on borrowings and cash balances held at variable rates and to 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.

Note 5e
Financial instruments (continued)

Interest rate sensitivity analysis

	EUR denominated		GBP denominated		USD denominated		Other denominated	
	2013 £m	2012 £m	2013 £m	2012 £m	2013 £m	2012 £m	2013 £m	2012 £m
Own cash and cash equivalents	**52.9**	94.7	**(85.3)**	14.8	**115.3**	20.5	**96.7**	–
Merchant float	**137.6**	145.1	**528.5**	604.8	**88.6**	–	**0.4**	–
Borrowings	**(226.9)**	(93.0)	**(1,383.9)**	(1,213.9)	**(648.7)**	–	**–**	–
Net variable rate assets/(liabilities)	**(36.4)**	146.8	**(940.7)**	(594.3)	**(444.8)**	20.5	**97.1**	–

A 1% increase in interest rates would result in:

- An incremental increase of 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 £2.9m (2012: £1.9m decrease in costs). Once market rates exceed the floors, a 1% increase in interest rates would result in increased costs of £17.1m.

The Group's Sterling bank debt at 31 December 2013 has a floor of 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.

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 2013, the Group had own cash balances of £179.6m (2012: £130.0m) and available headroom under its RCF of £75.0m (2012: £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.

Notes to the Consolidated Financial Statements
Section 5 – Financing and Equity continued

Note 5f
Share capital

	Nominal value £	Number of shares	Par value £m
At 1 January 2012			
Total A shares	1.00	6,144,841	6.1
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 2012	1.00	(232,800)	(0.2)
Total C shares		587,200	0.6
Total ordinary shares in issue		8,236,573	8.2
Total management shares in issue	1.00	2	–
At 31 December 2012		**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

A, B and C shares in issue are fully paid up at par. The holders of A, B and C 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 SIC 12.

At the year end, a total of 65,541 (2012: 232,800) C shares remain held within the EBT. These shares are treated as Treasury shares upon consolidation of the EBT.

Upon the occurrence of a liquidity event such as change in ownership or control, the holders of 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 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 legal entities regulated by the FCA, together with their 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 investments in subsidiaries, details about any 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 Holdings & 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 Holdings & 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 Holdings & 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

Entities are classified as a subsidiary of the Group when the Group has control over the entity, either through majority shareholding or other means. When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured 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.

Notes to the Consolidated Financial Statements
Section 6 – Group Composition – Subsidiaries, Acquisitions and Disposals continued

Note 6a
Investments in subsidiaries (continued)

The Group has the following principal investments in subsidiaries:

	Country of incorporation	Nature of business	Ordinary shares held %
Ship Midco Limited	England	Holding company servicing Group debt	100
Worldpay (UK) Limited	England	Provision of terminal card payment clearing services	100
Worldpay eCommerce Limited	England	Holding company servicing Group debt	100
Worldpay Limited	England	Provision of online card payment clearing services	100
Worldpay US Inc	USA	Provision of terminal card payment clearing services and ATM 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

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, and 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.

Note 6b
YESpay

On 6 March 2013, the Group acquired the legal entities and operations of YESpay Group (comprising companies in the UK, India and Canada), a provider of technologically advanced payments systems.

The acquisition allows Worldpay to offer YESpay's innovative technology in conjunction with the Streamline platform for card processing, giving customers an all-in-one solution for payment processing.

YESpay's contribution to the Group since acquisition has been £4.3m of revenue and £0.1m of profit before tax.

If the acquisition had occurred on 1 January 2013, the acquired business would have contributed £4.9m to Group revenue and £0.1m to profit 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	–	1.2	1.2
Intangible assets – software	0.1	0.8	0.9
Tangible assets	0.3	–	0.3
Trade and other receivables	0.8	0.2	1.0
Cash and cash equivalents	0.4	–	0.4
Trade and other payables	(1.9)	–	(1.9)
Deferred tax liability	–	(0.5)	(0.5)
Net assets acquired	**(0.3)**	**1.7**	**1.4**
Goodwill arising on acquisition			22.2
Total cost of acquisition			**23.6**
Satisfied by:			
Net cash paid			18.0
Contingent consideration			5.6
			23.6
Net cash flow arising on acquisition			
Net cash paid			18.0
Cash and cash equivalents			(0.4)
			17.6

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 £22.2m reflects anticipated benefits and synergies expected to be achieved by providing an innovative all-in-one solution for payment processing.

The provision for contingent consideration reflects management's estimate of the likely amount payable under an earn-out arrangement. This amount remains subject to review and determination in due course. The earn-out arrangement provides that the former owners of the business are entitled to additional consideration of up to £7m, payable in three tranches, with the first two tranches (a maximum of £3m) being payable in 2014 and the third tranche (a maximum of £4m) being payable in 2015.

The amounts will become payable upon achievement of certain operational, revenue and earnings targets.

Notes to the Consolidated Financial Statements
Section 6 – Group Composition – Subsidiaries – Acquisitions and Disposals continued

Note 6b (continued)
Century Payments Holdings, Inc.
On 25 September 2013, the Group acquired the legal entities and operations of Century Payments Holdings, Inc., a sales organisation based in Frisco, Texas.

Century Payments is known for its sales excellence and ability to build long-standing relationships and lead generation with companies like NCR Corporation. The acquisition therefore allows WPUS to strengthen its strategic partnership model and gain advanced sales tools and analytics.

Century's contribution to the Group since acquisition has been £4.0m of revenue and £0.9m of profit before tax.

If the acquisition had occurred on 1 January 2013, the acquired business would have contributed £25.3m to Group revenue and £4.7m to profit before tax.

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

	Book value £m	Adjustments £m	Fair value £m
Assets acquired			
Intangible assets – NCR/Radiant Channel Relationships	–	15.2	15.2
Intangible assets – Reliable/Other Merchant Relationships	–	4.2	4.2
Intangible assets – Covenant Not-to-Compete Agreements	–	1.4	1.4
Tangible assets	0.2	–	0.2
Deferred tax asset	–	9.1	9.1
Trade and other receivables	2.9	–	2.9
Cash and cash equivalents	1.6	–	1.6
Trade and other payables	(1.7)	(0.1)	(1.8)
Deferred tax liability	–	(7.7)	(7.7)
Net assets acquired	**3.0**	**22.1**	**25.1**
Goodwill arising on acquisition			29.4
Total cost of acquisition			**54.5**
Satisfied by:			
Net cash paid			49.0
Deferred consideration			2.7
Contingent consideration			2.8
			54.5
Net cash flow arising on acquisition			
Net cash paid			49.0
Cash and cash equivalents			(1.6)
			47.4

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 £29.4m reflects anticipated benefits and synergies expected to be achieved from strengthening our strategic partnership model and gaining advanced sales tools and analytics.

The provision for contingent consideration reflects management's estimate of the likely amount payable under an earn-out arrangement. This amount remains subject to review and determination in due course. The earn-out arrangement provides that the former owner of the business is entitled to additional consideration of up to $5.3m payable in early 2015. The amount will become payable on achievement of certain gross margin, customer additions, synergy and employee retention targets.

Note 6c
Discontinued operations
A disposal group is classified as a discontinued operation if its carrying amount will be recovered principally through a sale transaction rather than continued use, and it represents a separate major line of business, separate geographical area of operations, or a subsidiary acquired with a view to resale.

An asset or disposal group is classified as held for sale when: it is available for immediate sale in its present condition; management has committed to a plan to sell at a price which is reasonable for their current condition; and management is actively marketing the operation or asset to obtain a buyer.

The sale must be deemed highly probable to complete within one year from the date of classification, therefore making it unlikely that there will be significant changes to the plan or that the plan will be withdrawn.

An asset or disposal group classified as held for sale is measured at the lower of carrying amount and fair value less costs to sell.

As at 31 December 2012, it was the Group's expectation that it would dispose of its US business. As a result, in the Group's balance sheet at 31 December 2012, the US assets and liabilities are presented separately in two lines under 'Discontinued operations – assets/liabilities held for sale'.

Following completion of a strategic review during 2013, a decision was made to keep this business within the Group. Consequently, the US assets and liabilities have been re-presented in the consolidated balance sheet at 31 December 2013 on a line-by-line basis.

Details of the US assets and liabilities as at 31 December 2012 are shown below:

	£m
Assets	
Goodwill	191.2
Other intangible assets	111.4
Property, plant and equipment	15.3
Inventory	0.1
Trade and other receivables	107.9
Scheme debtors	197.3
Tax assets	2.9
Merchant float	241.1
Own cash	48.6
	915.8
Liabilities	
Trade and other payables	28.4
Merchant creditors	438.3
Borrowings	221.2
Deferred tax liability	40.0
	727.9

Notes to the Consolidated Financial Statements
Section 6 – Group Composition – Subsidiaries – Acquisitions and Disposals continued

Note 6d
Pro forma consolidated balance sheet
For the year ended 31 December 2013

The table below sets out what the 2012 comparative balance sheet would have looked like had we not treated WPUS as a discontinued operation at the time.

	2013 £m	2012 £m	Pro forma 2012 £m
Non-current assets			
Goodwill	**1,195.9**	957.5	1,148.7
Other intangible assets	**656.4**	565.2	676.6
Property, plant and equipment	**132.7**	99.7	115.0
Deferred tax assets	**20.6**	4.1	4.1
	2,005.6	1,626.5	1,944.4
Current assets			
Discontinued operations – assets held for sale	**–**	915.8	–
Inventory	**1.3**	–	0.1
Trade and other receivables	**284.8**	179.4	287.3
Scheme debtors	**433.3**	165.0	362.3
Current tax assets	**–**	2.9	5.8
Merchant float	**755.1**	749.9	991.0
Own cash and cash equivalents	**179.6**	130.0	178.6
	1,654.1	2,143.0	1,825.1
Current liabilities			
Discontinued operations – liabilities held for sale	**–**	(727.9)	–
Trade and other payables	**(150.8)**	(158.4)	(186.8)
Merchant creditors	**(1,188.4)**	(914.9)	(1,353.2)
Current tax liabilities	**(0.5)**	–	–
Borrowings	**(65.2)**	(51.5)	(54.7)
Finance leases	**(9.1)**	(5.9)	(5.9)
Provisions	**(39.1)**	(12.9)	(12.9)
	(1,453.1)	(1,871.5)	(1,613.5)
Non current liabilities			
Borrowings	**(2,194.3)**	(1,255.4)	(1,473.4)
Finance leases	**(18.3)**	(20.0)	(20.0)
Provisions	**(7.6)**	–	
Deferred tax liabilities	**(131.1)**	(123.7)	(163.7)
	(2,351.3)	(1,399.1)	(1,657.1)
Net Liabilities/Assets	**(144.7)**	**498.9**	**498.9**
Equity			
Called-up share capital	**8.4**	8.2	8.2
Share premium	**4.1**	–	–
Capital contribution reserve	**42.1**	615.1	615.1
Foreign exchange reserve	**0.5**	(8.8)	(8.8)
Retained earnings deficit	**(199.8)**	(115.6)	(115.6)
Shareholders' deficit/equity	**(144.7)**	**498.9**	**498.9**

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.

As at 31 December 2013, each material company within the Group (being Ship Luxco 3 S.a.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 and Worldpay US Inc (together the 'Material Companies' and each a 'Material Company')) has a) guaranteed to the extent possible by way of upstream, cross stream and downstream guarantees, each other Material Company's obligations and liabilities and b) granted security over the material assets of each such Material Company (including real estate, bank accounts, intra-group receivables, third party receivables, IP and the ownership interests in each Material Company).

Such guarantees and security have been provided to secure all monies and liabilities due, owing or incurred by each Material Company and Ship Luxco 3 S.a.r.l.'s immediate parent company, Ship Luxco 2 S.a.r.l., to any secured party under the finance documents which have been entered into in connection with the financing of the overall Worldpay acquisition on 30 November 2010; the subsequent acquisitions of Cardsave Group Limited on 16 December 2010 and Envoy Services Limited (now called Worldpay AP Limited) on 26 July 2011; the dividend recapitalisation transaction which occurred in May 2013; and the other facilities provided by the Group at the time of the Worldpay acquisition in 2010 for the Group's general corporate and working capital purposes and for planned capital expenditure, acquisitions and restructuring requirements of the Group.

As at 31 December 2013, Worldpay AP Limited has entered into:
i) two deeds of charge over credit balances dated 24 August 2009 and 20 November 2011 respectively in favour of Barclays Bank PLC which secure specific charged accounts to secure all monies or liabilities due, owing or incurred to Barclays Bank PLC,
ii) a rent deposit deed dated 14 September 2009 in favour of SCI KAIA securing a rent deposit; and
iii) a rent deposit deed dated 17 February 2010 in favour of Brogue Properties Limited securing a rent deposit.

As at 31 December 2013, Payment Trust Limited has entered into three rent deposit deeds with one dated 15 February 2005 and the other two dated 3 February 2006 respectively each in favour of Logistix Limited to secure various rent deposits.

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 9 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 2013, Ship Investor & CY S.C.A. heads the largest Group in which the Company is consolidated.

Notes to the Consolidated Financial Statements
Section 7 – Other notes continued

Note 7b
Related parties (continued)

Related party transactions and their impact on the Consolidated Statement of Comprehensive Income for the year ended 31 December 2013 and 2012 are set out in the table below:

	2013 £m	2012 £m
Sales revenue from related parties		
RBS Group companies	**10.1**	5.6
Purchases from related parties		
Advent international	**1.4**	1.5
Bain Capital	**1.8**	1.7
RBS Group companies	**17.9**	36.8
	21.1	40.0
Interest payable to related parties		
RBS Group companies	**2.9**	0.1

Balances with Group companies as at 31 December 2013 and 31 December 2012 are set out in the tables below.

	2013 £m	2012 £m
Amounts due to related parties		
Advent international	**3.4**	0.3
RBS Group companies	**–**	3.6
	3.4	3.9
Cash and cash equivalents held with related parties		
RBS Group companies	**493.1**	486.0

The amount held with RBS Group companies includes merchant float.

Amounts repaid to related parties under interest-bearing and yield-free preferred equity certificates as a result of the refinancing in May 2013 are as follows:

	Interest bearing £m	Yield-free £m
Ship Investor & CY S.C.A.	28.1	160.8
RBS Group companies	6.9	39.2
	35.0	**200.0**

Note 7b (continued)
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 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:

	2013 £m	2012 £m
Basic salary and bonus	**13.5**	7.9
Pensions and social security	**1.1**	0.9
	14.6	8.8

Note 7c
Subsequent events

On 31 January 2014, Worldpay signed a binding agreement to purchase 100% of the share capital of a company based in Brazil for a headline consideration of up to $10m. The acquisition is expected to complete during the second quarter of 2014.

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C016486

Design and production:
CarnegieOrr +44(0)207 610 6140
www.carnegieorr.co.uk

The paper used in this Report is derived from sustainable sources

CarbonNeutral®printing company

Ship Luxco Holding & CY S.C.A
2-4, rue Beck L-1222 Luxembourg
Luxembourg