Company Registration No. 3424752

WORLDPAY LIMITED

Report and Financial Statements

31 December 2005

(- 31-Oct-06)
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WORLDPAY LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Jamieson
R Kalifa
P D Archer

SECRETARY

C G Bramley

REGISTERED AND HEAD OFFICE

WorldPay House
Science Park
Milton Road
Cambridge

PRINCIPAL OPERATING OFFICE

Units 270-289
The Science Park
Milton Road
Cambridge
CB4 0WE

LEGAL ADVISORS

Norton Rose
Kempson House
Camomile Street
London EC3A 7AN

BANKERS

NatWest Bank plc
Kings Parade Branch
10 Benet Street
Cambridge
CB2 3PU

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Cambridge

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITY

The principal activity of the company is providing the approval, technology and services to enable merchants to accept payment via credit and debit card and other payment methods.

BUSINESS REVIEW

The company is a wholly owned subsidiary of the Royal Bank of Scotland Group Plc.

The retained profit for the year was £6,954,000 (2004 - £4,744,000) and this was transferred to reserves.

The directors do not recommend the payment of a dividend in respect of the year (2004 - £nil).

The directors do not anticipate a material change in the type of activities of the company, but expect the level of transactions to increase.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The financial statements for the year ended 31 December 2005 are presented, for the first time, in accordance with the Company's accounting policies based on International Financial Reporting Standards ("IFRS") as adopted by the European Union.

WorldPay Limited previously prepared its financial statements under UK Generally Accepted Accounting Practice ("UK GAAP"). Comparative financial statements for the year ended 31 December 2004 have been restated under IFRS.

DIRECTORS AND SECRETARY

The present directors and secretary, who served throughout the year are listed on page 1.

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS

Directors' and executive interest in share options for the year ended 31 December 2005

The following directors were beneficially interested in the ordinary shares of WorldPay Limited:

	At 1 January 2005	At 31 December 2005
R Kalifa	3,566	7,771
R Jamieson	1,590	1,726
P D Archer	969	1,423

Options to subscribe for ordinary shares of 25p each in The Royal Bank of Scotland Group plc granted to and exercised during the year by the following directors of the company are:

	At 1 January 2005	Granted during the year		Exercised during the year		At 31 December 2005
		Options	Price	Options	Price	
R Kalifa	34,255	8,892	17.29	2,689	4.42	40,458
R Jamieson	300	3,045	17.29	-	-	3,345
P D Archer	300	-	-	-	-	300

No director had an interest in any of the preference shares of The Royal Bank of Scotland Group plc during the year ended 31 December 2005.

Other than as disclosed, none of the directors in office at 31 December 2005 held any interest in the share or loan capital of the company or any other group company.

RESEARCH AND DEVELOPMENT

The company incurred a total of £1,268,765 (2004 - £767,373) in development costs during the year. These have been written off to the profit and loss account.

SUPPLIER PAYMENT POLICY

The company follows the policy and practice on payment of creditors determined by the Royal Bank of Scotland Group plc ("RBS Group"), as outlined below:

The company is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is the company's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as may be agreed.

DIRECTORS' REPORT (Continued)

EMPLOYEE COMMUNICATIONS

The RBS Group encourages employee involvement through a process of communication and consultation. This involves internal communication through a corporate Intranet, an in-house magazine, team meetings led by line managers, briefings held by senior managers and regular dialogue with employees and employee representatives.

EMPLOYEE CONSULTATION

The importance the RBS Group places on consultation with employees is evidenced by its annual, Group-wide staff opinion survey, which seeks views and feedback on a variety of key topics.

DIVERSITY

The RBS Group is committed to recognising diversity in all areas of recruitment, employment training and promotion. The group's business model is based on meritocracy and inclusiveness, which allows all employees to develop their full potential irrespective of their race, gender, marital status, age, disability, religious belief, political belief or sexual orientation.

In 2005 the company participated in a number of programmes and activities in support of its approach to diversity and good people management.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.

R Kalifa

R Kalifa

Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements. The directors have elected to prepare financial statements for the company in accordance with International Financial Reporting Standards (IFRS). Company law requires the directors to prepare such financial statements in accordance with IFRS and the Companies Act 1985.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which comply with the requirements of the Companies Act 1985.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLDPAY LIMITED

We have audited the financial statements of WorldPay Limited for the year ended 31 December 2005 which comprise the income statement, the balance sheet, the cashflow statement, the statement of changes in equity and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted for use in the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLDPAY LIMITED (Continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with those IFRSs as adopted for use in the European Union, of the state of the company's affairs as at 31 December 2005 as its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Separate opinion in relation to IFRS

As explained in Note 1 the company, in addition to complying with its legal obligation to comply with IFRSs as adopted for use in the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board. Accordingly, in our opinion the financial statements give a true and fair view, in accordance with IFRSs, of the state of the company's affairs as at 31 December 2005 and of its profit of the year then ended.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Cambridge, UK

Date 31 October 2006

INCOME STATEMENT
Year ended 31 December 2005

Continuing Operations

	Note	2005 £'000	2004 £'000 Restated*
REVENUE	2	40,710	24,423
Gross Profit		40,710	24,423
Other operating income		1,716	834
Administrative expenses		(13,857)	(5,090)
Other operating expenses		(17,759)	(13,324)
OPERATING PROFIT	4	10,810	6,843
Investment revenue	5	-	3
Finance costs	6	(966)	(59)
PROFIT BEFORE TAX		9,844	6,787
Tax on profit on ordinary activities	7	(2,890)	(2,043)
PROFIT FOR THE PERIOD	17	6,954	4,744

All activities derive from the acquisition on 31 March 2004 of the trade; assets and liabilities of WorldPay Limited (incorporated in Jersey) and relate to continuing operations. As such, the profit and loss account for 2004 has not been split between continuing operations and acquisitions, as there was no trading activity before the acquisition.

There are no recognised gains and losses other than as stated in the income statement.

* Restated in accordance with IFRS as per note 22.

BALANCE SHEET
31 December 2005

	Note	2005 £'000	2004 £'000 Restated*
NON CURRENT ASSETS			
Intangible assets	8	2,759	1,942
Property, plant and equipment	9	5,674	2,923
		8,433	4,865
CURRENT ASSETS			
Trade and other receivables	10	13,181	18,001
Cash and cash equivalents	11	75,933	43,566
		89,114	61,567
TOTAL ASSETS		97,547	66,432
CURRENT LIABILITIES	12	(83,823)	(59,256)
NET CURRENT ASSETS		5,291	2,311
NON CURRENT LIABILITIES	14	(1,625)	(2,031)
TOTAL LIABILITIES		(85,448)	(61,287)
NET ASSETS		12,099	5,145
EQUITY			
Share capital	16	50	50
Retained earnings	17	12,049	5,095
TOTAL EQUITY		12,099	5,145

These financial statements were approved by the Board of Directors and authorised for issue on 31 October 2006.

They were signed on its behalf by:

Rnkaifa

* Restated in accordance with IFRS as per note 22.

CASH FLOW STATEMENT
Year ended 31 December 2005

	Note	2005 £'000	2004 £'000 Restated*
Net cash inflow from operating activities	15	37,435	53,007
Investing activities			
Sale of property, plant and equipment		94	9
Purchase of property, plant and equipment		(3,826)	(7,186)
Sale of intangible items		-	18
Payments in respect of internally generated intangible items		(1,336)	(2,285)
Cash flows from investing activities		(5,068)	(9,444)
Financing activities			
Interest received		-	3
Cash flows from financing activities		-	3
Net increase in cash and cash equivalents		32,367	43,566
Cash and cash equivalents 1 January		43,566	-
Cash and cash equivalents 31 December		75,933	43,566

* Restated in accordance with IFRS as per note 22.

STATEMENT OF CHANGES IN EQUITY
31 December 2005

	£'000
Balance at 1 January 2004	401
Net profit for the year	4,744
Balance at 1 January 2005	5,145
Net profit for the year	6,954
Balance at 31 December 2005	12,099

STATEMENT OF CHANGES IN EQUITY
31 December 2004
Restated*

	£'000
Balance at 1 January 2003	-
Net profit for the year	401
Balance at 1 January 2004	401
Net profit for the year	4,744
Balance at 31 December 2004	5,145

* Restated in accordance with IFRS as per note 22.

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) for the first time. The disclosures required by IFRS 1 concerning the transition from UK Generally Accepted Accounting Practice ("UKGAAP") to IFRS are given in Note 22. No material adjustments were made, in adopting IFRS for the first time, to the balance sheet, income statement and cash flow statement.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below:

The financial statements have been prepared on the going concern basis.

Risk in relation to the use of financial instruments

The main risks arising from the Company's financial instruments are credit risk, currency risk and liquidity risk. The Board reviews and agrees policies for managing each of these and they are summarised below. These policies have remained unchanged throughout the year.

Credit Risk

Currently the company does not sell goods or services. Its only exposure to credit risk derives from the investment of surplus cash balances in short term deposits. Investments are restricted to interest bearing deposits with the Royal Bank of Scotland's money market division.

Interest Rate Risk

The company has no financial assets other than cash and cash equivalents. These comprise cash and cash deposits on call.

Currency risk

The Company's principal functional currency is pound sterling (GBP), however, during 2005 and in 2004, the company had both revenue and expenditure in various foreign currencies. The company's policy is to maintain natural hedges, where possible, by matching foreign currency revenue with foreign currency expenditure.

Liquidity risk

The Company's policy throughout the year regarding liquidity has been to maximise the return on funds but to minimise the associated risk by placing funds in low risk cash deposits.

Critical accounting judgements

In the process of applying the company's accounting policies management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Consolidation

The company has not prepared consolidated accounts, as it is a wholly owned subsidiary of The Royal Bank of Scotland Group plc. The accounts therefore present information about the company as an individual entity, and not as a group.

1. ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue represents amounts receivable from the provision of Internet payment services, e-commerce activities and interest earned on transaction funds (during the period between their receipt by WorldPay Limited and their remittance to customers).

Revenues from transaction service charges, consultancy and similar services are recognised as turnover when the services are performed.

Revenues from initial and annual fees and software licences are recognised as turnover rateably over the term of the agreement.

Interest income on transaction funds is recognised as turnover when earned.

Commissions payable and set-up costs

Commissions payable to partners, which market the group's solutions and services, in respect of customers introduced to the group are recognised pro rata to the related revenues derived from those customers. Other costs of obtaining customers and related set up costs are expensed as incurred.

Property, plant and equipment

Property, plant and equipment are stated at their purchase price, including incidental expenses on acquisition. 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:

Computer hardware and software	4 years
Furniture and fittings	10 years

Research and development and advertising expenditure

Research and development and advertising are charged against profits in the period in which it is incurred.

Software development expenditure

In line with IAS 38 an internally generated intangible asset arising from WorldPay Limited's software development is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Intangible assets are amortised on a straight-line basis over three years. Where no intangible asset can be recognised, software development expenditure is recognised as an expense in the period in which it is incurred.

1. ACCOUNTING POLICIES (continued)

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions and events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred asset is regarded as a recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign exchange

The company's financial statements are presented in sterling, which is the functional currency of the company.

Transactions in foreign currencies are translated into sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement except for differences arising on financial liabilities hedging net investments in foreign operations. Non-monetary items denominated in foreign currencies that are stated at fair value are translated into sterling at foreign exchange rates ruling at the dates the values were determined. Translation differences arising on non-monetary items measured at fair value are recognised in the income statement except for differences arising on available-for-sale non-monetary financial assets, for example equity shares, which are included in the fair value reserve in equity unless the asset is the hedged item in a fair value hedge.

Leases

Operating lease rentals are charged to the income statement in equal annual amounts over the lease term.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand 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 changes in value.

1. ACCOUNTING POLICIES (continued)

Pensions and other post-retirement benefits

Contributions to defined contribution pension schemes are recognised in the income statement when payable.

2. REVENUE

All revenue was derived from contracts entered into in the UK and the Channel Islands.

	2005 £'000	2004 £'000 Restated*
Transaction service charges	30,020	18,190
Other fees	8,466	5,353
Interest income on transaction funds	2,224	880
	40,710	24,423

3. STAFF COSTS

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

	2005 No	2004 No Restated*
Operations	159	137
Sales	38	39
Administration	23	26
	220	202

* Restated in accordance with IFRS as per note 22.

3. STAFF COSTS (continued)	2005 £'000	2004 £'000 Restated*
Their aggregate remuneration comprised:		
Wages and salaries	6,858	5,817
Social security costs	584	420
Other pension costs	1,302	25
	8,744	6,262

4. OPERATING PROFIT

	2005 £'000	2004 £'000 Restated*
Operating profit is after charging/(crediting):		
Integration costs	1,241	404
Depreciation of tangible assets	1,044	724
Amortisation of intangible assets	519	343
Profit on sale of tangible assets	(63)	(9)
Rentals payable under operating leases		
Leasehold buildings	705	529
Research and development	1,269	767
Auditors' remuneration		
Audit fees	60	34
Management charges	2,365	2,426
Redundancy costs	-	48

The audit fee for the company was £60,000 (2004 - £34,000) for the year.

Management charges totalling £1,477,000 (2004 - £1,407,000) were paid to WorldPay Inc and WorldPay Pte in the period, which represented a commission payment for an agreed percentage of sales derived from the country of residence of those companies.

Management charges of £888,000 (2004 - £1,019,000) were paid to WorldPay GmbH under an agreement whereby WorldPay Limited will reimburse WorldPay GmbH's costs incurred in the first three years of trading. At the end of this agreement, management charges will be paid on a commission basis similar to those paid to WorldPay Inc and WorldPay Pte.

Integration costs constitute some of the initial costs incurred in the integration of the businesses of Bibit and WorldPay, which commenced in the year.

* Restated in accordance with IFRS as per note 22.

5. INVESTMENT REVENUE

	2005 £'000	2004 £'000 Restated*
Bank interest receivable	-	3

Bank interest receivable above related to interest earned on short-term deposits in respect of funds other than transaction funds. Interest on transaction funds was included within revenue.

6. FINANCE COSTS

	2005 £'000	2004 £'000 Restated*
Foreign exchange loss	802	-
Bank charges	164	59
	966	59

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £'000	2004 £'000 Restated*
Current taxation		
Current year	596	-
Adjustments in respect of prior year	-	(33)
Total current tax	596	(33)
Deferred taxation		
Origination and reversal of timing differences	2,361	2,076
Adjustments in respect of prior year	(67)	-
Tax on profit on ordinary activities	2,890	2,043

* Restated in accordance with IFRS as per note 22.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)

Corporation tax is calculated at 30% of the estimated assessable profit for the year.

The charge for the year can be reconciled to the profit per the income statement as follows:

	2005 £'000	2004 £'000 Restated*
Profit on ordinary activities before tax	9,844	6,787
Tax on profit on ordinary activities at standard rate	2,953	2,036
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	4	40
Capital allowances in excess of depreciation	-	-
Adjustment in respect of prior year	(67)	(33)
Total actual amount of current tax	2,890	2,043

8. INTANGIBLE FIXED ASSETS

	Development Costs 2004 £'000 Restated*
Cost	
At 1 January 2004	-
Additions	2,285
At 31 December 2004	2,285
Amortisation	
At 1 January 2004	-
Charge for the year	(343)
At 31 December 2004	(343)
Net book value	
At 31 December 2004	1,942

8. INTANGIBLE FIXED ASSETS (Continued)

	Development Costs 2005 £'000
Cost	
At 1 January 2005	2,285
Additions	1,336
At 31 December 2005	3,621
Amortisation	
At 1 January 2005	(343)
Charge for the year	(519)
At 31 December 2005	(862)
Net book value	
At 31 December 2005	2,759

9. PROPERTY, PLANT AND EQUIPMENT

	Computer hardware and software £'000	Furniture and fittings £'000	Total £'000
Cost			
At 1 January 2005	5,796	1,381	7,177
Additions	3,542	284	3,826
Disposals	(63)	-	(63)
At 31 December 2005	9,275	1,665	10,940
Depreciation			
At 1 January 2005	3,666	588	4,254
Charge for the year	924	120	1,044
Disposals	(32)	-	(32)
At 31 December 2005	4,558	708	5,266
Net book value			
At 31 December 2005	4,717	957	5,674
At 31 December 2004	2,130	793	2,923

* Restated in accordance with IFRS as per note 22.

10. TRADE AND OTHER RECEIVABLES

	2005 £'000	2004 £'000 Restated*
Amounts receivable within one year:		
Trade receivables	5,650	7,138
Other receivables	-	214
Prepayments and accrued income	358	158
	6,008	7,510
Amounts receivable after more than one year:		
Deferred tax asset (note 13)	-	2,222
Amounts owed by group undertakings	7,173	8,269
	7,173	10,491
	13,181	18,001

11. CASH AND CASH EQUIVALENTS

	2005 £'000	2004 £'000 Restated*
Trust accounts	75,933	43,566

The company receives transactions funds that represent money received from the banking network in respect of the WorldDirect service where the due date for remittance to the customer is after the balance sheet date. Interest earned on these funds is disclosed as part of revenue in note 2.

Trust accounts represent monies held on trust.

The company and NatWest Plc have agreed to co-operate and have joint control (and separate veto rights) over some of WorldPay's funds to develop joint marketing and technical e-commerce initiatives including the direct marketing of the group's e-commerce solutions to the existing customer base of NatWest and the promotion of the joint-branded web site, www.streamline.worldpay.com. Some of these funds have been used to automate the processing links between WorldPay and NatWest and to develop new technologies. As at 31 December 2005 £nil (2004 - £nil) was held under this arrangement. NatWest has the right to require up to £8m to be allocated into this fund on giving 30 days' notice.

Cash in foreign bank accounts are held for merchant settlements.

* Restated in accordance with IFRS as per note 22.

12. CURRENT LIABILITIES

	2005 £'000	2004 £'000 Restated*
Trade payables	2,423	575
Deferred tax (note 13)	74	-
Amounts due to group undertakings	-	488
Amounts due to customers	71,013	51,413
Accruals, deferred income and other creditors	10,313	6,573
Group relief creditor	-	207
	83,823	59,256

The Directors believe that there is no difference between the fair value and carrying value of these liabilities.

13. DEFERRED TAX ASSET

Deferred taxation	£'000
At 1 January 2005	2,221
Acquired from group company	-
Profit and loss account charge in respect of current year	(2,295)
At 31 December 2005	(74)

The amounts of deferred taxation provided in the accounts are as follows:

	Provided 2005 £'000	2004 £'000 Restated*
Capital allowances in excess of depreciation	(56)	201
Other timing differences	487	687
Revenue losses	-	1,915
Intangible assets	(505)	(582)
	(74)	2,221

These deferred tax assets will be recovered when the company makes suitable future taxable profits.

* Restated in accordance with IFRS as per note 22.

14. NON CURRENT LIABILITIES

	Credit note provision £'000	Onerous lease provision £'000	Total £'000
Balance at 1 January 2005	52	1,979	2,031
Released in the year	-	(384)	(384)
Utilised in year	-	(22)	(22)
Balance at 31 December 2005	52	1,573	1,625

The onerous lease provision relates to empty space in WorldPay House. The company is intending to sub-let this space when an appropriate tenant is found, but has made prudent assumptions in respect of the time it will take to find a suitable tenant. The amount released relates to space now utilised by WorldPay.

15. NOTES TO THE CASH FLOW STATEMENT

	2005 £'000	2004 £'000 Restated*
Operating activities		
Operating profit	10,810	6,843
Adjustments for:		
Depreciation and amortisation	1,563	4,597
Profit on disposal of tangible fixed assets	(63)	-
Finance costs	(966)	(59)
(Decrease)/increase in provisions	(406)	2,031
Net cash inflow from operating activities		
Decrease/(increase) in operating receivables less than 1 year	1,502	(7,510)
Decrease/(increase) in operating receivables greater than 1 year	2,735	(9,526)
Increase in operating payables	25,150	58,674
	40,325	55,050
Net cash flows from operating activities before tax		
Income tax/deferred tax paid	(2,890)	(2,043)
Net cash from operating activities	37,435	53,007

* Restated in accordance with IFRS as per note 22.

16. SHARE CAPITAL

	2005 £'000	2004 £'000 Restated*
Authorised		
1,000,000 ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid		
50,000 ordinary shares of £1 each	50	50

17. RETAINED EARNINGS

	£'000
Balance at 1 January 2004	351
Net profit (restated)	4,744
Balance at 1 January 2005	5,095
Net profit for the year	6,954
Balance at 31 December 2005	12,049

18. POST RETIREMENT ARRANGEMENT

The Royal Bank of Scotland Group plc provides a defined benefit pension scheme to employees of WorldPay eligible under RBS terms and conditions. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. The pension cost charge for the year represented contributions payable by the group to money purchase schemes and amounted to £1,302,515 (2004 - £25,000). At 31 December 2005, contributions amounting to £1,289,000 (2004 - £nil) were payable to these schemes and are included in creditors.

Pension costs charge is disclosed at the end of the year.

Refer to the financial statements of The Royal Bank of Scotland Group plc for particulars of the schemes.

* Restated in accordance with IFRS as per note 22.

19. RELATED PARTY TRANSACTIONS

During the year the company has entered into transactions with its ultimate parent company, the Royal Bank of Scotland Group plc and fellow subsidiaries. The relationship with the Royal Bank of Scotland plc is that of an arms length banking relationship, and the bank accounts that WorldPay have with the Royal Bank of Scotland plc have been cash positive throughout the period, and at the period end.

WorldPay have also entered into transactions with other members of the WorldPay group, in providing loans to other Group companies. At the balance sheet date, the amounts owing to WorldPay Limited were as follows: from WorldPay Inc of £2,451,000; from WorldPay Plc of £2,067,000; from WorldPay Pte of £1,761,000 and from WorldPay GmbH of £894,000.

20. ULTIMATE PARENT COMPANY

The company's immediate and ultimate parent and ultimate controlling party, The Royal Bank of Scotland Group plc (incorporated in Great Britain and registered in Scotland) is the smallest and the largest undertaking to consolidate the accounts of the company. Financial statements for The Royal Bank of Scotland Group plc can be obtained from The Royal Bank of Scotland Group plc, 42 St Andrew Square, Edinburgh, EH2 2YE.

21. OPERATING LEASE ARRANGEMENTS

	2005 £'000	2004 £'000 Restated*
Minimum lease payments under operating leases recognised in the income statement for the period	705	529

At 31 December 2005 the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 2005 £'000
Not later than 1 year	705
Later than 1 year but less than 5 years	2,821
Later than 5 years	3,526

* Restated in accordance with IFRS as per note 22.

22. EXPLANATION OF TRANSITION TO IFRS

This is the first year that the company has presented its financial statements under IFRS. The following disclosures are required in the year of transition. The last financial statements under UK GAAP were for the year ended 31 December 2004 and the date of transition to IFRSs was therefore 1 January 2004.

Reconciliation of equity at 1 January 2004 (date of transition to IFRS)

The transition from UK GAAP to IFRS did not impact net equity at 1 January 2004.

Reconciliation of equity at 1 January 2005 (date of last UK GAAP financial statements)

Note		UK GAAP	Effect of transition to IFRS	IFRS
8	Intangible assets	-	1,942	1,942
9	Property, plant and equipment	2,923	-	2,923
	Total non-current assets	2,923	1,942	4,865
10	Trade and other receivables	18,583	(582)	18,001
11	Cash and cash equivalents	43,566	-	43,566
	Total current assets	62,149	(582)	61,567
	Total assets	65,072	1,360	66,432
12	Trade payables	575	-	575
12	Amounts due to group undertakings	488	-	488
12	Amounts due to customers	51,413	-	51,413
12	Accruals, deferred income and other creditors	6,573	-	6,573
12	Group relief payables	207	-	207
14	Credit note provision	52	-	52
14	Onerous lease	1,979	-	1,979
	Total liabilities	61,287	-	61,287
	Total assets less total liabilities	3,785	1,360	5,145
	Issued capital			
16	Share capital	50	-	50
17	Retained earnings	3,735	(582)	3,153
	Restatement for IAS	-	1,942	1,942
	Total equity	3,785	1,360	5,145

22. EXPLANATION OF TRANSITION TO IFRS (Continued)

The table above summarises the IFRS adjustments to the opening balance sheet for the Company as at 1 January 2005. The adjustments made relate to the treatment of software development costs in accordance with IFRS.

Reconciliation of profit at 1 January 2005

Note		UK GAAP	Effect of transition to IFRS	IFRS
2	Revenue	24,423	-	24,423
	Gross profit	24,423	-	24,423
	Other operating income	834	-	834
	Other operating expenses	(13,324)	-	(13,324)
	Administrative expenses	(7,032)	1,942	(5,090)
5	Investment revenue	3	-	3
6	Finance costs	(59)	-	(59)
	Profit before tax	4,845	1,942	6,787
7	Tax expense	(1,461)	(582)	(2,043)
	Net profit	3,384	1,360	4,744

The table above summarises the IFRS adjustments to the income statement for the Company as at 1 January 2005.