Worldpay AP Ltd.

Annual report and financial statements
Registered number 5593466
31 December 2017

Contents

Company information

Directors	JL Bates	(Appointed 30 August 2017)
	PER Jansen	
	RM Kalifa	
	CRK Medlock	
	ML Valentine	
Secretary	Worldpay Governance Limited	(Appointed 28 June 2017)
Country of registration	England and Wales	
Company number	5593466	
Registered office	The Walbrook Building 25 Walbrook London EC4N 8AF	
Auditor	KPMG LLP 15 Canada Square London	

Strategic report

The Directors of Worldpay AP Ltd. ("the Company") present their Strategic report for the year ended 31 December 2017.

Post balance sheet events

On 16 January 2018, the ultimate parent undertaking, Worldpay Group plc, became a wholly owned subsidiary of Worldpay Inc. (formerly Vantiv Inc.). On the same day Worldpay Group plc re-registered as Worldpay Group Limited. This is detailed further in the Directors' report and note 17 of the financial statements.

Business review

The Company is a UK FCA regulated global payments service provider that offers single point access to popular local payment and collection services worldwide (including many real time payment services). This global network is used to send and receive money at low cost, quickly and securely on behalf of merchants to and from suppliers, affiliates, partners, overseas offices and customers worldwide.

The Company formed part of the group headed by Worldpay Group Limited ("the Group" or "Worldpay") until the change of control noted above.

The Company's business forms part of Worldpay's Global eCom business and is focussed on six global vertical markets: Digital Content, Global Retail, Airlines, Travel, Gambling and Video Games.

Revenues were down 9.0% to £43.1m compared to £47.4m in 2016. This was driven primarily by lower customer volumes in the Gambling vertical.

Gross profit fell to £25.9m *(2016: £31.7m)* both due to the reduction in revenue and an updated methodology being applied to cost reallocation between this and other UK Group companies.

Key performance indicators (KPIs)

The Company is part of a group that monitors performance at a level defined by the principal markets in which the Group operates. KPIs are measured on the performance of the business units rather than at a legal entity level.

Profit after tax for the year was £15.8m *(2016: £33.5m)* and net assets of £62.7m *(2016: £46.7m)*.

The Directors of the Company are satisfied with the Company's performance in the year which is presented in the profit and loss account on page 8 and consider it well positioned to take advantage of opportunities for further growth in the future.

Principal risks and uncertainties

The Company seeks to minimise its exposure to external financial risks. Further information on financial risk management policies can be found in the consolidated financial statements of the Company's ultimate parent company, Worldpay Group Limited (formerly Worldpay Group plc), for the year ended 31 December 2017.

A list of the principal risks is set out below:

- Industry
- Legal
- Compliance and regulatory
- Settlement
- Credit
- Data security
- Technology
- Scale of change
- Third parties
- People
- Competitive landscape
- Merger with Vantiv

On behalf of the Board

CRK Medlock
Director

7 June 2018

Directors' report

The Directors of Worldpay AP Ltd. present their report and the audited financial statements for the year ended 31 December 2017. Certain items required by law to be included in this report have been included instead in the Strategic report.

Directors & Secretary

The Directors who held office during the period to the date of signing of these financial statements were as follows:

Directors	
JL Bates	(Appointed 30 August 2017)
PER Jansen	
RM Kalifa	
CRK Medlock	
SJ Newton	(Appointed 30 August 2017 and resigned 7 March 2018)
RC Prior	(Resigned 31 August 2017)
ML Valentine	
Secretary	
Worldpay Governance Limited	(Appointed 28 June 2017)

Dividends

No dividends were paid during the year *(2016: none)*. There have been no dividends approved since 31 December 2017 to the date of approval of these financial statements.

Post balance sheet events

Change of control

On 16 January 2018, the ultimate parent undertaking, Worldpay Group plc, became a wholly owned subsidiary of Worldpay Inc. (formerly Vantiv Inc.) following a merger with that company and its subsidiary, carried out by way of a Court-sanctioned scheme of arrangement.

Throughout 2017, and prior to the merger, Worldpay Group plc's ordinary shares were listed on the premium segment of the Official List and traded on the London Stock Exchange's main market. This listing and the admission to trading of Worldpay shares on the London Stock Exchange's main market, were suspended with effect from 7.30am (London time) on 15 January 2018 and were cancelled with effect from 8.00am on 16 January 2018.

Worldpay Group plc was also re-registered as Worldpay Group Limited on the same day.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Political contributions

The Company made no political donations during the year.

Going concern

The Directors have prepared forecasts for the Group by business unit, covering a period of more than 12 months from the date of signing of these financial statements. On the basis of their assessment of the Company's financial position, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and therefore the financial statements have been prepared on the going concern basis.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he / she ought to have taken as a Director to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report *(continued)*

By order of the Board

CRK Medlock
Director
Registered office: The Walbrook Building, 25 Walbrook, London, EC4N 8AF, United Kingdom

7 June 2018

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Worldpay AP Ltd.

Opinion

We have audited the financial statements of Worldpay AP Ltd. ("the Company") for the year ended 31 December 2017 which comprise the profit and loss account, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and Directors' report

The Directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Independent auditor's report to the members of Worldpay AP Ltd. *(continued)*

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.

S. Richardson

Simon Richardson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

7 June 2018

Profit and loss account

for the year ended 31 December 2017

	Notes	2017 £000	2016 £000
Turnover	2	**43,115**	47,394
Cost of sales		**(17,248)**	(15,671)
Gross profit		**25,867**	31,723
Administrative expenses		**(10,203)**	(3,283)
Operating profit	3	**15,664**	28,440
Interest receivable and similar income	6	**251**	116
Interest payable and similar charges	7	**(22)**	(21)
Profit on ordinary activities before taxation		**15,893**	28,535
Taxation (charge) / credit	8	**(49)**	4,923
Profit for the year		**15,844**	33,458

All results relate to continuing operations and represent the Company's comprehensive income for the year. Accordingly, a separate statement of other comprehensive income has not been presented.

The accompanying notes on pages 11 to 21 form an integral part of these financial statements.

Balance sheet
at 31 December 2017

	Notes	**2017**	**2017**	2016	2016
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*10*	**236**		2,899	
Tangible assets	*11*	**3**		24	
Investments	*12*	**19**		19	
			258		2,942
Current assets					
Debtors	*13*	**66,558**		41,722	
Merchant float		**378,966**		319,877	
Cash at bank and in hand		**2,388**		4,846	
		447,912		366,445	
Creditors: amounts falling due within one year	*14*	**(385,484)**		(322,654)	
Net current assets			**62,428**		43,791
Total assets less current liabilities			**62,686**		46,733
Provisions for liabilities	*15*		**(30)**		(30)
Net assets			**62,656**		46,703
Capital and reserves					
Called up share capital	*16*		**-**		-
Share premium			**1,276**		1,276
Capital contribution	*4*		**225**		116
Other reserves			**94**		94
Profit and loss account			**61,061**		45,217
Shareholders' funds			**62,656**		46,703

The accompanying notes on pages 11 to 21 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors, authorised for issue on 7 June 2018, and signed on its behalf by:

CRK Medlock
Director
Company number: 5593466

7 June 2018

Statement of changes in equity

for the year ended 31 December 2017

	Called up share capital £000	Share premium £000	Capital contribution £000	Other reserves £000	Profit & loss account £000	Total equity £000
At 1 January 2016	-	1,276	-	94	11,759	13,129
Profit for the year	-	-	-	-	33,458	33,458
Contribution from parent company (note 4)	-	-	116	-	-	116
At 31 December 2016	-	1,276	116	94	45,217	46,703
Profit for the year	-	-	-	-	15,844	15,844
Contribution from parent company (note 4)	-	-	109	-	-	109
At 31 December 2017	**-**	**1,276**	**225**	**94**	**61,061**	**62,656**

The accompanying notes on pages 11 to 21 form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

Basis of preparation

Worldpay AP Ltd. ("the Company") is a company limited by shares and incorporated and domiciled in England and Wales.

These financial statements have been prepared in accordance with FRS 101 *Reduced Disclosure Framework* and under the historical cost basis.

In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

• A Cash Flow Statement and related notes;
• Comparative period reconciliations for share capital, tangible fixed assets, intangible assets;
• Disclosures in respect of transactions with wholly owned subsidiaries;
• Disclosures in respect of capital management;
• The effects of new but not yet effective IFRSs; and
• Disclosures in respect of the compensation of Key Management Personnel.

The Company is exempt by virtue of s400 of the Companies Act 2006 and IAS 27 *Consolidated and Separate Financial Statements* from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking, Worldpay Group Limited ("the Group", formerly Worldpay Group plc at the balance sheet date), includes the Company in its consolidated financial statements. The consolidated financial statements of the Group are prepared in accordance with IFRS and are available to the public and may be obtained from the Company Secretary, Worldpay, The Walbrook Building, 25 Walbrook, London, EC4N 8AF.

As the consolidated financial statements of the Group include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

• IFRS 2 *Share Based Payments* in respect of group settled share based payments;
• Certain disclosures required by IAS 36 *Impairment of Assets* in respect of the impairment of goodwill and indefinite life intangible assets; and
• Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

Going concern

The Directors have prepared forecasts for the Group by business unit, covering a period of more than 12 months from the date of signing of these financial statements. On the basis of their assessment of the Company's financial position, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and therefore the financial statements have been prepared on the going concern basis.

Critical accounting estimates and judgements

The reported results of the Company for the financial year ended 31 December 2017 are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements.

The judgements and assumptions involved in the Company's accounting policies that are considered by the Directors 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 Company would affect its reported results.

- Trade receivable impairment provisions

A trade receivable is impaired when there is objective evidence that, due to events since the trade receivable was created, the Company cannot recover the original expected cash flows from the trade receivable. Trade receivable impairment provisions can be either bad debt provisions or merchant potential liability provisions.

A bad debt provision represents the difference between the carrying value of the trade receivable and the present value of estimated future cash flows.

Notes *(continued)*

1 Accounting policies *(continued)*

Critical accounting estimates and judgements (continued)

A merchant potential liability provision is required when a merchant goes into liquidation or bankruptcy and the Company is exposed to potential chargebacks. Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise and to quantify the possible range of any financial settlement.

Key accounting policies are set out below

1.1 Foreign exchange

The financial statements are presented in Sterling which is the Company's functional currency.

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

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

Foreign exchange gains and losses arising from the retranslation of foreign currency transactions are recognised in the profit and loss account. Amounts arising from financing balances, whether intra-Group or external, are stated within finance costs whereas those arising from trading are included in operating profit.

1.2 Revenue recognition

Turnover represents the consideration received or receivable from the merchants for services provided. Key revenue streams the Company reports are:

- Local and alternative payment services allow merchants to accept payments worldwide which do not directly involve a credit or debit card. Revenue is recognised when the transactions are successfully processed.
- Income from treasury management and foreign exchange services is generated from settling foreign currency transactions on behalf of customers. Revenue is recognised when the Company's obligation in relation to the transaction is fulfilled.
- Ancillary income represents transaction service charges relating to services provided to process transactions between the customer and an acquiring bank, which is a bank that accepts card payments from the card-issuing banks. Revenue is recognised when the transactions are successfully processed and is recognised per transaction.

Cost of sales consist primarily of fees charged by merchants' banks for the provision of services to accept remote payment transactions. These fees arise and are recognised on each transaction processed and, as a consequence, in the same period as the related revenue (being the transaction's service charge).

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

1.3 Employee benefits

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

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

The Company participates in the Group's defined contribution pension scheme. The amounts charged to the profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments on the balance sheet.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based upon estimation of the number of shares which will eventually vest, with a corresponding increase in equity. Fair value is measured by reference to the market value of the Group's shares, adjusted as necessary for the terms and conditions of the award, or an appropriate option pricing model, depending on the nature of the award.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Leases

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

Operating lease arrangements

Amounts payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Any lease incentives are spread over the life of the lease and matched off against the amounts payable.

1.5 Taxation

The tax expense represents the sum of the current tax and deferred tax for the period.

Current tax

The current tax charge is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Deferred tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.6 Intangible assets

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

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

The useful economic lives applied by the Company are as follows:

- Software & licences 3 to 10 years

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Tangible assets

Tangible assets are initially recognised at cost and include all expenditure directly attributable to bringing the asset to the location and working condition for its intended use. Subsequent measurement is at cost less accumulated depreciation and impairment losses.

Subsequent expenditure is capitalised only when it is probable that it will give rise to future benefits i.e. maintenance expenditure is excluded but enhancement costs that meet the criteria are capitalised.

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

The useful lives applied by the Company are as follows:

- Leasehold improvements	5 to 20 years
- Computers & office equipment	3 to 5 years

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

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

1.8 Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less any provisions for impairment.

Investments in subsidiary undertakings purchased from companies under common control are transferred across at carrying value.

1.9 Impairment of intangible and tangible assets

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

The Company recognises any impairment loss resulting from these reviews in separately disclosed items in the profit and loss account. Impairment losses may be reversed in subsequent periods. However, the revised carrying value of the asset may not exceed the carrying value had the original impairment not arisen.

1.10 Cash and cash equivalents

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

1.11 Trading assets and liabilities

Merchant float 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 Company holds on behalf of its customers, when the incoming amount from the card schemes or networks precedes when the funding to customers falls due. The funds are held in a fiduciary capacity and are stated separately from the Company's own cash in the balance sheet.

Merchant creditors consist primarily of:

- Liabilities to customers for transactions that have been processed but not yet funded by the card networks, where they are a member of that particular network;
- Liabilities to customers for transactions where it is holding funding from the members under the sponsorship agreement but has not funded customers on behalf of the sponsoring bank; and
- Merchant reserves and the fair value of the Company's guarantees of cardholder chargebacks. These are amounts held as deposits from customers, either from inception of Worldpay's working relationship with them, or accrued throughout the relationship due to payment issues arising or potential chargebacks.

Notes *(continued)*

1 Accounting policies *(continued)*

Trade and other receivables

Trade and other receivables are initially recognised at fair value in the period to which they relate. They are held at amortised cost, less any provision for bad or doubtful debts. Provisions for bad or doubtful debts are presented net with the related receivable on the balance sheet. Trade receivables primarily include amounts due from merchants for services provided to process transactions between the cardholder and an acquiring bank.

Trade and other payables

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

1.12 Provisions

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

1.13 Capital contribution reserve

The capital contribution reserve represents the capital contribution made by Worldpay Group Limited in respect of share options issued to employees of the Company over the shares of Worldpay Group Limited and is equivalent to the cumulative charge recognised under IFRS 2.

2 Turnover

	2017	2016
	£000	£000
Alternative payments	**32,994**	34,659
Treasury management and foreign exchange services	**10,081**	11,092
Ancillary income	**40**	1,643
	43,115	47,394

All turnover is generated within the United Kingdom.

3 Expenses and auditor's remuneration

	2017	2016
Operating profit for the year is stated after charging / (crediting):	**£000**	£000
Amortisation of intangible assets	**88**	122
Depreciation of tangible fixed assets	**21**	57
Impairment of investment in subsidiaries	**-**	337
Loss on sale of investments in subsidiaries	**705**	-
Operating lease rental charges	**-**	53
Foreign exchange losses / (gains)	**-**	(303)
Bad debt charge	**216**	918
Intra Group recharges	**8,089**	-

On 1 June 2017, the Company sold its investment in Worldpay Sweden AB and wrote off the remaining £331,000 of intra Group debt held with this company. Combined with the loss on disposal of £374,000, this resulted in a total loss on disposal of £705,000.

In 2017, the Group updated its methodology for charging other UK Group companies for services provided to them. This resulted in a charge in the year of £8,089,000 *(2016: £nil)*.

Auditor's remuneration of £35,000 *(2016: £35,000)* has been borne by another Group company.

Notes *(continued)*

3 Expenses and auditor's remuneration *(continued)*

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have been disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Worldpay Group Limited (formerly Worldpay Group plc).

4 Employee numbers and costs

	2017	2016
The average number of employees (including Directors) during the period was:		
Staff	**15**	18

Their aggregate remuneration comprised:	**2017 £000**	2016 £000
Wages and salaries (including redundancy costs)	**392**	1,022
Social security costs	**159**	252
Pension costs	**138**	160
Share based payments	**145**	131
	834	1,565

The charges for share based payments arise from the valuation of various share option and incentive schemes in which certain employees participate. As these costs will largely be settled by the ultimate parent company of the Group, the element to which this relates of £109,000 *(2016: £116,000)* has been recognised as a contribution to equity.

5 Directors' remuneration

The Directors of the Company do not receive specific remuneration for services to this Company nor is it possible to accurately apportion the total remuneration paid to the Directors of the Worldpay Group among the companies of the Group. Details of the Directors' remuneration for those Directors who are also Directors of Worldpay Group Limited (formerly Worldpay Group plc) (including the highest paid Director) are disclosed in the Group consolidated financial statements.

The aggregate remuneration paid to Directors who served during the period was £6,625,000 *(2016: £4,366,000)*.

6 Interest receivable and similar income

	2017 £000	2016 £000
Interest receivable from other Group companies	**112**	116
Foreign exchange gains	**139**	-
	251	116

Notes *(continued)*

7 Interest payable and similar charges

	2017	2016
	£000	£000
Bank charges	**22**	17
Foreign exchange losses	**-**	4
	22	21

8 Taxation

Recognised in the profit and loss account	**2017**	**2017**	2016	2016
	£000	**£000**	£000	£000
Current tax				
UK corporation tax charge for the year	**-**		-	
Adjustments in respect of prior periods	**15**		(4,688)	
Total current tax charge / (credit)		**15**		(4,688)
Deferred tax				
(Credit) / Charge for the year	**(89)**		(17)	
Effect of changes in tax rates	**(24)**		25	
Adjustments in respect of prior periods	**147**		(243)	
Total deferred tax charge / (credit)		**34**		(235)
Tax charge / (credit) on profit on ordinary activities		**49**		(4,923)

	2017	2016
Reconciliation of effective tax rate	**£000**	£000
Profit on ordinary activities before taxation	**15,893**	28,535
Tax charge using the UK corporation tax rate of 19.25% *(2016: 20.0%)*	**3,059**	5,707
Effect of changes in tax rates	**(24)**	25
Non-deductible expenses	**138**	97
Current tax under / (over) provided in prior years	**15**	(4,688)
Deferred tax under / (over) provided in prior years	**147**	(243)
Group relief claimed from other Group companies for nil consideration	**(3,286)**	(5,821)
Total tax charge / (credit) for the year	**49**	(4,923)

Factors affecting future tax charges

The main rate of UK corporation tax will reduce from 19% to 17% from 1 April 2020. Deferred tax on temporary differences and tax losses as at the balance sheet date is calculated at the substantively enacted rates at which the temporary differences and tax losses are expected to reverse.

Notes *(continued)*

9 Dividends

No dividends were paid on the ordinary shares in 2016 or 2017.

10 Intangible assets

	Software & licences £000
Cost	
At 1 January 2017	3,618
Additions	131
Transfers to other Group companies	(2,706)
At 31 December 2017	**1,043**
Amortisation & impairment	
At 1 January 2017	(719)
Amortisation charge for the year	(88)
At 31 December 2017	**(807)**
Net book value	
At 31 December 2016	2,899
At 31 December 2017	**236**

Intangible assets under the course of construction (and therefore not yet being amortised) were transferred from the Company to Worldpay (UK) Ltd, a fellow Group undertaking, as part of an updated asset allocation methodology within the Group.

11 Tangible assets

	Leasehold improvements £000	Computers & other equipment £000	Total £000
Cost			
At 1 January 2017 and 31 December 2017	**377**	**1,299**	**1,676**
Depreciation & impairment			
At 1 January 2017	(376)	(1,276)	(1,652)
Depreciation charge for the year	(1)	(20)	(21)
At 31 December 2017	**(377)**	**(1,296)**	**(1,673)**
Net book value			
At 31 December 2016	1	23	24
At 31 December 2017	**-**	**3**	**3**

Notes *(continued)*

12 Investments

	Investment in Group undertakings £000
Cost	
At 1 January 2017	3,326
Additions	374
Disposals	(3,681)
At 31 December 2017	**19**
Provision for impairment	
At 1 January 2017	(3,307)
Disposals	3,307
At 31 December 2017	-
Net book value	
At 31 December 2016	19
At 31 December 2017	**19**

The Company had the following investments in Group undertakings at the balance sheet date:

Company name	Country of incorporation	Registered place of business	Ordinary shares held
Envoy Services Pty Ltd	Australia	c/o TMF Corporate Services (Aust) Pty Ltd, Level 16, 201 Elizabeth Street, Sydney, NSW 2000, Australia	**100%**
Envoy Services Bulgaria Ltd	Bulgaria	2 Tsar Osvoboditel Blvd, 1000 Sofia, Bulgaria	**100%**
Canadian Envoy Technology Services Ltd	Canada	c/o TMF Canada Payroll Inc., 204-275 Fell Avenue, North Vancouver, BC, V7P 3RS, Canada	**100%**
Envoy Services Denmark APS	Denmark	c/o Beierholm, Gribskovvej 2, 2100 København Ø, Denmark	**100%**
Envoy Services OU	Estonia	Ahtri tn 6a, Tallinna linn, Harju maakond, 10151, Estonia	**100%**
Envoy Services South Africa (Pty) Ltd	South Africa	3rd Floor, 200 on Main, Cnr Bowwood and Mains Road, Claremont, Cape Town, 7708, South Africa	**100%**
Enviado Transacciones Sociedad Ltda	Spain	Paseo de la Castellana 8, 5° Dcha, 28046, Madrid, Spain	**100%**

During the year, the Company made additional cash contributions to its investment in Worldpay Sweden AB (a company incorporated in Sweden), an investment which had already been fully provided against at the start of the year, before selling it on 1 June 2017 for £1. The loss on disposal of £374,000 is included, together with the write-off of a loan of £331,000, in the total loss on sale of investments in subsidiaries of £705,000 included in note 3.

Notes *(continued)*

13 Debtors

	2017	2016
	£000	£000
Trade receivables	**1,483**	2,247
Provision for bad and doubtful debts	**(1,128)**	(237)
	355	2,010
Amounts owed from Group companies	**63,492**	36,801
Deferred tax asset	**106**	140
Other debtors	**95**	95
Prepayments and accrued income	**2,510**	2,676
	66,558	41,722

14 Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Trade payables	**9**	51
Merchant creditors	**378,966**	319,877
Amounts owed to Group companies	**5,584**	-
Other creditors	**232**	997
Accruals and deferred income	**693**	1,729
	385,484	322,654

15 Provisions for liabilities

	Dilapidations provision £000
At the beginning and end of the year	**30**

Dilapidations provisions arise on the inception of new property leases and will be settled at the end of the relevant lease terms. The remaining balance is due to be settled within one year.

Notes *(continued)*

16 Share capital

	2017	2016
	£	£
Allotted, called up and fully paid		
2,587 ordinary shares of £0.10	**259**	259

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

17 Post balance sheet events

Change of control

On 16 January 2018, the ultimate parent undertaking, Worldpay Group plc, became a wholly owned subsidiary of Worldpay Inc. (formerly Vantiv Inc.) following a merger with that company and its subsidiary, carried out by way of a Court-sanctioned scheme of arrangement.

Throughout 2017, and prior to the merger, the Worldpay Group plc's ordinary shares were listed on the premium segment of the Official List and traded on the London Stock Exchange's main market. This listing and the admission to trading of Worldpay shares on the London Stock Exchange's main market, were suspended with effect from 7.30am (London time) on 15 January 2018 and were cancelled with effect from 8.00am on 16 January 2018.

Worldpay Group plc was also re-registered as Worldpay Group Limited on the same day.

18 Ultimate parent company and controlling party

Until 15 January 2018, the Company was a subsidiary undertaking of Worldpay Group plc (re-registered on 16 January 2018 as Worldpay Group Limited) which was both the ultimate parent company and the ultimate controlling party and which is incorporated in England and Wales.

Worldpay Group Limited includes the Company within its consolidated financial statements which are available to the public and may be obtained from the Company Secretary, Worldpay, The Walbrook Building, 25 Walbrook, London, EC4N 8AF.

From 16 January 2018, following the change of control detailed in note 17, Worldpay Inc. (formerly Vantiv Inc.), a US domiciled corporation under the laws of the State of Delaware, became the ultimate parent company and controlling party.