

**Company Registration No: 03424752**

**WORLDPAY LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 December 2007**



**Group Secretariat  
The Royal Bank of Scotland Group plc  
Gogarburn  
P.O. Box 1000  
Edinburgh EH12 1HQ**

## **WORLDPAY LIMITED**

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**WORLDPAY LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**  
R Jamieson  
R Kalifa  
P D Archer

**SECRETARY:**  
C G Bramley

**REGISTERED OFFICE:**  
Worldpay House  
Science Park  
Milton Road  
Cambridge

**INDEPENDENT AUDITORS:**  
Deloitte & Touche LLP  
Edinburgh  
United Kingdom

**Registered in England.**

## **WORLDPAY LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31 December 2007

### **ACTIVITIES AND BUSINESS REVIEW**

#### **Activity**

The principal activity of the Company is providing the approval, technology and services to enable merchants to accept and issue payment via credit and debit cards and other payment methods

The Company is a subsidiary of The Royal Bank of Scotland Group plc which provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual reports of The Royal Bank of Scotland Group plc review these matters on a group basis. Copies can be obtained from Group Secretariat, RBS Gogarburn, Edinburgh, EH12 1HQ, the Registrar of Companies or through the Group's web site at [rbs.com](http://rbs.com)

#### **Review of the year**

The directors are satisfied with the operational performance of the company but regret that inter-company lending due from fellow subsidiaries became irrecoverable and subsequently released as a charge to the operational profit. The Company will be guided by its immediate parent company in seeking further opportunities for growth. No dividends have been proposed for the year or the prior period.

The Company's financial performance is presented in the Income Statement on Page 7. At the end of the year, the financial position showed total assets of £105,709k and equity of £19,862k.

The Company is funded by facilities from The Royal Bank of Scotland plc. It seeks to minimise its exposure to external financial risks other than credit risk. Further information relating to risk management is disclosed in Note 20.

### **DIRECTORS AND SECRETARY**

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

## **WORLDPAY LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **DIRECTORS' RESPONSIBILITIES**

The directors are required by the Companies Acts 1985 and 2006 to prepare a directors' report and financial statements for each financial year and have elected to prepare them in accordance with International Financial Reporting Standards as adopted by the European Union. They are responsible for preparing financial statements that present fairly the financial position, financial performance, and cash flows of the Company. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the 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, and to enable them to ensure that the directors' report and financial statements comply with the requirements of the Companies Acts 1985 and 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the directors at the date of approval of this report confirms that

- a) so far as he/she is aware there is no relevant audit information of which the Company's auditors are unaware, and
- b) the director has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and shall be interpreted in accordance with the provisions of section 234ZA of the Companies Act 2006.

#### **DIRECTORS' INDEMNITIES**

In terms of section 236 of the Companies Act 2006, none of the directors have been granted Qualifying Third Party Indemnity Provisions by The Royal Bank of Scotland Group plc.

## **WORLDPAY LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **POLICY AND PRACTICE ON PAYMENT OF CREDITORS**

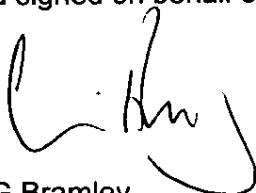
The Company follows the policy and practice on payment of creditors determined by The Royal Bank of Scotland Group plc ('RBSG'), as outlined below

RBSG is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is RBSG'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

#### **AUDITORS**

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors

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



C G Bramley  
Secretary

Date 30 October 2008

## **WORLDPAY LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLDPAY LIMITED**

We have audited the financial statements of Worldpay Limited ('the company') for the year ended 31 December 2007 which comprise the income statement, the balance sheet, the cash flow statement, the statement of changes in equity, and the related Notes 1 to 21. 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 (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and 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 and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements. In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report for the above year and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the directors' report.

## **WORLDPAY LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLDPAY LIMITED (CONTINUED)**

#### **Basis of audit opinion**

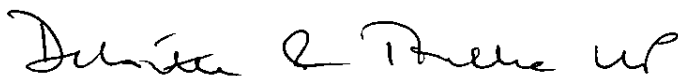
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

#### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Edinburgh, United Kingdom  
30 October 2008



**WORLDPAY LIMITED**

**INCOME STATEMENT**

**For the year ended 31 December 2007**

	<u><b>Note</b></u>	<b>2007 £'000</b>	<b>2006 £'000</b>
Continuing Operations			
<b>Revenue</b>	<b>3</b>	<u>43,907</u>	<u>42,650</u>
<b>Gross Profit</b>		<u>43,907</u>	<u>42,650</u>
Other operating income		1,381	1,591
Administrative expenses		(12,115)	(14,139)
Other operating expenses		<u>(30,644)</u>	<u>(17,855)</u>
<b>Operating Profit</b>	<b>5</b>	<u>2,529</u>	<u>12,247</u>
Finance costs	<b>6</b>	<u>(558)</u>	<u>(452)</u>
<b>Profit before tax</b>		<u>1,971</u>	<u>11,795</u>
Income tax expense	<b>7</b>	<u>(2,126)</u>	<u>(3,877)</u>
<b>Net (loss) / profit after tax</b>		<u>(155)</u>	<u>7,918</u>

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

**WORLDPAY LIMITED****BALANCE SHEET****As at 31 December 2007**

	<u>Note</u>	2007 £'000	2006 £'000
<b>Non Current Assets</b>			
Intangible assets	8	5,756	3,924
Property, plant and equipment	9	6,074	6,541
Deferred tax asset	13	-	409
		<u>11,830</u>	<u>10,874</u>
<b>Current Assets</b>			
Trade and other receivables	10	24,480	14,185
Cash and cash equivalents	11	69,399	74,386
		<u>93,879</u>	<u>88,571</u>
<b>Total Assets</b>		<u>105,709</u>	<u>99,445</u>
<b>Current Liabilities</b>	12	<u>(85,745)</u>	<u>(77,843)</u>
<b>Net Current Assets</b>		8,134	10,728
<b>Non Current Liabilities</b>	13, 14	<u>(102)</u>	<u>(1,585)</u>
<b>Total Liabilities</b>		<u>(85,847)</u>	<u>(79,428)</u>
<b>Net Assets</b>		<u>19,862</u>	<u>20,017</u>
<b>Equity</b>			
Share capital	16	50	50
Retained earnings		<u>19,812</u>	<u>19,967</u>
<b>Total Equity</b>		<u>19,862</u>	<u>20,017</u>

These financial statements were approved by the Board of Directors on 30 October 2008 and signed on its behalf by



**Rohinton Minoo Kalifa**  
**Director**

**WORLDPAY LIMITED****CASH FLOW STATEMENT****For the year ended 31 December 2007**

	<b><u>Note</u></b>	<b>2007 £'000</b>	<b>2006 £'000</b>
<b>Net cash flow (used in)/from operating activities</b>	15	(345)	3,146
<b>Investing activities</b>			
Purchase of property, plant and equipment		(1,872)	(3,002)
Cost of capitalised intangible assets		(2,770)	(1,691)
<b>Cash flows from investing activities</b>		<u>(4,642)</u>	<u>(4,693)</u>
<b>Net increase in cash and cash equivalents</b>		(4,987)	(1,547)
Cash and cash equivalents – prior year		<u>74,386</u>	<u>75,933</u>
<b>Cash and cash equivalents – current year</b>		<u><u>69,399</u></u>	<u><u>74,386</u></u>

**WORLDPAY LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
For the year ended 31 December 2007**

	<b>Attributable to equity holders of the company</b>		
	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total Equity £'000</b>
<b>Balance as at 1 January 2006</b>	50	12,049	12,099
Profit for the year	-	7,918	7,918
<b>Balance as at 1 January 2007</b>	50	19,967	20,017
Loss for the year	-	(155)	(155)
<b>Balance as at 31 December 2007</b>	50	19,812	19,862

# **WORLDPAY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **For the year ended 31 December 2007**

### **1. PRESENTATION OF ACCOUNTS**

The accounts are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together "IFRS") as adopted by the European Union ("EU"). This is consistent with the Company's ultimate parent, The Royal Bank of Scotland Group plc ("RBSG").

The Company has adopted IFRS7 'Financial instruments: Disclosures' for the accounting period commencing on 1 January 2007. This has had no effect on the results, cash flows or financial position of the Company. However, there are changes to the notes to the accounts and comparative information is presented accordingly.

The Company accounts are presented in accordance with the Companies Act 1985.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **(i) Accounting convention**

The financial statements have been prepared on the historical cost basis.

#### **(ii) Revenue recognition**

Revenue represents amounts receivable from the sale of secure transactions of data between our customer and an acquiring bank or processor.

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

#### **(iii) 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 principle annual rates used for this purpose are:

Furniture and Fittings	10%
Computer Hardware	25%

#### **(iv) Intangibles**

In line with IAS 38 an internally generated intangible asset arising from the company'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.

## **WORLDPAY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2007**

#### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **(v) Impairment of intangible assets and property, plant and equipment**

At each reporting date, the Company assesses whether there is any indication that its intangible assets, or property, plant and equipment are impaired. If any such indication exists, the Company 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, 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 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 property, 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.

##### **(vi) 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 Company. Other contracts to lease assets are classified as operating leases.

Finance lease assets are included within property, plant and equipment and depreciated over their useful lives.

##### **(vii) 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.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered.

##### **(viii) Financial Assets**

Financial assets are classified as loans and receivables. These are non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market. 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.

##### **(ix) Impairment of Financial Assets**

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets 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.

# WORLDPAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (x) Provisions for future losses

Provision is made for future losses in respect of future anticipated charge backs from cardholders which is payable to acquiring banks. These provisions are created for certain customers which are assessed as higher risk based on occurred events using latest available information. The provision is reviewed on a monthly basis.

#### (xi) Financial Liabilities

The Company does not hold any financial liabilities for trading and has no financial liabilities on the balance sheet at fair value.

All financial liabilities are measured at amortised cost using the effective interest rate.

#### (xii) 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.

### 3. REVENUE

	2007 £'000	2006 £'000
Transaction service charges	32,264	31,221
Other fees	7,585	8,122
Interest income on transaction funds	4,058	3,307
	<hr/>	<hr/>
Transaction service charges	43,907	42,650
	<hr/>	<hr/>

### 4. STAFF COSTS

The average number of employees (including executive directors) was

	2007 No.	2006 No.
Operations	157	166
Sales	6	28
Administration	21	22
	<hr/>	<hr/>
	184	216
	<hr/>	<hr/>

# WORLDPAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2007

### 4. STAFF COSTS (CONTINUED)

The aggregate remuneration comprised

	2007 £'000	2006 £'000
Wages and salaries	8,922	8,714
Social security costs	437	684
Other pension costs	821	1,229
	<u>10,180</u>	<u>10,627</u>

### 5. OPERATING PROFIT

	2007 £'000	2006 £'000
<b>Operating profit before tax is stated after taking account of the following:</b>		
Integration costs – Staff (also included in staff costs)	4,255	4,026
Integration costs – Non Staff	605	674
Depreciation of tangible assets	2,339	2,135
Amortisation of intangible assets	858	526
Operating lease costs Land and buildings	587	679
Auditor's remuneration Audit fee	60	60
Management charges	5,377	3,607
Inter-company write-offs	6,057	-
Intangible fixed assets written off	80	-
Impairment on trade receivables	408	210
Redundancy costs	53	55

The management charges figure for 2006 has been re-stated from a figure of £2,503k. The other £1,104k was omitted in error from disclosure but was included in the income statement. Therefore there is no impact on the 2006 profit figure.

### 6. FINANCE COSTS

	2007 £'000	2006 £'000
Bank charges	558	452



# **WORLDPAY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **For the year ended 31 December 2007**

### **7. TAX**

	<b>2007 £'000</b>	<b>2006 £'000</b>
<b>Current taxation</b>		
Current year	1,901	3,788
Under /(over) provision in respect of prior periods	(286)	572
<b>Total current tax</b>	<b>1,615</b>	<b>4,360</b>
<b>Deferred taxation</b>		
Charge/(Credit) for the year	530	(244)
Adjustments in respect of prior year	(19)	(239)
<b>Tax on profit on ordinary activities</b>	<b>2,126</b>	<b>3,877</b>

The actual tax charge differs from the expected tax charge computed by applying the standard rate of UK corporation tax of 30% (2006 – 30%) as follows

	<b>2007 £'000</b>	<b>2006 £'000</b>
Expected tax charge	592	3,538
Non-deductible items	1,849	6
Reduction in deferred tax liability following change in rate of UK Corporation Tax	(7)	-
Adjustment in respect of prior year	(308)	333
<b>Total actual amount of current tax</b>	<b>2,126</b>	<b>3,877</b>

### **8. INTANGIBLE FIXED ASSETS**

	<b>2007 £'000</b>
<b>Cost</b>	
At 1 January 2007	5,312
Additions	2,770
Write-offs	(1,895)
<b>At 31 December 2007</b>	<b>6,187</b>
<b>Amortisation</b>	
At 1 January 2007	1,388
Charge for year	858
Write-offs	(1,815)
<b>At 31 December 2007</b>	<b>431</b>
<b>Net Book Value</b>	
<b>At 31 December 2007</b>	<b>5,756</b>
<b>At 31 December 2006</b>	<b>3,924</b>

**WORLDPAY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2007**

**9. TANGIBLE FIXED ASSETS**

	<b>Computer Hardware £'000</b>	<b>Furniture and Fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2007	11,795	2,147	13,942
Reclassification	180	(180)	-
Additions	1,854	18	1,872
At 31 December 2007	13,829	1,985	15,814
<b>Depreciation</b>			
At 1 January 2007	6,549	852	7,401
Reclassification	148	(148)	-
Charge for year	2,141	198	2,339
At 31 December 2007	8,838	902	9,740
<b>Net Book Value</b>			
At 31 December 2007	4,991	1,083	6,074
At 31 December 2006	5,246	1,295	6,541

**10. TRADE AND OTHER RECEIVABLES**

	<b>2007 £'000</b>	<b>2006 £'000</b>
Trade receivables	761	785
Other receivables	864	179
Prepayments	343	201
Amounts owed by group undertakings	22,512	13,020
	<u>24,480</u>	<u>14,185</u>

The above balances for 2006 represents a re-classification from the balances disclosed in the prior year accounts in order to reflect more accurate disclosure and meaningful comparatives. All of these amendments are between balance sheet categories and have no effect on the profit or net asset figures.

	<b>Pre restatement £'000</b>	<b>Movement £'000</b>	<b>Post restatement £'000</b>
Trade receivables	7,427	(6,642)	785
Other receivables	174	5	179
Prepayments	3,529	(3,328)	201
Amounts owed by group undertakings	4,030	8,990	13,020
At 31 December 2007	<u>15,160</u>	<u>(975)</u>	<u>14,185</u>

**WORLDPAY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2007**

**10 TRADE AND OTHER RECEIVABLES (CONTINUED)**

**Trade receivables – Past due and Impaired Financial Assets**

	<b>2007 £'000</b>	<b>2006 £'000</b>
Gross trade receivables	2,138	1,754
Impairment provisions	(1,377)	(969)
Trade receivables	<u>761</u>	<u>785</u>
Movement in the allowance for doubtful debts		
	<b>2007 £'000</b>	<b>2006 £'000</b>
At 1 January	969	759
Impairment losses recognised	408	210
At 31 December	<u>1,377</u>	<u>969</u>

The following table shows the analysis of impaired financial assets

	<b>2007</b>			<b>2006</b>		
	<b>Cost</b>	<b>Provision</b>	<b>Net book value</b>	<b>Cost</b>	<b>Provision</b>	<b>Net book value</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade receivables	1,393	(1,377)	16	1,001	(969)	32

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

	<b>Past due 1- 30 days £'000</b>	<b>Past due 31- 60 days £'000</b>	<b>Total £'000</b>
At 31 December 2007	<u>58</u>	<u>32</u>	<u>90</u>
	<b>Past due 1- 30 days £'000</b>	<b>Past due 31- 60 days £'000</b>	<b>Total £'000</b>
At 31 December 2006	<u>131</u>	<u>26</u>	<u>157</u>

In determining the recoverability of a trade receivable the company 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 directors believe that no further credit provision is required in excess of the allowance for doubtful debts. The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

# **WORLDPAY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **For the year ended 31 December 2007**

### **11. CASH AND CASH EQUIVALENTS**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Cash at banks	69,399	74,386

The company receives transaction 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 3.

### **12. CURRENT LIABILITIES**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Amounts due to acquiring banks	35	6
Amounts due to customers	67,438	63,609
Tax	1,919	4,340
Accruals, deferred income and other creditors	7,872	6,911
Provision for future losses	249	249
Amounts owed to group undertakings	8,232	2,728
	<b>85,745</b>	<b>77,843</b>

The above balances for 2006 represents a re-classification from the balances disclosed in the prior year accounts in order to reflect more accurate disclosure and meaningful comparatives. All of these amendments are between balance sheet categories and have no effect on the profit or net asset figures.

	<b>Pre</b> <b>restatement</b> <b>£'000</b>	<b>Movement</b> <b>£'000</b>	<b>Post</b> <b>restatement</b> <b>£'000</b>
Trade payables	1,262	(1,262)	-
Amounts due to acquiring banks	-	6	6
Amounts due to customers	63,609	-	63,609
Tax	4,340	-	4,340
Accruals, deferred income and other creditors	9,607	(2,696)	6,911
Provision for future losses	-	249	249
Amounts owed to group undertakings	-	2,728	2,728
At 31 December 2007	<b>78,818</b>	<b>(975)</b>	<b>77,843</b>

# WORLDPAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2007

### 12. CURRENT LIABILITIES (CONTINUED)

#### Provision for future losses

In addition to provisions held on amounts due from customers the Company holds provisions in respect of amounts not yet due from customers. This applies to certain industries higher risk industries and the amounts are reviewed on a monthly basis.

Movement in the provision for future losses

	2007 £'000	2006 £'000
At 1 January	249	232
Impairment losses recognised	-	17
At 31 December	249	249

### 13. DEFERRED TAX ASSET / LIABILITY

#### Deferred taxation

	£'000
At 1 January 2007	409
Profit and loss account for credit in respect of prior year	19
Profit and loss account for charge in respect of current year	(530)
At 31 December 2007	(102)

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

	2007 £'000	2006 £'000
Capital allowances in excess of depreciation	18	(68)
Other timing differences	16	778
Intangible assets	(136)	(301)
	(102)	409

### 14. NON CURRENT LIABILITIES

	Onerous lease provision £'000	Deferred Tax £'000	Total £'000
Cost			
At 1 January 2007	1,585	-	1,585
Movement in year	(1,585)	102	(1,483)
At 31 December 2007	-	102	102

**WORLDPAY LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2007****15. NOTES TO THE CASH FLOW STATEMENTS**

	<b>2007 £'000</b>	<b>2006 £'000</b>
Profit before tax	1,971	11,795
Adjustments for		
Depreciation and amortisation	3,197	2,661
Intangible fixed assets written off	80	-
Movement in provision	(1,585)	(40)
Net cash flows from trading activities	<u>3,663</u>	<u>14,416</u>
Changes in operating assets	(10,296)	(10,003)
Changes in operating liabilities	<u>10,322</u>	<u>(1,267)</u>
Net cash flows from operating activities before tax	3,689	3,146
Income tax paid	<u>(4,034)</u>	<u>-</u>
Net cash flow (used in)/from operating activities	<u>(345)</u>	<u>3,146</u>

**16. SHARE CAPITAL**

	<b>2007 £'000</b>	<b>2006 £'000</b>
<b>Authorised</b>		
1,000,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Called up, allotted and fully paid</b>		
50,000 ordinary share of £1 each	<u>50</u>	<u>50</u>

**WORLDPAY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2007**

**17. FINANCIAL INSTRUMENTS**

The following tables analyse the Company's financial assets and liabilities in accordance with the categories of financial instruments in IAS 39. Non-financial assets and liabilities are shown separately.

<b>2007</b>	<b>Loans and Receivables £'000</b>	<b>Other Amortised Costs £'000</b>	<b>Non Financial Assets / Liabilities £'000</b>	<b>Total £'000</b>
Trade receivables	761	-	-	761
Other receivables	864	-	-	864
Prepayments	-	-	343	343
Intangible assets	-	-	5,756	5,756
Property, plant and equipment	-	-	6,074	6,074
Cash and cash equivalents	69,399	-	-	69,399
Amounts owed by group undertakings	22,512	-	-	22,512
	<u>93,536</u>	<u>-</u>	<u>12,173</u>	<u>105,709</u>
<b>2007</b>				
Trade payables	-	35	-	35
Amounts due to customers	-	67,438	-	67,438
Accruals, deferred income and other creditors	-	5,722	2,150	7,872
Taxation	-	-	1,919	1,919
Deferred tax	-	-	102	102
Provision for future losses	-	249	-	249
Amounts owed by group undertakings	-	8,232	-	8,232
	<u>-</u>	<u>81,676</u>	<u>4,171</u>	<u>85,847</u>
Equity				<u>19,862</u>
				<u>105,709</u>

**WORLDPAY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2007**

**17. FINANCIAL INSTRUMENTS (CONTINUED)**

<b>2006</b>	<b>Loans and Receivables £'000</b>	<b>Other Amortised Costs £'000</b>	<b>Non Financial Assets / Liabilities £'000</b>	<b>Total £'000</b>
Trade receivables	785	-	-	785
Other receivables	179	-	-	179
Prepayments	-	-	201	201
Deferred tax	-	-	409	409
Intangible assets	-	-	3,924	3,924
Property, plant and equipment	-	-	6,541	6,541
Cash and cash equivalents	74,386	-	-	74,386
Amounts owed by group undertakings	13,020	-	-	13,020
	<u>88,370</u>	<u>-</u>	<u>11,075</u>	<u>99,445</u>
<b>2006</b>				
Trade payables	-	6	-	6
Amounts due to customers	-	63,609	-	63,609
Accruals, deferred income and other creditors	-	5,764	1,147	6,911
Taxation	-	-	4,340	4,340
Provision for future losses	-	249	-	249
Amounts owed by group undertakings	-	2,728	-	2,728
Onerous lease provision	-	1,585	-	1,585
	<u>-</u>	<u>73,941</u>	<u>5,487</u>	<u>79,428</u>
Equity				<u>20,017</u>
				<u>99,445</u>



**WORLDPAY LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2007****18. RELATED PARTY TRANSACTIONS**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
<b>Receivables from related parties</b>		
Royal Bank of Scotland plc	1,184	5,043
Payment Trust Limited	184	51
BIBIT B V	690	259
Hanco ATM Systems Limited	19	-
National Westminster Bank plc	18,782	7,345
Worldpay Group	1,653	322
<b>Payables to related parties</b>		
Worldpay GmbH	939	1,471
National Westminster Bank plc	2,027	1,257
Worldpay Pte	502	-
Royal Bank of Scotland plc	4,764	-
<b>Management fees charge by related parties</b>		
Worldpay Inc	242	568
Worldpay Pte	1,243	1,221
Worldpay GmbH	939	1,471
Royal Bank of Scotland plc	2,646	909
BIBIT B V	65	-
National Westminster Bank plc	1,201	242
<b>Management fees charge to related parties</b>		
Hanco ATM Systems Limited	19	-
BIBIT B V	756	291
Payment Trust Limited	184	51
Royal Bank of Scotland plc	-	51
National Westminster Bank plc	-	411
<b>Interest receivable from related parties</b>		
Royal Bank of Scotland plc	3,975	3,281
National Westminster Bank plc	195	178
Citizens Inc	97	-

## **WORLDPAY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **For the year ended 31 December 2007**

#### **19. OPERATING LEASE ARRANGEMENTS**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Minimum lease payments under operating leases	587	679

At 31 December 2007 the company had the above outstanding commitments for future minimum lease payments under non-cancellable operating lease arrangements

#### **20. RISK MANAGEMENT**

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**

Credit risk derives from the Company's trade receivables, full detail of credit risk management in respect of this area is presented at note 10.

Credit risk also 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.

##### **Currency Risk**

The Company's principal functional currency is pound sterling (GBP), however, during 2007 and 2006, 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.

#### **21. ULTIMATE PARENT COMPANY**

The smallest subgroup into which the Company is consolidated is its parent company The Royal Bank of Scotland plc, a company incorporated in Great Britain and registered in Scotland. Copies of the consolidated financial statements for this subgroup can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

The Company's ultimate holding Company, ultimate controlling party, and the parent of the largest group into which the Company is consolidated is The Royal Bank of Scotland Group plc which is incorporated in Great Britain and registered in Scotland. Copies of the financial statements for The Royal Bank of Scotland Group plc can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.