Company Registered No: B154673

SHIP LUXCO HOLDING & CY S.C.A.

MANAGERS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2011 AND FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2011

AND REPORT OF THE REVISEUR D'ENTREPRISE AGREE

Issued Share Capital £8,313,985

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SHIP LUXCO HOLDING & CY S.C.A. **B154673**

BOARD OF MANAGERS

MANAGERS OF THE GENERAL PARTNER:	Desmond Mitchell Fergal O'Hannrachain Alibhe Jennings Phil Loughlin Chris Sullivan
REGISTERED OFFICE:	2-4, rue Beck, L-1222 Luxembourg
REVISEUR D'ENTREPRISES AGREE:	Deloitte Audit S.à r.l. 560, rue de Neudorf; L-2220 Luxembourg

Registered in Luxembourg

MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Managers of Ship Luxco Holding & CY S.C.A. ("the Company") present their report, together with audited consolidated financial statements for the financial period from 28 July 2010 to 31 December 2011 (the "financial period").

COMPANY OVERVIEW AND STRUCTURE

Background information

Ship Luxco Holding & CY S.C.A. is a *Société en commandite par actions* (partnership limited by shares) domiciled in Luxembourg. The Company was incorporated on 28 July 2010 as Ship Luxco Holding S.à r.l. and subsequently converted from a *Société à responsabilité limitée* (private limited liability company) on 19 November 2010. Ship Luxco Holding S.à r.l. remains the General Partner of the Company. The registered address of both the Company and Ship Luxco Holding S.à r.l. is 2-4, rue Beck L-1222, Luxembourg.

The consolidated financial statements for the financial period ended 31 December 2011 comprise the Company, its subsidiaries and interests in associates ("the Group"). They have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and its interpretations issued by the International Accounting Standards Board (IASB).

The Company is part of the Group and is the ultimate holding company of the Group. The Group was set up by Bain Capital and Advent International to acquire the merchant acquiring businesses from The Royal Bank of Scotland Group plc ("RBS Group" or "RBS") on 30 November 2010. The RBS Group retains a non-controlling interest in the Group. The Group receives ongoing capital, funding and liquidity resources from the investors, which coupled with other sources of funding and liquidity, enable the Group to meet its obligations as they fall due.

Principal activities

The principal activity of the Group is the provision of merchant terminals, approval technology and other services to enable merchants to accept payment via credit and debit cards and other payment methods. The managers do not anticipate any material change in either the type or level of activities of the Group.

The Group has a leading position in the UK payment market, offering an end-to-end payment solution that enables merchants to accept multiple forms of electronic payments in a cost-effective manner. It offers Point-of-Sale (POS) merchant services, an online gateway and an advanced risk management tool (developed in-house), enabling merchants to control risk and fraud. The Group benefits from active participation in the whole payment processing value chain for a variety of merchant types, allowing it to maximise revenue and profit, and to utilise economies of scale. It provides services to merchants across 164 countries globally, in 115 different currencies, but has a primary focus on the UK, US and European markets.

Business divisions

The Group currently conducts operations through four business divisions:

- Streamline - a full service POS acquirer and processor, with mail and telephone order capabilities in the UK and Ireland. Since the late 1990s, the Streamline business has held the leading market position in the UK, processing approximately 47% of all UK point-of-sale transactions;

- eCommerce - a leading provider of e-commerce payment processing solutions, including multi currency and multi payment methods complemented by its payment gateway, risk management and fraud mitigation services. During 2011, the eCommerce business acquired Envoy Payment Services, a global leader in alternative payments. The eCommerce business has a market-leading global presence, with the ability to process 75 different payment methods, 115 currencies and 14 settlement currencies.

- WorldPay US – a full service POS acquirer and processor, and ATM off-premise acquirer and processor based in Atlanta, USA. The division focuses primarily on the small and medium merchant sector.

- Cardsave – during the period the Group acquired the Cardsave Group, a UK based membership of independent retailers which functions as a selling organisation for Streamline's small merchant product line. Cardsave has more than 45,000 SME members in the UK, operating across multiple business sectors.

All central and support functions (Technology, Finance, Legal etc.) in the Group are managed as Global support functions.

BUSINESS REVIEW

The Managers are satisfied with the Group's performance in the financial period.

Significant progress has been made since the sale from RBS on 30 November 2010. As an independent business, the Group has processed over 7.9 bn consumer transactions, with a value of nearly £269 bn.

The period since the acquisition of the WorldPay businesses from RBS has been one of organisational and operational change. The Executive team has been restructured and over 600 new staff have been recruited since completion of the sale process. Management has made substantial progress in transforming the culture and approach of the business into that of a world class independently owned business thereby differentiating the Group from the historic position as a division in a large financial institution.

While the sale of the Group ensured economic and financial separation from RBS, the business will continue to be operationally connected to RBS systems into the foreseeable future under Transitional Service Arrangements. However, significant steps have been taken to ensure operational separation from RBS. For example, from 1 December 2011 the business has been processing all merchant settlement balances directly under WorldPay scheme licenses.

Future developments

In 2012 the Group will continue to deliver and execute on its strategy as follows:

Streamline
- Continue to drive SME New Business Sales through improved sales-force productivity and lead generation
- Manage large corporate accounts and pursue cross sales of Group products
- Continue to deliver operational efficiencies

eCommerce:
- Support cross business growth and drive cross-sell penetration across the WorldPay portfolio
- Continue Envoy new product development and promotion to Global early-adopter clients
- Evaluate further international expansion

WorldPay US
- Focus on growing Small Business Unit and Mid-Market book for revenue growth
- Improve Brand recognition and launch new products
- Maintain operating cost control

The most significant project within the separation activity is the Technology Platform programme, which will both complete the technology separation from RBS and establish a world class flexible technology platform on which the business will run for the foreseeable future. In 2012, the separation focus will remain on the Technology Platform separation and the implementation of the new Finance General Ledger system.

MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Financial performance

Despite the negative economic outlook and undergoing significant change, the Group delivered income growth in every business in the financial period as well as good cost control across the Group. As this was the first financial period following separation of the Group from RBS, comparative balances cannot be provided in the following analysis.

By business, the contribution to loss before tax during the accounting period was:

£'m	13 months to 31 Dec 2011
Contribution:	
Streamline	190
eCommerce	22
WPUS	40
Cardsave	10
Central	(60)
EBITDA	**202**
Depreciation and amortisation	(121)
Finance charges	(160)
Loss before tax	**(81)**
Income tax credit	16
Loss after tax	**(63)**

EBITDA

The primary profit measure of the business for management purposes is EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation). The EBITDA for the period is £202m. Management also measure underlying EBITDA before separation and transaction related costs to give a more accurate view as to the underlying performance of the business. In future, the accounting periods will be 12 months in length and the adjusted EBITDA for the 12 months period ended 31 December 2011 is analysed below.

£'m	As at 31 Dec 2011
EBITDA	202
Separation costs	49
Transaction costs	52
Underlying EBITDA	**303**
Adjust to 12 months	(33)
Adjusted EBITDA	**270**

The adjusted EBITDA for the 12 months ended 31 December 2011 is £270m.

Depreciation and Amortisation

The £121m charge includes depreciation of £22m and amortisation of £99m. The amortisation relates to charges against the intangible assets created on the acquisitions of Worldpay, Cardsave and Envoy. It breaks down between amortisation on customer relationships of £75m, brands of £2m and computer software of £22m. Depreciation of £22m relates to terminals of £12m, leasehold improvements of £1m and computers and office equipment of £9m.

Finance charges

Finance costs of £160m relate to the interest costs on the senior debt facilities, the subordinated debt facilities and the Preference Equity Certificates ("PECS"). Interest costs are calculated on an Effective Interest Rate ("EIR") basis which incorporates the amortisation of deal costs incurred in the arrangement of the financing facilities. A charge relating to the amortisation of the discount on the Yield Free PECS ("YFPECS") is also incorporated in this charge.

MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Income tax credit

The group tax credit relates to £21m of tax expense offset by £37m amortisation of deferred tax liability that was recognised on acquisition of related intangible assets, that is, it recognises the tax benefit that would be available if the related amortisation had been available for tax relief.

The Group's Balance sheet at 31 December 2011 is summarised as follows:

£'m	As at 31 Dec 2011
Goodwill	1,157
Other intangibles	757
Property & equipment	61
Trade and other receivables	301
Scheme debtors	1,107
Cash (including merchant float)	684
Assets	**4,067**
Trade and other payables	(127)
Merchant creditors	(1,726)
Borrowings	(1,438)
Other liabilities	(9)
Provisions	(7)
Deferred tax	(199)
Liabilities	**(3,506)**
Share capital and other reserves	(624)
Retained earnings	63
Equity	**(561)**

Goodwill, Intangible and Fixed Assets

Goodwill relates to the acquisitions of Worldpay (£1,023m), Cardsave (£78m) and Envoy (£56m) during the financial period. Other intangible assets arising from these acquisitions include customer relationships (£648m), brands (£18m) and computer software (£91m). The net book value at period end of plant and equipment, following their acquisition at fair value, was terminals (£25m), leasehold improvements (£10m) and computers and office equipment (£26m).

Trade and Other Receivables

This balance consists of trade receivables of £217m, prepayments and accrued income of £18m, and other receivables of £63m. An impairment provision of £18m is netted within the trade receivables balance giving a gross trade receivables of £235m. The deferred tax asset of £3m is also included in this balance in the table above.

Scheme Debtors and Merchant Creditors

These balances relate to the settlement cycle of the Group's core business. Scheme debtors of £1,107m represents amounts due from the card schemes and merchant creditors of £1,726m represents amounts owed to merchants to settle transactions processed. Included in cash and cash equivalents of £684m is merchant float of £548m that represents balances held in the Group's bank accounts that are effectively cash in transit to merchants.

Trade and Other Payables

This balance consists of trade payables of £37m, accruals and deferred income of £65m and other liabilities of £25m.

Current and Deferred Tax

Deferred tax liabilities arise largely from the establishment of intangible assets at the time of the acquisitions of Worldpay, Cardsave and Envoy and recognises the tax benefit that would be available if the related amortisation had been available for tax relief.

Borrowings
The borrowings of the Group consist of:

- Senior debts of £873m have maturity periods of between 1 and 6 years and the subordinated debt of £302m has maturity periods not exceeding 8 years. The weighted average EIR for the senior and subordinated debt is 7.5% and 9.1% respectively.

- Bilateral facility funds of £5m are drawn and held in escrow for Visa with a maturity date of 28 March 2012.

- The preference shares are split between Interest Bearing PECS amounting to £121m which have a 15% coupon that is accrued annually and Yield Free PECS of £137m. The latter have a par value of £206m and were issued at a fair value of £123m. The discounted fair value will accrete back to par value over the useful life of the instrument (5 years).

Share Capital and Reserves
The balance consists of £8m share capital and £616m of other reserves, primarily capital contributions arising from the initial capital injection in excess of the share capital issued of £532m, and the difference between the par value of the Yield Free PECS and their fair value of £83m as discussed above.

Key Performance Indicators ("KPIs")

In addition to the financial performance of the business, management are measured against the following KPIs. Over the 12 month period to 31 December 2011:

- EBITDA = £270m, defined as earnings before interest, tax, depreciation, amortisation, separation and exceptional costs.

- Total Card Turnover = £269 bn, defined as the total value (in GBP) of Card Acquiring transactions processed through the Group

- Average full-time employees ("FTE's") = 3,057, as provided in note 4 to the Financial Statements.

As at the period ended 31 December 2011:

- Merchant numbers = 440,034, which represents the number of merchants or merchant groups that were actively using one or more of WorldPay's products as at 31 December 2011.

Principal risks and uncertainties

Streamline's economic exposures are primarily to the UK and to a lesser extent in Ireland, with the key driver being consumer expenditure in each of these economies. An offset to the slowdown in the growth of consumer spending has been the continued shift of consumers from cash to electronic payment.

The eCommerce business continues to grow at a pace across multiple jurisdictions. The portfolio itself is well spread across all sectors of the economy with few concentrations in terms of customers. A significant risk for the business is fraud, due to the "customer not present" nature of the transaction processed.

The US business is firmly based in the small & medium merchants resulting in a diversified customer portfolio. As such the merchants have relatively low exposures to the Group.

WorldPay Limited and WorldPay (UK) Limited are authorised and regulated by the Financial Services Authority as Payment Institutions. As regulated firms WorldPay Limited and WorldPay (UK) Limited have assessed the risks to which they might be exposed and identified information security risk and the risks inherent in change as they continue to separate operationally from RBS and further develop as independent businesses as the two most significant.

As a service provider to merchants the Group is also subject to the indirect effects of lower consumer spending.

Specific attention is paid to the following risks across the Group:

Merchant Risks
The management of merchant risks has seen increasing focus over the past year.

As a result, additional monitoring has been put in place as appropriate. This has led to the introduction of new credit monitoring rules, a new investigation routine and a greater willingness on the part of the Group to take security or affirmative action where a merchant with a lower level of risk is starting to experience financial distress. Such actions have resulted in a reduction in losses and it is expected that the losses will continue to reduce as further sophistication in the form of modelling and external data feeds is introduced into the monitoring programme.

Fraud risks
In the current economic environment, there is a greater likelihood of card fraud being committed. The Group has recorded instances of suspected fraud requiring investigation increasing over the reporting period.

A re-assessment of the rules utilised within the Fraud system, along with a more aggressive stance in terms of decision-making, has resulted in reduced losses. In addition, investment in a "next generation" fraud system is being considered that will enable the Group to monitor transactions on a real time basis to provide both the Group and the merchant further protection from fraud losses.

Technology risks
WorldPay is also subject to technology risks that arise as a result of the Group being a provider of electronic payment clearing services, such as the potential for confidential payment data being disclosed to unauthorised parties, and the risk of system outages.

Technology risk assessments are designed to take into consideration threats to the confidentiality, integrity and availability of WorldPay's technical infrastructure and critical information. Identified threats are assessed against the vulnerabilities which could be exploited by those threats in order to ascertain the likelihood and business impact of such threats.

The assessment is also accompanied by a recommended mitigating action plan. The resultant rating is used to categorise the risk, with critical risks being represented to senior management through the Management Board Risk Committee. In each case, management takes steps that are appropriate to mitigate each identified risk.

Financial Risks
The financial risks to the business encompass credit risk, interest rate risk, foreign currency exchange risk and liquidity risk. A discussion of these risks, together with management's mitigation of the risks, is explained in Note 20 to the Financial Statements.

MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Going concern

The Managers have prepared forecasts covering a period of at least 12 months from the date of signing of the financial statements which demonstrate that the Group is anticipated to be profitable and cash generative. As set out above, the Group's borrowings are primarily repayable after more than one year and have certain financial covenants which the Group is required to comply with. The forecasts demonstrate compliance with those covenants for a minimum of 12 months from the date of signing. The Managers have also considered key sensitivities to the forecasts and these have demonstrated that the Group anticipates it will comply with its financial covenants for the forecast period.

Therefore the Managers, having a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, have prepared the financial statements on a going concern basis.

Following the separation from RBS Group the Managers consider that funding will be available for the Group's future operations and that the business will continue operating without significant change to its business model.

Subsequent events

In February 2012 the Group announced a limited programme of restructuring at its Harrogate operations that has led to 79 staff redundancies. The estimated cost of this restructuring is £4.9m.

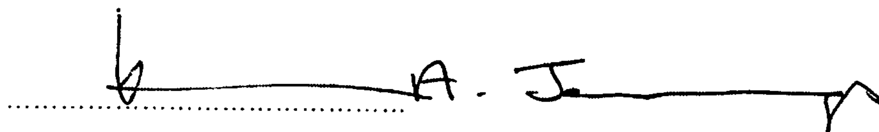
MANAGERS

The present Managers of Ship Luxco Holding S.à r.l. (the General Partner of the Company), who have served throughout the financial period and up to the date of this report, except where noted below, are listed on page 1.

From 28 July 2010 to date the following changes have taken place:

Managers	Appointed	Resigned
Alibhe Jennings	28 July 2010	-
Maike Kieselbach	28 July 2010	31 January 2012
Ruth Springham	19 November 2010	24 November 2010
Michael Ristaino	19 November 2010	30 November 2010
Phil Loughlin	24 November 2010	-
Jennifer Hill	30 November 2010	1 July 2011
Desmond Mitchell	30 November 2010	31 January 2012
Chris Sullivan	1 July 2011	-
Myriam Deltenre	20 January 2012	30 April 2012
Fergal O'Hannrachain	31 January 2012	-
Desmond Mitchell (reappointed)	30 April 2012	-

Approved by the Board of Managers and signed on behalf of the Board



Manager
Date: 29 June 2012

SUPPLEMENTAL INFORMATION - TRANSPARENCY IN PRIVATE EQUITY

These enhanced disclosures to the Management Report (pages 2-8) are provided in accordance with the Guidelines for Disclosure and Transparency in Private Equity endorsed by the British Venture Capital Association ("BVCA").

Ownership

The Group, of which the ultimate holding company is Ship Luxco Holding & CY S.C.A., was established by Bain Capital and Advent International to acquire the merchant acquiring businesses of the RBS Group on 30 November 2010. Following the acquisition, equity ownership of the Group is as follows:

Investment by:	Equity %
Advent International	36.1
Bain Capital	36.1
The RBS Group	17.8
Employee benefit trust (shares held on behalf of the management team)	10.0
	100.0

Ship Luxco 3 S.à r.l., a subsidiary of Ship Luxco Holding & CY S.C.A., is responsible for providing strategic guidance to the Group. The Board of Ship Midco Limited, an indirect subsidiary of Ship Luxco 3 S.à r.l., is responsible for all matters delegated to it by Ship Luxco 3 S.à r.l., including execution of strategy, operational performance and Group co-ordination. The Boards of the regulated entities, WorldPay (UK) Limited and WorldPay Limited, together with the other Payment Services Directive individuals approved by the FSA and forming the Group Executive Team, are responsible for the day to day management of the payment services business.

Directors

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

Board Member	Represents	Position
John Allan	Independent	Chairman
Ron Kalifa	Executive	Chief Executive Officer
Aidan Connolly	Executive	Chief Financial Officer
Humphrey Battcock	Advent	Non-executive
James Brocklebank	Advent	Non-executive
David Yates	Advent	Non-executive
Robin Marshall	Bain	Non-executive
Melissa Bethell	Bain	Non-executive
Stephen Pagliuca	Bain	Non-executive
Chris Sullivan	RBS	Non-executive
Bruce van Saun	RBS	Non-executive

Corporate and Social responsibility

Following separation from RBS, a formal, structured approach to Corporate and Social Responsibility ("CSR") is currently being developed. This will both enhance and bring together the various Group policies and procedures that were both inherited from RBS and implemented following separation, in relation to the following areas:

- Environmental impact – the Group aims to minimise its impact on the environment to the greatest extent possible, through operational policies that result in energy savings, recycling of office waste and paperless work-practices where possible.
- Charitable / community work – the Group encourages its staff to participate in charitable fundraising through sponsorship and has plans in place to formalise a Group-wide charitable giving programme.
- Corporate code of conduct – the Group is currently developing its Corporate Code of Conduct and Employee Handbook to promote ethical behaviour in and out of the workplace, and to align with the culture and values of the organisation.

SUPPLEMENTAL INFORMATION – TRANSPARENCY IN PRIVATE EQUITY (continued)

The Group expects to continue its work to establish a formal CSR function and expects to fully disclose its programme and activities in 2013.

Employees

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. A majority of employees are eligible to receive an annual bonus related to the overall profitability of the Group.

UPDATES

A trading and performance update for the first half of 2012 shall be provided in September 2012.

Deloitte.

Deloitte Audit
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To the Partner of
Ship Luxco Holding & CY S.C.A.
2-4, rue Beck
L-1222 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Following our appointment by the General Meeting of the Managers, we have audited the accompanying consolidated financial statements of Ship Luxco Holding & CY S.C.A., which comprise the balance sheet as at December 31, 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the for the period from July 28, 2010 to December 31, 2011 and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Managers 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 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 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 of the *réviseur d'entreprises agréé's* judgement 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.

Société à responsabilité limitée au capital de 35.000 €
RCS Luxembourg B 67.895
Autorisation d'établissement : 10022179

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.

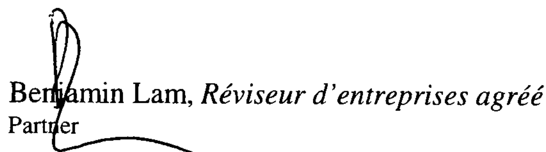
Opinion

In our opinion, the consolidated financial statements give a true and fair view the financial position of Ship Luxco Holding & CY S.C.A. as of December 31, 2011, and its financial performance and its cash flows for the period from July 28, 2010 to December 31, 2011 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.

For Deloitte Audit, *Cabinet de révision agréé*



Benjamin Lam, *Réviseur d'entreprises agréé*
Partner

June 29, 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the financial period ended 31 December 2011

	Note	2011 £m
Revenue	3	3,253
Cost of sales		(2,635)
Gross profit		618
Operating expenses		(129)
Administrative expenses		(408)
Operating profit	7	81
Finance costs	5	(160)
Loss before tax		(79)
Tax credit	8	16
Loss after tax		(63)
Other comprehensive income:		
- Currency translation differences	22	1
Total comprehensive loss for the financial period		(62)

The accompanying notes on pages 17 to 43 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET
as at 31 December 2011

	Note	2011 £m
Assets		
Non-current assets		
Goodwill	9	1,157
Other intangible assets	9	757
Plant and equipment	10	61
Deferred tax assets	11	3
		1,978
Current assets		
Trade and other receivables	12	298
Scheme debtors		1,107
Cash and cash equivalents	13	684
		2,089
Total assets		4,067
Liabilities		
Current liabilities		
Trade and other payables	14	(127)
Merchant creditors		(1,726)
Current tax liabilities	15	(9)
Borrowings	16	(25)
Provisions	17	(7)
		(1,894)
Non-current liabilities		
Borrowings	16	(1,413)
Deferred tax liabilities	11	(199)
		(1,612)
Total liabilities		(3,506)
Equity		
Share capital	21	(8)
Other reserves	22	(616)
Retained earnings	22	63
Total equity		(561)
Total liabilities and equity		(4,067)

The accompanying notes on pages 17 to 43 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Managers on 29 June 2012 and signed on its behalf by:

Manager

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the financial period ended 31 December 2011

	Note	Share capital £m	Capital contribution £m	Other reserves £m	Retained earnings £m	Total £m
At 28 July 2010		-	-	-	-	-
Issue of share capital	**21,22**	8	532	-	-	540
Issue of preference shares	**22**	-	83	-	-	83
Foreign currency translation	**22**	-	-	1	-	1
Loss for the financial period	**22**	-	-	-	(63)	(63)
At 31 December 2011		8	615	1	(63)	561

The total comprehensive loss for the financial period of £63m was wholly attributable to the owners of the Company.

The accompanying notes on pages 17 to 43 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
for the financial period ended 31 December 2011

	Note	2011 £m
Operating activities		
Loss for the financial period before tax		(79)
Adjustments for:		
Depreciation of plant and equipment	7	22
Amortisation of intangible assets	7	99
Impairments	7	1
Finance costs	5	160
Net cash inflow from trading activities		203
Increase in trade and other receivables		(197)
Increase in scheme debtors		(962)
Decrease in trade and other payables		(44)
Decrease in merchant debtors		217
Increase in merchant creditors		1,001
Increase in provisions		6
Net cash flows from operating activities before tax		224
Finance costs paid		(113)
Tax paid		(19)
Net cash flows from operating activities		92
Cash flows from investing activities		
Acquisition of WorldPay business		(344)
Acquisition of Cardsave		(67)
Acquisition of Envoy		(57)
Take-on of acquiring balances		362
Purchases of plant and equipment	10	(23)
Purchase of intangible assets	9	(26)
Disposal of plant and equipment		1
Net cash flows used in investing activities		(154)
Cash flows from financing activities		
Proceeds on issue of shares		421
Proceeds on issue of preference shares		252
New loans raised		125
Loans repaid		(53)
Net cash flows from financing activities		745
Net increase in cash and cash equivalents		683
Cash and cash equivalents at beginning of financial period		-
Effect of foreign exchange rate changes		1
Cash and cash equivalents at end of financial period	13	684

The accompanying notes on pages 17 to 43 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

a) Presentation of financial statements

Basis of preparation
As set out in the Management Report, 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.

The Company is incorporated and registered in Luxembourg.

Statement of Compliance
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.

The principal accounting policies are set out below.

b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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 the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

c) Investments in Group undertakings

Investments in Subsidiaries
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control 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 at the acquisition date.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in 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, is initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

1. Accounting policies (continued)

c) Investments in Group undertakings (continued)

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.

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Investments in Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

d) Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

1. Accounting policies (continued)

d) Foreign currencies (continued)

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Sterling using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

e) Revenue recognition

Revenue represents amounts receivable from the sale of secure transactions of data between the customer and an acquiring bank or processor. Revenue from transaction service charges and similar services is recognised as revenue when the services are performed.

Fees in respect of services are recognised as the right to consideration accrues through the provision of the service to the customer. The arrangements are generally contractual and the cost of providing the service is incurred as the service is rendered. The price is usually fixed and always determinable.

Rental income from operating leases is discussed at Note 1 k).

f) Pension cost

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

g) Taxation

Provision is made for taxation at current enacted rates on taxable profits, arising in income or in equity, taking into account relief for overseas taxation where appropriate.

Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes, except in relation to overseas earnings where remittance is controlled by the Company. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are only recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1. Accounting policies (continued)

h) Intangible assets

Intangible assets acquired as part of a business combination
Intangible assets acquired in a business combination and recognised separately from goodwill, including brands, customer lists and workforce in place, are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Purchased goodwill represents the excess of the consideration given over the fair value of the separable net assets acquired.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The principal annual amortisation rates used are:
- Customer relationships and brands 3-25 years
- Computer software 3-4 years

Goodwill
Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see c) above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Computer software
Costs associated with maintaining computer software programmes are recognised as an expense as incurred. 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 when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product there is an ability to use or sell it;
- the software product will generate probable future economic benefits; and
- expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 4 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

i) Plant and equipment

Plant and equipment are stated at their purchase price, including incidental expenses on acquisition less accumulated depreciation and any recognised impairment loss. Depreciation is provided on a straight line basis over the expected useful economic lives of the assets concerned. Depreciation is provided on a monthly basis with the first charge occurring in the month of acquisition and no charge in the month of disposal.

The principal annual rates used for this purpose are:

Terminals	3-5 years
Leasehold Improvements	5-15 years
Computers and office equipment	4-5 years

Plant and equipment purchased from companies under common control is transferred across at carrying value.

j) Impairment of intangible assets and plant and equipment

At each reporting date, the Group assesses whether there is any indication that its intangible assets, or plant and equipment are impaired. If any such indication exists, the Group estimates the recoverable amount of the asset and the impairment loss (if any). If an asset does not generate cash flows that are independent from those of other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Value in use is the present value of future cash flows from the asset or cash-generating unit discounted at a pre-tax rate that reflects market interest rates adjusted for risks specific to the asset or cash generating unit that have not been reflected in the estimation of future cash flows. If the recoverable amount of an intangible or tangible asset is less than its carrying value, an impairment loss is recognised immediately in profit or loss and the carrying value of the asset reduced by the amount of the loss.

A reversal of an impairment loss on intangible assets (excluding goodwill) or plant and equipment is recognised as it arises provided the increased carrying value does not exceed that which it would have been had no impairment loss been recognised. Impairment losses on goodwill are not reversed.

k) Leases

Contracts to lease assets are classified as finance leases if they transfer substantially all the risks and rewards of ownership of the asset to the Group. Other contracts to lease assets are classified as operating leases.

The Group as lessor
Rental income from operating leases for merchant terminals is charged on a monthly basis.

The Group as lessee
Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised as part of the borrowing cost. Contingent rentals are recognised as expenses in the periods in which they are incurred.

1. Accounting policies (continued)

k) Leases (continued)

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, the aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

l) Provisions

The Company recognises a provision for a present obligation resulting from a past event when it is more likely than not that it will be required to transfer economic benefits to settle the obligation and the amount of the obligation can be estimated reliably.

m) Financial assets

On initial recognition, financial assets are classified as loans and receivables.

Loans and receivables
Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment losses.

n) Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

o) Financial liabilities

On initial recognition financial liabilities are classified at amortised cost.

Amortised cost
Other than derivatives, which are recognised and measured at fair value, all other financial liabilities are measured at amortised cost using the effective interest method. Finance costs are included in the effective interest rate calculation.

p) Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives
Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit and loss.

1. Accounting policies (continued)

q) Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or when it has been transferred to another entity along with substantially all the risks and rewards of the asset.

A financial liability is removed from the balance sheet when the obligation is discharged, or cancelled, or expires.

r) Merchant float, scheme debtors and merchant creditors

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

Merchant float represents surplus cash balances that the Group holds on behalf of its merchants when the incoming amount from the card schemes/networks precedes the merchants' funding obligation. The funds are included as cash and cash equivalents and held in a fiduciary capacity.

Scheme debtors consist primarily of (i) the Group's receivable from the card schemes/networks for transactions where it has funded merchants on behalf of the merchants in advance of receipt of card association funding, and (ii) the Group's receivable from the card schemes/networks for transactions processed on behalf of merchants where it is a Member of that particular scheme/network, and (iii) other net receivables from the schemes.

Merchant creditors consist primarily of (i) the Group's liability to merchants for transactions that have been processed but not yet funded where it is a Member of that particular scheme/network, (ii) the Group's liability to the merchants for transactions for which it has received funding from the Members under the sponsorship agreement but have not funded merchants on behalf of the Members, (iii) Exception items, (iv) Merchant Reserves, and (v) the fair value of the Group's guarantees of customer chargebacks.

s) Cash and cash equivalents

Cash and cash equivalents comprises cash, merchant float, 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.

t) Netting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, there is a legally enforceable right to set off the recognised amounts; and intent either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The entity is party to a number of arrangements, including master netting agreements, that give it the right to offset financial assets and financial liabilities but where it does not intend to settle the amounts net or simultaneously and therefore the assets and liabilities concerned are presented gross.

u) Treasury shares

The consideration for any ordinary shares of the company purchased by a group company ("Treasury Shares") is deducted from equity. On the cancellation of treasury shares their nominal value is removed from equity and any excess of consideration over the nominal value is treated in accordance with capital maintenance provisions as required by law. 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.

1. Accounting policies (continued)

v) Accounting developments

Adoption of new and revised standards
The following IFRS have been issued during the financial period ended 31 December 2011 however do not become effective until future accounting periods:

The IASB issued IFRS 9 'Financial Instruments' in October 2010 simplifying the classification and measurement requirements in IAS 39 'Financial Instruments: Recognition and Measurement' in respect of financial assets and liabilities. The standard reduces the measurement categories for financial assets to two: fair value and amortised cost while keeping categories for liabilities broadly the same. Only financial assets with contractual terms that give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and which are held within a business model whose objective is to hold assets in order to collect contractual cash flows are classified as amortised cost. All other financial assets are measured at fair value with changes in value generally taken to profit or loss. The IASB will add impairment and hedging requirements to the standard before it becomes effective for annual periods beginning on or after 1 January 2013; early application is permitted. The Group is currently assessing the impact.

IFRS 10, Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group is yet to assess IFRS13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2012, subject to endorsement by the EU.

2. Critical accounting estimates and judgements
The reported results of the Group for the financial period to 31 December 2011 are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. IFRS requires the Managers, in preparing the Group's financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. In the absence of an applicable standard or interpretation, IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', requires management to develop and apply an accounting policy that results in relevant and reliable information in the light of the requirements and guidance in IFRS dealing with similar and related issues and the IASB's Framework for the Preparation and Presentation of 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.

2. Critical accounting estimates and judgements (continued)

Fair value of assets acquired

Allocation of the purchase consideration was undertaken to determine the fair value of the fixed and intangible assets acquired. The intangible assets acquired include Brands, Customer lists, and Technology assets including the software that forms the processing platform. Fixed assets acquired include merchant terminals. The key assumptions used to determine the fair values were:

Other Intangibles	Method	Key Assumptions
Brands	Relief from royalty	Royalty rates ranging from 0.50%-0.75% Useful economic life of 3-25 years Discount rates ranging from 10.5%-12.0%
Customer relationships	Excess earnings	Growth rates up to 2% Discount rates ranging from 10.5%-18.0%
Technology	Relief from royalty	Royalty rates ranging from 5.0%-8.0% Useful economic life of 4 years Discount rates ranging from 10.5%-12.0%

Fixed assets were valued using a replacement cost method.

The carrying amount of fixed assets and identified intangible assets at 31 December 2011 was £61m and £757m respectively.

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 a weighted average growth rate of between 3.5% and 4.2% over 4 years and a terminal value of 2.0%. The discount rate used is between 10.5% and 14.0%.

The carrying amount of goodwill at 31 December 2011 was £1,157m. No impairment loss was recognised during the financial period. Details of the impairment assumptions are set out in note 9.

Income and deferred taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Trade receivables impairment provisions

The Group's trade receivables impairment provisions are established to recognise incurred impairment losses in its trade receivables balance. A trade receivable is impaired when there is objective evidence that events since the trade receivable was created have affected expected cash flows from the trade receivable. The impairment loss is the difference between the carrying value of the trade receivable and the present value of estimated future cash flows at the trade receivable's original effective interest rate.

At 31 December 2011, gross trade receivables totalled £235m and trade receivables impairment provisions amounted to £18m.

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. Black's model is a financial valuation methodology commonly used by market participants to value derivative financial instruments. The inputs of that model are the terms of the option (strike, maturity and notional) and market inputs such as interest rates and volatility.

3. Revenue

	2011 £m
Transaction service charges	3,082
Terminal fees	51
Float income	3
Foreign exchange charges	73
Other	44
	3,253

4. Staff Costs

The average number of employees was:

	2011
Staff	2,943
Contractors	114
	3,057

The aggregate remuneration (including company managers) comprised:

	2011 £m
Wages & salaries, including redundancy costs	149
Pensions	4
Social security	12
	165

Managers' emoluments

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

5. Finance costs

Interest expense arising from:	2011 £m
Effective interest on borrowings	113
Other finance costs	15
Preference shares	32
	160

Interest expense arises from the Group's borrowings (note 16) that include external third-party loans and draw-down facilities, and the issue of preference shares to the Company's parent entity.

The cost of funding preference shares is accrued against the carrying value of the preference shares in accordance with the terms of the preference shares issued (note 16).

6. Auditor remuneration

	2011 £'000
Fees payable to the Group's auditor for the audit of the Group's annual report and accounts	1,269
Fees payable to the Group's auditor and its associates for other services:	
- Tax advisory services	487
- Other assurance services	205
- Other non-audit services	-
	1,961

7. Operating profit

Operating profit is stated after charging/(crediting):	2011 £m
Depreciation of plant and equipment	22
Amortisation of intangible assets	99
Operating lease costs: land and buildings	10
Impairment of plant and equipment	1
Foreign exchange gains	(2)

8. Tax

	2011 £m
Current taxation:	
UK corporation tax charge for the financial period	13
Foreign corporation tax charges	8
	21
Deferred taxation:	
UK credit for the financial period	(30)
Foreign credit for the financial period	(7)
	(37)
Tax credit for the financial period	(16)

The actual tax charge differs from the expected tax charge computed by applying the average UK corporation tax of 26.6% as follows:

	2011 £m
Expected tax credit	(22)
Non deductible items	28
Losses brought forward	(1)
Deferred tax rate change	(12)
Deferred tax not recognised	(9)
Actual tax credit for the financial period	(16)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Goodwill and other intangible assets

2011	Goodwill £m	Customer relationships £m	Brands £m	Computer software £m	Total other intangible assets £m
Cost					
At 28 July 2010	-	-	-	-	-
Acquisitions (note 25)	1,157	723	20	87	830
Additions	-	-	-	26	26
At 31 December 2011	1,157	723	20	113	856
Accumulated amortisation					
At 28 July 2010	-	-	-	-	-
Acquisitions	-	-	-	-	-
Charge for the financial period	-	(75)	(2)	(22)	(99)
At 31 December 2011	-	(75)	(2)	(22)	(99)
Net book value					
At 31 December 2011	1,157	648	18	91	757

The following useful lives are used in the calculation of amortisation:

Customer relationships and brands - up to 25 years
Computer software - up to 4 years

Amortisation cost is included in operating expenses.

Goodwill is not subject to amortisation but is tested annually for impairment. The carrying amount of goodwill allocated to cash-generating units and the key assumptions used for impairment calculations, are as follows:

	2011 £m	Gross Margin £m	Growth rate %	Discount rate %
Streamline	617	120	3.35	10.6
E-Commerce (including Envoy)	261	121	3.34	11.5
WorldPay US	201	62	3.46	11.0
Cardsave	78	13	7.15	14.0
	1,157			

The recoverable amount of goodwill recognised for each cash-generating unit is determined based on value in use calculations which use cash flow projections covering a four-year period incorporating the above assumptions that are used in financial budgets approved by the managers. Cash flows beyond that four-year period have been extrapolated using a steady 2% per annum growth rate. 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 recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

10. Plant and equipment

2011	Terminals £m	Leasehold Improvements £m	Computers and Office Equipment £m	Total £m
Cost				
At 28 July 2010	-	-	-	-
Acquisitions (note 25)	28	11	23	62
Additions	10	-	13	23
Disposals	(1)	(1)	(2)	(4)
At 31 December 2011	37	10	34	81
Accumulated depreciation				
At 28 July 2010	-	-	-	-
Charge for the financial period	(12)	(1)	(9)	(22)
Disposals	1	1	1	3
Impairment	(1)	-	-	(1)
At 31 December 2011	(12)	-	(8)	(20)
Net book value				
At 31 December 2011	25	10	26	61

The following useful lives are used in the calculation of depreciation:

Terminals	3-5 years
Leasehold improvements	5-15 years
Computers and office equipment	4-5 years

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:

2011	Within 1 year £m	Between 1 and 5 years £m	After 5 years £m	Total £m
Terminal rentals	11	9	-	20

11. Deferred tax

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

	2011 £m
Deferred tax assets:	
- to be recovered within 12 months	-
- to be recovered after more than 12 months	(3)
	(3)
Deferred tax liabilities:	
- to be recovered within 12 months	14
- to be recovered after more than 12 months	185
	199
Net deferred tax liabilities	196

11. Deferred tax (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

	Deferred capital allowances	Intangibles	Total
	£m	£m	£m
At 28 July 2010	-	-	
Acquisition (note 25)	-	233	233
Charge to statement of comprehensive income	(3)	(34)	(37)
At 31 December 2011	(3)	**199**	**196**

The majority of deferred tax liabilities arise from the establishment of intangible assets at the time of acquisition and recognises the tax benefit that would be available if the related amortisation had been eligible for tax relief.

During the year, the relevant deferred tax balances have been re-measured as a result of the change in the UK main corporation tax rate to 26%, which was substantively enacted on 29 March 2011; and to 25%, which was substantively enacted on 5 July 2011. Accordingly a 25% rate has been used to calculate the deferred tax balances as at 31 December 2011.

Further reductions to the UK corporation tax rate were announced in the March 2011 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

12. Trade and other receivables

	2011
	£m
Trade receivables	217
Prepayments and accrued income	18
Other receivables	63
	298

	2011
	£m
Gross trade receivables	235
Impairment provisions	(18)
Trade receivables	217

Movement in impairment provisions:

	2011
	£m
At 28 July 2010	-
Provision on acquisition	15
Impairments provided in the period	6
Impairment losses recognised	(3)
At 31 December 2011	18

12. Trade and other receivables (continued)

Analysis of impaired financial assets:

	Cost	Provision	2011 Net book value
	£m	£m	£m
Trade receivables	18	(18)	-

The following trade receivables were past due at the balance sheet date but not consider impaired:

	Past due 0-3 months	Past due 3 mths-1yr	Past due > 1 year	Total
	£m	£m	£m	£m
At 31 December 2011	22	4	11	37

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customers being unrelated. Accordingly the managers believe that no further credit provision is required in excess of the allowance for doubtful debts. The managers consider that the carrying amount of trade and other receivables approximates to their fair value.

13. Cash and cash equivalents

	2011
	£m
Cash balances	684

Cash balances include merchant float of £548m that represents bank accounts used in the clearing of merchant funds.

14. Trade and other payables

	2011
	£m
Trade payables	37
Accruals and deferred income	65
Other liabilities	25
	127

15. Current tax liabilities

	2011
	£m
Current tax - UK	6
Current tax - foreign	3
	9

16. Borrowings

	Current	Non-Current	2011 Total
	£m	£m	£m
Senior debt	20	853	873
Subordinated debt	-	302	302
Bilateral facility	5	-	5
Preference shares	-	258	258
	25	1,413	1,438

Senior and subordinated borrowings are syndicated floating rate loan notes that were issued at a coupon rate of LIBOR + 4.5% and 6.0% respectively, with a minimum LIBOR rate of 1.75% and 2.00% respectively. These amounts were refinanced during the reporting period so that the borrowings now pay a coupon rate of LIBOR + 4.0% and 6.0% respectively, with a minimum LIBOR rate of 1.25% and 2.00% respectively. The senior facilities have remaining maturity periods between 5 and 6 years and the subordinated facilities have remaining maturity periods not exceeding 8 years. The weighted average effective interest rates on the senior and subordinated debt are 7.5% and 9.1% respectively.

The Group caps interest rate risk at 5% upon the senior debt using a derivative contract. The outstanding balance is adjusted for fair value movements in the contract.

The bilateral facility funds are drawn and held in an escrow account for Visa with a maturity date on 28 March 2012.

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying value	Fair value
	£m	£m
Senior	853	940
Subordinated	302	326
Preference shares	258	258
	1,413	1,524

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on the early-repayment penalty of 1% for senior borrowings and 2% for subordinated borrowings.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2011
	£m
GBP	1,119
EUR	90
USD	229
	1,438

Other borrowing facilities available to the Group include a revolving facility of £75m and a capital acquisition revolver ("CAR") facility of £75m both of which remain undrawn at period end. Facility fees of 1.6% per month are paid to the provider and are included as financing costs in the statement of comprehensive income.

16. Borrowings (continued)

Preference shares ("Preferred Equity Certificates") issued by Ship Luxco Holding & CY S.C.A. to its parent entity have the characteristics of, and are classified, as liabilities:

	Interest bearing £m	Yield-free £m	Total £m
At 28 July 2010	-	-	-
Certificates issued 30 November 2010 [1]	99	200	299
- Discount to par	-	(81)	(81)
Certificates issued 20 December 2010 [2]	2	3	5
- Discount to par	-	(1)	(1)
Certificates issued 27 July 2011 [3]	2	3	5
- Discount to par	-	(1)	(1)
Accrued interest expense	18	14	32
In issue at 31 December 2011	121	137	258

[1] The WorldPay acquisition included £164m non-cash consideration, of which £60m is preference shares.
[2] The tranche of preference shares were issued for cash consideration.
[3] The Envoy acquisition included £14m of loan note consideration that was converted into £5m preference shares and £9m cash consideration.

Interest bearing preference shares are subject to 15% p.a. coupon that is accrued as additional amounts due to the parent company. No discount is applied as the par value equates to the fair value of the instrument.

Yield-free preference shares have a par value of £206m and were issued at a fair value of £123m. The discounted fair value will accrete back to the par value of the instrument over its useful life, estimated to be up to 5 years (equivalent to the Group's senior borrowings), using a discount rate equal to the Group's weighted average cost of capital of 10.5%.

The £83m fair value discount to par value of the yield-free preference shares is classified as a capital contribution (note 22).

17. Provisions

	2011 £m
Balance at 28 July 2010	-
Additions	7
Write-backs	-
Currency translation differences	-
Balance at 31 December 2011	7

Provisions relate to projected chargeback debtor balances that are anticipated to be incurred within one year in relation to merchant accounts that have been fully provided (note 12).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Commitments and contingent liabilities

At 31 December 2011, the Group had obligations to make non-cancellable operating lease payments as follows:

2011	Within 1 year £m	Between 1 and 5 years £m	After 5 years £m	Total £m
Land and buildings	7	15	-	22

As at 31 December 2011, each material company within the Group (being Ship Luxco 3 S.à r.l., Ship Holdco Limited, Ship Midco Limited, Ship Submidco Limited, WorldPay (UK) Limited, WorldPay eCommerce Limited, WorldPay Limited (Jersey), WorldPay Ltd (UK), Ship US Holdco, Inc and WorldPay US, Inc (together the "Material Companies" and each an "Material Company")) has (a) guaranteed, to the extent possible by way of upstream, cross stream and downstream guarantees, each other Material Companies 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 or liabilities due, owing or incurred by each Material Company and Ship Luxco 3 S.à r.l.'s immediate parent company, Ship Luxco 2 S.à 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 on 26 July 2011 and the other facilities provided to the WP group at the time of the WorldPay acquisition in 2010 for the Groups general corporate and working capital purposes and for planned capital expenditure, acquisitions and restructuring requirements of the group.

As at 31 December 2011, Envoy Services 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 2011, 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.

The acquisition of Cardsave included deferred consideration payable to the former shareholders of the Company that remained in employment at the Group following the acquisition. The amounts will become payable upon the Company achieving certain EBITDA targets for the 3 years ending 31 December 2014. As the deferred consideration is subject to the individuals remaining in the employment of the Group, it forms a part of their post-acquisition remuneration.

The potential amount of all future payments that the Group could be required to make under this agreement is between £4.4m and £16.3m.

19. Financial instruments

The following tables analyse the Group's financial assets and liabilities in accordance with the categories of financial instruments in IAS 39 "Financial Instruments, Recognition and Measurement". Assets and liabilities outside the scope of IAS 39 are shown separately.

2011	Loans and receivables £m	Amortised cost £m	Fair value £m	Total £m
Assets				
Goodwill	-	1,157	-	1,157
Intangible assets	-	757	-	757
Plant and equipment	-	61	-	61
Deferred tax asset	-	3	-	3
Trade and other receivables	280	18	-	298
Scheme debtor	1,107	-	-	1,107
Cash and cash equivalents	684	-	-	684
	2,071	1,996	-	4,067
Liabilities				
Trade and other payables	-	(127)	-	(127)
Merchant creditors	-	(1,726)	-	(1,726)
Current and deferred tax	-	(208)	-	(208)
Borrowings	-	(1,438)	-	(1,438)
Provisions	-	(7)	-	(7)
	-	(3,506)	-	(3,506)
Equity				(561)
				(4,067)

Other than Borrowings (note 16) there are no material differences between the carrying value and fair value of the financial instruments.

20. Financial risk management

The Group uses a comprehensive framework for managing financial risks as established by the Group. The risks associated with the Group are as follows:

Credit risk

The predominant credit risk to WorldPay is in relation to Chargebacks that arise where customers may not have received the goods or services for which they have paid and seeks recompense from the card issuer. Whilst the financial responsibility for a chargeback lies with the merchant, in the event that the merchant is no longer in business, WorldPay has a joint and several liability for supply of the goods or services under the card scheme rules. If the goods or services cannot be provided, WorldPay is obliged to meet the cost of the chargeback raised. Separately chargebacks can also arise for fraudulent reasons.

WorldPay is additionally exposed to the risk of unpaid merchant service charges ("MSC") where a customer ceases to trade. To manage these risks, the Group maintains credit risk exposure in line with approved appetite for the risk whilst achieving appropriate risk versus reward performance and ensuring that customers will be able to meet their obligations to the Group.

20. Financial risk management (continued)

The key principles of the Group's Credit Risk Management Framework are set out below:

- All applicants for card and alternative payment processing facilities are assessed for credit risk purposes as part of the application process and appropriate limits are approved and allocated to merchants. Assessment includes a review of, amongst other things, the nature of the merchant's business activity, legal capacity of the merchant to enter into the proposition, the legal and reputational risks associated with the merchant, the management quality of the business, sensitivity to economic and market developments and risk-adjusted return.

- Approval of all credit exposures is granted, prior to promoting to live, any card or alternative payment processing facilities.

- Credit risk authority is delegated by the Board of Managers and specifically granted in writing to all individuals involved in the granting of credit approval. In exercising credit authority, these individuals act independently of any related business revenue origination.

- All credit exposures, once approved, are effectively monitored, reviewed and managed periodically against the individual approved limits throughout the facility lifecycle. Lower quality exposures are subject to a greater frequency of analysis and review with prompt remediation action taken where considered appropriate.

Credit quality

Internal reporting and oversight of risk assets is principally differentiated by credit grades. Merchants are assigned credit grades, based on various credit grading models, overlaid with expert opinion for large exposures that reflect the key drivers of default for the customer type. All credit ratings across WorldPay map to a master asset quality scale, expressed as an annual probability of default.

Counterparty risk

Counterparty risk relates to funds which through the course of payments business are held with banks throughout a number of geographies. This includes Eurozone where risk is monitored by country and bank counterparty. The Group minimises cash held at a number of banks, moving cash to main banking relationships to mitigate financial risk, and undertakes an annual credit review process which assesses the credit risk of each bank and the ongoing strategic need to maintain relationships with individual banks.

Liquidity risk

WorldPay has a short-term cash cycle arising from the payments business where schemes (Visa and MasterCard) remit cash within 3 days, and WorldPay pay merchants from these remittances. To ensure timely payments, WorldPay have an Intra-Day Agreement facility of £1.4bn which provides capacity to pay merchants in the event of non-settlement by card schemes.

Following the sale from Royal Bank of Scotland in 2010, WorldPay's liquidity has grown from operating cash flows, which have funded ongoing operations, capital expenditures and debt servicing. Liquidity requirements are monitored to ensure sufficient cash is available to meet commitments and to ensure cash placement minimises costs. Surplus cash held by operating entities over and above requirements for working capital management is utilised within the Group on a short term basis.

WorldPay have undrawn credit facilities provided:
- £75m Revolving Credit Facility available in GBP, USD, and EUR.
- £75m Capital Acquisition and Refinancing facility for capital expenditure.

Neither of these facilities have been utilised through 2011.

20. Financial risk management (continued)

Interest rate risk

The Group's interest rate risk arises from a mismatch between the interest repricing period of loans and deposits. Borrowings which are reset, generally for short-term periods (less than 1-year), expose the Group to interest rate risk. Two-thirds of borrowings were hedged in March 2011 with interest rate caps to reduce the risk of increasing interest rates. Additionally, floating rate deposits offset risk arising from changing interest rates on the Group's borrowings.

The Group measures interest rate exposure on a dynamic basis. Various interest scenarios are used to assess the potential impact of changing interest rates, for example, the impact of a 100bp change in interest rates would have caused net interest costs to increase by £3m.

Foreign currency risk

Worldpay provides payments services throughout the world, with major operations in United Kingdom, Europe and the US. FX risk is managed at both a Group level (for longer-term asset and liability matching) and transaction level (through the payment settlement cycle).

Foreign currency risk arises from revenue in various currencies in which WorldPay provide settlement to merchants. These revenues are regularly converted to GBP, EUR or USD dependent upon the operating entity. Any FX losses which might otherwise arise from timing differences between receipt and posting of payments to merchants are mitigated through premiums to cover possible FX volatility.

WorldPay has borrowing in GBP, EUR, and USD. Over time the profits generated in these currencies will reduce the net currency borrowing in these three currencies. Interest and principle payments for these loans are covered through business as usual cashflows without the need to cover from alternate currencies. Wherever possible, surplus cash is used in each of the currencies to make payments to avoid unnecessary transaction fees and FX risk.

A simultaneous 10% adverse change in the USD and EUR foreign exchange rates at year end would have resulted in a £25m charge.

21. Share capital

Ordinary and management shares in the Company were initially issued at a 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.

	Nominal Value (£)	**Number of shares**	**2011 £'m**
At 28 July 2010			-
Ordinary shares:			
- issued 28 July 2010	0.01	2,600,000	-
- issued 19 November 2010	0.01	500,000	-
- converted 19 November 2010	0.01	(200)	-
- converted 25 November 2010	0.01	(3,099,800)	-
		-	-
Management shares:			
- converted 19 November 2010	0.01	200	-
- converted 25 November 2010	0.01	(200)	-
		-	-

(continued on following page)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Share capital (continued)

(continued from prior page)	Nominal Value (£)	Number of Shares	2011 £'m
Ordinary shares			
A shares:			
- converted 25 November 2010	1.00	30,998	-
- issued 25 November 2010	1.00	5,873,740	6
- issued 1 April 2011	1.00	117,154	-
- issued 27 July 2011	1.00	122,949	-
Total A shares		6,144,841	6
B shares:			
- issued 30 November 2010	1.00	1,475,262	1
- issued 1 April 2011	1.00	29,270	-
Total B shares		1,504,532	1
C shares:			
- issued 30 November 2010	1.00	820,000	1
- remaining shares held by the Employee Benefit trust at 31 December 2011	1.00	(155,390)	-
Total C shares		664,610	1
Total ordinary shares in issue		8,313,983	8
Management shares in issue:			
- converted 25 November 2010	1.00	2	-
At 31 December 2011		**8,313,985**	**8**

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

The C shares are issued to an Employee Benefit Trust ("EBT") in order to facilitate management's investment in the Group. As the EBT exists for solely the benefit of the Group, the EBT is consolidated in accordance with SIC 12. At period end, a total of 155,390 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 ordinary shares participate in the aggregate distributable net proceeds received to a different extent depending on the achieved return on investment.

The holders of preference shares are not entitled to dividends and do not vote at meetings of the Company. The Company has issued both cumulative redeemable preference shares and yield-free preference shares to its A and B shareholders that are classified as loans and included in Borrowings (note 16).

22. Reserves

	Capital contribution £m	Foreign currency translation £m	Retained earnings £m
At 28 July 2010	-	-	-
Funding provided for the acquisition of WorldPay	532		
Yield-free preference shares	83	-	-
Credit/ (charged) in the period	-	1	(63)
At 31 December 2011	615	1	(63)

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 16) where the fair value of the preference shares are issued at a discount to their par value.

23. Capital resources

The Company's capital consists of equity comprising issued share capital, capital contribution and retained earnings. The regulated entities within the Group are required to maintain minimum regulatory capital as detailed in the FSA Payment Services Directive.

24. Related parties

The Group's ultimate holding company is Ship Investor & Cy S.C.A. incorporated and registered in Luxembourg, which is also its 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 retains an 17.76% holding in the Group as well as representation on the Board.

As at 31 December 2011, Ship Investor & Cy S.C.A. heads the largest Group in which the Company is consolidated with this being the smallest Group in which the Company is consolidated.

The Statement of Comprehensive Income impact for the financial period ended 31 December 2011 are set out in the table below:

Sales revenue from related parties	2011 £m
RBS Group companies	59

Purchases from related parties	2011 £m
Advent International	2
Bain Capital	2
RBS Group companies	40
	44

24. Related parties (continued)

Balances with Group companies as at 31 December 2011 are set out in table below:

Amounts due from related parties	2011 £m
RBS Group companies	1

Amounts due to related parties	2011 £m
RBS Group companies	5

Cash and cash equivalents held with related parties	2011 £m
RBS Group companies	210

In addition to the transactions and balances noted above, during the period from the 1 December 2010 to 30 November 2011, RBS were the "Acquirer of Record" with all CardSchemes following the Group's separation. As a result of CardScheme regulations all related funds were therefore retained in RBS clearing bank accounts. The Acquirer of Record was then transferred for UK and Europe, with a CardScheme agreed approach for all other countries, enabling related funds to be deposited and managed by the Group from 1 December 2011. Interest arising on these funds, whether held in RBS or WorldPay bank accounts during the financial period, accrues to the Group as float income (note 3).

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 comprise managers of the Company and members of the Group Executive Management Committee. The emoluments of the managers of the Company are met by the Group.

The Managers of the Company do not receive remuneration for specific services provided to the Company. The remuneration of the Group Executive Management Committee is set out below:

	2011 £m
Basic salary and bonus	5
Pensions and social security	1
Termination benefits	1
	7

25. Acquisitions

A) On 30 November 2010 the Group acquired the following businesses from the Royal Bank of Scotland ("RBS") Group :

Businesses / subsidiaries acquired	Principal activity	Voting rights acquired
Streamline	Merchant acquirer and processor, with mail and telephone order capabilities in the UK and Ireland	Net assets and trade
WorldPay Limited ("E-Commerce")	Provider of on-line payment processing solutions	100%
WorldPay US	Merchant acquirer and processor, and ATM off-premise acquirer and processor, in the USA	100%

The following table summarises the consideration paid for the subsidiaries acquired, the fair value of assets acquired, and liabilities assumed at the acquisition date:

	Streamline £m	E-Commerce £m	WorldPay US £m	**Total** £m
Consideration	1,033	400	356	1,789

The total consideration is settled through the issue of preference shares of £20m, yield-free preference shares of £40m, and the issue of £104m of ordinary shares, £571m paid in cash, and the remainder being net settled through the borrowings arrangements.

Recognised amounts of identifiable assets acquired and liabilities assumed:

	Streamline £m	E-Commerce £m	WorldPay US £m	**Total** £m
Assets				
Intangible assets	373	245	161	779
Plant and equipment	32	6	15	53
Trade and other receivables	11	76	7	94
Merchant debtors	131	-	58	189
Scheme debtor	-	-	140	140
Cash and cash equivalents	37	108	82	227
Total assets	584	435	463	1,482
Liabilities				
Trade and other payables	(74)	(65)	(27)	(166)
Merchant creditors	-	(108)	(222)	(330)
Deferred tax liability	(94)	(66)	(59)	(219)
Provisions	-	(1)	-	(1)
Total liabilities	(168)	(240)	(308)	(716)
Net assets acquired	416	195	155	766
Goodwill	617	205	201	1,023

The goodwill arising is not expected to be deductible for income tax purposes.

The transaction costs incurred of £45m were included in administrative expenses.

25. Acquisitions (continued)

B) During the financial period the Group acquired the following businesses:

Subsidiaries acquired	Principal activity	Date of Acquisition	Voting rights Acquired
Cardsave Group	Merchant acquisition	20 December 2010	100%
Envoy Group	Alternative payments clearing	27 July 2011	100%

As a result of these acquisitions, the Group is expected to increase its presence in these markets and also expects to reduce costs through economies of scale. The goodwill of £78m and £56m arising is not expected to be deductible for income tax purposes.

The following table summarises the consideration paid for the subsidiaries acquired, the fair value of assets acquired, and liabilities assumed at the acquisition date:

	Cardsave £m	Envoy £m
Consideration	71	74

The consideration for the Cardsave acquisition was settled in full in cash. The consideration for the Envoy acquisition was settled by £61m cash and £13m loan notes.

Recognised amounts of identifiable assets acquired and liabilities assumed:

	Cardsave £m	Envoy £m
Assets		
Intangible assets - customer relationships	34	17
Plant and equipment	6	3
Trade and other receivables	2	5
Cash and cash equivalents	4	3
Total assets	46	28
Liabilities		
Trade and other payables	(5)	(5)
Other liabilities	(2)	-
Borrowings	(37)	-
Deferred tax liability	(9)	(5)
Total liabilities	(53)	(10)
Net (liabilities)/assets acquired	(7)	18
Goodwill	78	56

The transaction costs incurred for the Cardsave and Envoy acquisitions of £3m and £4m respectively were included in administrative expenses.

26. Group entities

The following table lists the Group's significant subsidiaries:

Consolidated companies	Country of incorporation	Nature of Business	2011 % interest
Ship Midco Limited	United Kingdom	Holding company servicing Group debt	100
WorldPay (UK) Limited	United Kingdom	Provision of terminal card payment clearing services	100
WorldPay eCommerce Limited	United Kingdom	Holding company servicing Group debt	100
WorldPay Limited	United Kingdom	Provision of on-line card payment clearing services	100
WorldPay US Inc (Georgia)	United States	Provision of terminal card payment clearing and ATM services	100
Cardsave Group Limited	United Kingdom	Provision of merchant terminals and related membership services	100
Envoy Services Limited (Group)	United Kingdom	Provision of alternative card payment clearing services	100

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

27. Subsequent events

In February 2012 the Group announced a limited programme of restructuring at its Harrogate operations that has led to 79 staff redundancies; the estimated cost of this restructuring is £4.9m.