

SHIP MIDCO LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

MONDAY



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COMPANIES HOUSE

SHIP MIDCO LIMITED

COMPANY INFORMATION

Directors

R Kalifa
P Jansen
R Medlock

Company number

07330127

Registered office

The Walbrook Building
25 Walbrook
London
EC4N 8AF

SHIP MIDCO LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Statement of comprehensive income	4
Balance sheet	5
Statement of changes in equity	6
Notes to the financial statements	7 - 15

SHIP MIDCO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Statement of Directors' responsibilities in respect of the Strategic Report, the Director's 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

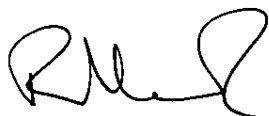
Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure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

On behalf of the board



Rick Medlock
Director
26 September 2016

SHIP MIDCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors of Ship Midco Limited ("the Company") present the Strategic Report, together with the Directors' Report and financial statements for the year ended 31 December 2015

Principal activity

The Company is part of the Worldpay Group ("the Group") with the ultimate holding company being Worldpay Group plc. The company receives ongoing capital, funding and liquidity resources from the Group, which coupled with the other sources of funding and liquidity enable the Company to meet its obligations as they fall due.

The principal activity of the Company is a holding company in the Group, with its immediate parent company being Ship Holdco Limited. It is a holding company of Worldpay Finance plc (formerly Ship Submidco Limited).

The Directors do not anticipate any material change in either the type or level of activities of the Company.

Business review

The Directors are satisfied with the Company's performance in the period.

The Company's financial performance is presented in the Statement of Comprehensive Income on page 4.

The profit before taxation for the period was £183,510k (2014: loss £113,199k). The profit for the period was £204,421 (2014: loss £83,263k). The increased profit in the year is due to dividends received from other Group undertakings.

At the end of the financial reporting period, the financial position showed net assets of £390,619k (2014: assets £30,096k).

The financial statements for the year ended 31 December 2015 are presented under Financial Reporting Standard 101 *Reduced Disclosure Frame* ("FRS 101").

Information about the performance of the Company during the financial year in response to S417(3) (b) of the Companies Act 2006 (the Companies Act) is included above.

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 plc, for the year ended 31 December 2015, which are available on the Group's website and from The Walbrook Building, 25 Walbrook, London, EC4N 8AF.

On behalf of the board



Rick Medlock
Director
26 September 2016

SHIP MIDCO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors present their report together with the Strategic Report and financial statements for the year ended 31 December 2015

Results and dividends

The results for the year are set out in the business review section of the strategic report

An interim dividend of £4,884k was declared and paid in August 2015 (2014 £nil)

160,985,611 ordinary shares were issued, allotted and paid on 16 October 2016

Directors

The Directors, who served throughout the year except as noted, were as follows

P Jansen	
R Kalifa	
R Medlock	(Appointed 29 April 2015)
J Allan	(Resigned 12 October 2015)
L Bassi	(Resigned 12 October 2015)
H Battcock	(Resigned 12 October 2015)
J Brocklebank	(Resigned 12 October 2015)
A Connolly	(Resigned 28 April 2015)
S Gent	(Resigned 12 October 2015)
R Marshall	(Resigned 12 October 2015)
J Paduch	(Resigned 12 October 2015)
S Pagliuca	(Resigned 12 October 2015)
M Scicluna	(Resigned 12 October 2015)
C Sullivan	(Resigned 26 February 2015)
D Yates	(Resigned 12 October 2015)

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 the financial statements. Based on these forecasts the Directors have demonstrated that the Company is forecast to have sufficient resources to continue its operation.

Therefore the Directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Auditor

For the year ended 31 December 2015 the Company was entitled to exemption from an audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

SHIP MIDCO LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £'000	2014 £'000
Administrative expenses		(6,528)	(25,833)
Operating Loss	5	(6,528)	(25,833)
Income from investments in group undertakings	6	284,771	-
Interest receivable and similar income	7	5,158	7,213
Interest payable and similar charges	8	(99,891)	(94,579)
Profit/(loss) before taxation		183,510	(113,199)
Tax credit on profit on ordinary activities	9	20,911	29,936
Profit / (loss) after taxation		204,421	(83,263)

The profit and loss accounts and other comprehensive income have been prepared on the basis that all operations are continuing operations

The accompanying notes on pages 7 to 15 form an integral part of these financial statements

SHIP MIDCO LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Investments	10	1,504,441	1,441,993
Property, plant & equipment	11	27	50
		<u>1,504,468</u>	<u>1,442,043</u>
Current assets			
Current tax assets	12	21,285	23,719
Debtors	13	261,674	154,920
Cash and cash equivalents	14	2	64
		<u>282,961</u>	<u>178,703</u>
Creditors amounts falling due within one year			
Borrowings	15	-	(52,211)
Trade and other payables	16	(1,396,810)	(652,817)
		<u>(1,396,810)</u>	<u>(705,028)</u>
Net current liabilities		<u>(1,113,849)</u>	<u>(526,325)</u>
Total assets less current liabilities		<u>390,619</u>	<u>915,718</u>
Creditors amounts falling due after more than			
Borrowings	15	-	(885,622)
Net assets		<u>390,619</u>	<u>30,096</u>
Capital and reserves			
Called up share capital	17	210,986	50,000
Profit and loss account		179,633	(19,904)
Total equity		<u>390,619</u>	<u>30,096</u>

The accompanying notes on pages 7 to 15 form an integral part of these financial statements

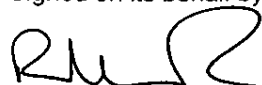
For the year ending 31 December 2015 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Directors' responsibilities

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476,
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

The financial statements were approved by the Board of Directors and authorised for issue on 26 September 2016

Signed on its behalf by



Rick Medlock

Director

Company Registration No 07329558

SHIP MIDCO LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital £'000	Profit and loss accounts £'000	Total £'000
Balances at 1 January 2014	50,000	63,359	113,359
Loss for the year	-	(83,263)	(83,263)
Balances at 31 December 2014	50,000	(19,904)	30,096
Profit for the year	-	204,421	204,421
Ordinary shares issued in the year	160,986	-	160,986
Dividends paid	-	(4,884)	(4,884)
Balances at 31 December 2015	210,986	179,633	390,619

The accompanying notes on pages 7 to 15 form an integral part of these financial statements

SHIP MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

1.1 Accounting convention

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies 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 Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS101 from Adopted IFRSs, the Company has made no measurement and recognition adjustments.

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under IAS 27 Consolidated and Separate Financial Statements and section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- 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's ultimate parent undertaking, Worldpay Group plc includes the Company in its consolidated financial statements. The consolidated financial statements of Worldpay Group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained on the Group's website or at 25 Walbrook, London EC4N 8AF.

1.2 Going concern

The Directors have prepared forecasts for the group by Business Unit, covering a period of more than 12 months for the date of signing of the financial statements. Based on these forecasts the Directors have demonstrated that the Company is forecast to be profitable, cash generative and to have net assets.

1.3 Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less any accumulated impairment losses. Investments in subsidiary undertakings purchased from companies under common control are transferred across at carrying value.

1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

SHIP MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (continued)

1.5 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition

Financial assets are initially measured at fair value plus transaction costs, other than those classified as at fair value through profit and loss, which are measured at fair value

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity

1.6 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire

SHIP MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (continued)

1.7 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years 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 reporting end 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, and is accounted for using the balance sheet liability method. 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 tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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 in 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.

2 Auditors' remuneration

The audit fees of the Company is £nil (2014 £10k) for the year

SHIP MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

3 Employees

During 2012 all staff had their employment contracts transferred to a different Group company (WorldPay (UK) Limited). Their costs have been included by way of a management recharge, however the headcount is included within WorldPay (UK) Limited.

4 Directors' remuneration

The Directors of the Company do not receive remuneration for specific services to this company nor is it possible to accurately apportion the total remuneration paid to the Directors to the individual companies in the Worldpay Group. Details of the Director's remuneration (including the highest paid Director) are disclosed in the financial statements of Worldpay Group plc, a UK parent company.

5 Profit before tax	2015 £'000	2014 £'000
Operating loss before tax is stated after charging		
Depreciation of property, plant and equipment	(23)	(21)
Loss on Disposal of property, plant and equipment	-	(4)
	<u>(23)</u>	<u>(25)</u>

6 Income from investments in group undertakings	2015 £'000	2014 £'000
Income from investments in group undertakings	<u>284,771</u>	<u>-</u>

The income from investments in group undertakings relates to dividends of £222,323k in August and £62,448k in October received from Worldpay Finance plc (formerly Ship Submidco Limited).

7 Interest receivable and similar income	2015 £'000	2014 £'000
Interest receivable from other Group undertakings	<u>5,158</u>	<u>7,213</u>

Interest income is accrued on the intercompany loan receivable from Worldpay Finance plc.

SHIP MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

8	Interest payable and similar charges	2015 £'000	2014 £'000
	Interest on borrowings	40,784	53,850
	Amortisation of capitalised finance costs	32,451	6,862
	Interest payable to Group undertakings	27,289	23,422
	Foreign exchange (gains)/losses	(1,699)	9,094
	Other finance costs	1,066	1,351
		<u>99,891</u>	<u>94,579</u>

9 Taxation

	2015 £'000	2014 £'000
Corporation tax		
UK corporation tax credit for the year	21,281	23,716
Adjustments in respect of prior years	(370)	6,220
	<u>20,911</u>	<u>29,936</u>

The credit for the year can be reconciled to the profit/(loss) per the profit and loss account as follows

	2015 £'000	2014 £'000
Profit/(Loss) before taxation on continued operations	183,510	(113,199)
Expected tax (charge)/credit at statutory rate 20 25% (2014 21 5%)	(37,154)	24,330
Permanent differences	-	(4)
Expenses non deductible	(326)	(2,159)
Adjustment in respect of prior periods	(370)	6,219
Income not taxed	58,761	1,550
Actual tax credit for the year	<u>20,911</u>	<u>29,936</u>

SHIP MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

10 Investments

	2015 £'000	2014 £'000
Investments in subsidiaries	<u>1,504,441</u>	<u>1,441,993</u>
Investment in Worldpay Finance plc	<u>1,504,441</u>	<u>1,441,993</u>

Additional £62m invested in Worldpay Finance plc as a result of converting \$95.8m USD preference shares into Ordinary shares in October 2015

	£'000
Cost	
At 1 January 2015	1,441,993
Additions	62,448
At 31 December 2015	<u>1,504,441</u>

11 Property, plant and equipment

	Motor Vehicles £'000
Cost	
At 1 January 2015	69
At 31 December 2015	<u>69</u>
Accumulated depreciation	
As at 1 January 2015	(19)
Charge for the year	(23)
At 31 December 2015	<u>(42)</u>
Net book value	
At 31 December 2015	<u>27</u>
At 31 December 2014	<u>50</u>

12 Current tax assets

	2015 £'000	2014 £'000
Current tax assets	<u>21,285</u>	<u>23,719</u>

13 Debtors

	2015 £'000	2014 £'000
Prepayments, accrued income and other receivables	721	1,765
Amounts due from group undertakings	260,953	153,155
	<u>261,674</u>	<u>154,920</u>

SHIP MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

14 Cash and cash equivalents

	2015 £'000	2014 £'000
Cash balances	<u>2</u>	<u>64</u>

15 Borrowings

	Current £'000	Non-current £'000	2015 Total £'000	Current £'000	Non-current £'000	2014 Total £'000
Senior Debt	-	-	-	52,211	885,622	937,833

The Company's borrowings in 2014 were on the following terms

Facility	GBP £'000	CCY	Repayment type	Coupon Rate	LIBOR floor
Senior - Facility A Loans	32,486	GBP	Amortising	LIBOR + 4.00%	1.25%
Senior - Facility B1A - I Loans	14,621	GBP	Bullet	LIBOR + 4.75%	1.25%
Senior - Facility B1A - II Loans	296,181	GBP	Bullet	LIBOR + 4.75%	1.25%
Senior - Facility B1B - I Loans	815	GBP	Bullet	LIBOR + 4.75%	1.25%
Senior - Facility B1B - II Loans	58,434	GBP	Bullet	LIBOR + 4.75%	1.25%
Senior - Acquisition	60,367	GBP	Bullet	LIBOR + 4.75%	1.25%
Senior - CAR	50,554	GBP	Amortising	LIBOR + 4.00%	1.25%
Senior - RCF	50,170	GBP	Revolver	LIBOR + 4.00%	1.25%
Facility C1 Loans	249,499	GBP	Bullet	LIBOR + 4.50%	1.25%
Facility C3 Loans	124,706	EUR	Bullet	EURIBOR + 4.00%	1.25%
TOTAL	937,833				

The senior bank borrowings were subject to financial conditions as defined in the Senior Facilities Agreement. The financial covenants define limits for the cash flow cover, interest cover, leverage and capital expenditure. Covenant adherence has been tested with respect to these financial statements and all requirements have been met.

The senior facilities were repaid during 2015.

16 Trade and other payables

	2015 £'000	2014 £'000
Trade payables	1	1,872
Accruals and deferred income	1,666	4,220
Amounts due to Group Undertakings	1,392,389	646,725
Other liabilities	<u>2,754</u>	<u>-</u>
	<u>1,396,810</u>	<u>652,817</u>

17 Share capital

	£'000
Ordinary share capital	
Issued and fully paid	
Balance at 1 st January 2015	50,000
Ordinary shares issued in year	<u>160,986</u>
Balance at 31st December 2015	<u>210,986</u>

160,985,611 ordinary shares of £1 each were issued, allotted and paid on 16 October 2016

SHIP MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

18 Controlling party

The Company is part of the Worldpay Group ("the Group") with the ultimate holding company being Worldpay Group plc, incorporated and registered in England and Wales, and its immediate parent company is Ship Holdco Limited, incorporated and registered in England and Wales

As at 31 December 2015, Worldpay Group plc heads the largest and the smallest group in which the Company is consolidated. The consolidated financial statements are available on the Groups website and from The Walbrook Building, 25 Walbrook, London, EC4N 8AF

17 Subsidiaries

Details of the company's subsidiaries at 31 December 2015 are as follows

	Country of incorporation	Ordinary shares held (%)	Nature of business
Worldpay (UK) Limited	England	100 00%	Provision of terminal card payment clearing services
Worldpay Limited	England	100 00%	Provision of online card payment clearing services
Worldpay Limited	Jersey	100 00%	Holding Company
Worldpay eCommerce Limited	England	100 00%	Holding Company
Cardsave Group Limited	England	100 00%	Provision of merchant terminals and related membership services
Worldpay AP Limited	England	100 00%	Provision of alternative card payment clearing services
YESPay International Limited	England	100 00%	Provision of innovation all in one solutions for payment processing
Tayvin 346 Limited	England	100 00%	Holding Company
Yes-Secure com Limited	England	100 00%	Support YESPay International Limited
Cardsave Acquisitions Limited	England	100 00%	Support Cardsave Group Limited
Cardsave Community Limited	England	100 00%	Support Cardsave Group Limited
Cardsave Holdings Limited	England	100 00%	Support Cardsave Group Limited
Cardsave Online Limited	England	100 00%	Support Cardsave Group Limited
Cardsave Merchant Services Limited	England	100 00%	Support Cardsave Group Limited
Cardsave (UK) Limited	England	100 00%	Support Cardsave Group Limited
Cardsave EBT Limited	England	100 00%	Support Cardsave Group Limited
Cardsave Finance Limited	England	100 00%	Support Cardsave Group Limited
Modacs Limited	England	100 00%	Support Cardsave Group Limited
Cardsave Terminals Limited	England	100 00%	Support Cardsave Group Limited
Worldpay Latin America Limited	England	100 00%	Provision of approval technology and other card payment services to merchants
Payment Trust Limited	England	100 00%	Online payments clearing
Worldpay B V	Netherlands	100 00%	Provision of terminal and online card payment clearing services
YESPay International Limited	Canada	100 00%	Support YESPay International Limited
YESPay IT services (India) Private Limited	India	100 00%	Support YESPay International Limited
EBOT IT Services Private Limited	India	100 00%	Support YESPay International Limited

SHIP MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

	Country of incorporation	Ordinary shares held (%)	Nature of business
Enviado Transacciones Sociedad Limitada	Spain	100 00%	Support Worldpay AP Limited
Envoy Services Bulgaria Limited	Bulgaria	100 00%	Support Worldpay AP Limited
Envoy Services South Africa (Pty) Limited	South Africa	100 00%	Support Worldpay AP Limited
Envoy Services Denmark APS	Denmark	100 00%	Support Worldpay AP Limited
Envoy Services Pty Limited	Australia	100 00%	Support Worldpay AP Limited
Worldpay Sweden AB	Sweden	100 00%	Support Worldpay AP Limited
Canadian Envoy Technology Services Limited	Canada	100 00%	Support Worldpay AP Limited
Envoy Services OU	Estonia	100 00%	Support Worldpay AP Limited
Worldpay Canada Corporation	Canada	100 00%	Research and development
Worldpay Pte Ltd	Singapore	100 00%	Distribution of Worldpay TM e-commerce solutions
Worldpay K K	Japan	100 00%	Provision of card payment clearing services
Bibit Payment K K	Japan	100 00%	Provision of approval technology and other card payment services to merchants
Bibit Secure Internet Payments Inc	USA	100 00%	Provision of approval technology and other card payment services to merchants
Worldpay S A R L	France	100 00%	Provision of approval technology and other card payment services to merchants
Bibit Spain S L U	Spain	100 00%	Provision of approval technology and other card payment services to merchants
Worldpay Pty Ltd	Australia	100 00%	Provision of terminal card payment clearing
Worldpay Finance PLC	England	100 00%	Holding company

PRINCIPAL RISK 8: Third parties

Movement in the year

No change

Link to strategy

We use technology and our products to differentiate from the competition page 44

We will expand in existing markets, and enter new ones page 46

We will realise the full potential of our business model page 48

The risk of loss from reliance on third parties carrying out core business activities

Risk appetite

Worldpay is willing to accept the risk of working with third parties for core business activities. However, contracts and relationships with critical suppliers must be well-monitored, value for money and regularly reviewed. In addition, regulatory requirements relating to sourcing must be met.

Risk indicators

- Core suppliers all contracted on a long-term basis to suit business strategy and need
- Performance of core suppliers against agreed service levels
- Issues identified in quarterly service reviews with the business and suppliers

Potential impacts

- Suppliers critical to Worldpay's success are unable to meet the capability levels required
- Non-compliance with FCA Regulation relating to Supplier Management
- Inconsistent and/or undesirable approach to the sourcing and management of key suppliers

Mitigants

- Worldpay has a dedicated procurement team staffed by purchasing professionals to manage external contractual arrangements
- The in-house legal team is involved in all contractual discussions
- SLAs and service reviews are held with all key external suppliers
- We regularly monitor performance of core suppliers against agreed service levels

Actions in 2015

- Created a centralised contracts database
- Contracts renegotiated, on service levels and terms and conditions, with strategically significant suppliers
- Engaged Strategic Supplier Management and Procurement in all Worldpay sourcing activity
- Sourcing regulatory requirements identified and communicated
- Supplier Security Risk reviews undertaken by Enterprise Security

UK membership of the European Union

The UK Government has announced that a referendum will be held on 23 June 2016 to decide whether the UK should remain in the European Union ('EU'). At Worldpay, we have analysed what this could mean for our business. A possible effect on Worldpay would be from macro-economic disruption, which may impact a proportion of the merchants we serve in the UK and Europe, and therefore our transactional flows. As a significant proportion of the regulatory regime we operate within comes from the EU, an exit may also change the framework applicable to our European operations.

However, given the global nature of our business and our experience working across multiple regulatory regimes, our current expectation is that this would not have a material effect on our business overall.

Going concern

In considering the going concern basis for preparing the financial statements, the Board have reviewed the Group's trading forecasts for the 12-month period from the date of approval of the Annual Report and Accounts. These forecasts, which include detailed cash flow projections, comprise assumptions as to sales and profit performance by operating division and by month. The forecasts demonstrate the Group's ability to operate within its current borrowing facilities. They also illustrate that the Group has significant covenant and liquidity headroom in its borrowing facilities to support its operations for the foreseeable future.

Notwithstanding the above, however, there remains a risk that a downturn in the economy could result in the Group's sales and profits being worse than the Board is currently envisaging. As a result, the Directors have also reviewed forecasts which include sensitivities that make allowance for this risk. Should such a scenario arise, the Directors are confident they have adequate liquidity and covenant headroom to ensure that the Group can meet its liabilities as they fall due for the foreseeable future.

Accordingly, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Viability statement

In accordance with provision C 2.2 of the 2014 UK Corporate Governance Code, the Directors have assessed the viability of the Group over the three years to December 2018. This assessment has been made taking account of the current position of the Group, the corporate planning process and the Group's principal risks.

The corporate planning process includes the preparation of the annual budget as well as the Group's longer-term strategic plan. The strategic plan provides medium to long-term direction for the Group and is reviewed on an annual basis. It includes a five-year outlook for the business. However, the Directors have determined that a three-year period is a more appropriate period over which to assess the viability of the Group as this provides a much greater degree of certainty. This is because the majority of contracts with customers are for a period of three years or less. In addition, we operate in fast-growing and dynamic markets which makes it difficult to predict how regulations will evolve beyond a three-year timeframe and what the consequential impact might be on the Group's activities.

As part of the strategic planning process, the Board carried out a robust assessment of the principal risks facing the Group, including those that could threaten its business model, future performance, solvency or liquidity. Eight principal risks have been identified as follows: industry change, legal and regulatory change, settlement risk, credit risk, data security, technology risk, scale of change, and reliance on third parties carrying out core business activities. These principal risks, together with potential impacts and mitigations, are set out on pages 58 to 65 of the Strategic report. Stress tests are performed on the financial plan after considering the potential impact of principal risks and uncertainties.

The geographical and sector diversification of the Group's operations helps minimise the risk of serious business interruption or catastrophic damage to our reputation. Furthermore, our business model is structured so that the Group is not reliant on one particular group of customers or sector. No single customer accounts for more than 3% of Group net revenue and our top ten customers account for less than 12% of Group revenue.

In addition to management's and the Board's review of the output from the annual strategic planning process, the IPO process that took place in 2015 also provided further scrutiny and analysis of the strategic plan.

The Directors have concluded, based on the extent of the Group's strategic planning process and its strong financial position, that there is a reasonable expectation that the Group has adequate resources to remain in operation and meet its liabilities as they fall due over the next three years.

Operating review

Worldpay operates in three principal markets – Global eCom, the UK and the US. These markets are described on page 43 of the 'Our strategy' section of the Strategic report.

The financial information presented and discussed in this review is based on underlying financial performance and includes pro forma prior year comparatives.

GLOBAL ECOM

Our Global eCom division focuses on large, internet-led multinationals that operate in fast-growing markets and have complex payment needs. We provide a wide range of payment services, both online and by mobile, to accept, validate and settle payments in 126 currencies across 146 countries, using any one of over 300 payment methods. Our customers also use our payments technology to maximise the rate at which payments are approved, manage the risk of fraud, and optimise their costs of operating globally.

We focus on five priority verticals: Digital Content, Global Retail, Airlines, Regulated Gambling and Travel. Through this focus, we build our knowledge and expertise of our customers' businesses and the specific needs of their own industry as it relates to payments.

In 2015, we enhanced the value of what we offer to our customers through a series of improvements to our products and services.

We launched a set of upgrades to our core payment capabilities, including 'Hosted Payment Pages', a tokenisation service and 'Worldpay Edge'. 'Hosted Payment Pages' allow a secure and seamless transition upon checkout from a customer's shopping website to our own payments pages. Our tokenisation service replaces the shopper's card details with a 'single-use' card number that cannot be used for any future payments and is therefore useless to a potential hacker. 'Worldpay Edge' is a deep data analytics service that allows customers to better understand shopper behaviour and performance.

We expanded the reach of our payments network into more markets, allowing more of our customers the ability to expand globally, with licences in Canada and Japan. We were one of the first payment companies to support Apple's launch of Apple Pay in the UK and Europe, and we have integrated our payments platform to new local payment methods, for example Bilddesk (used in India) and TenPay (used in China).

Performance review

Our Global eCom division had another strong year of growth in 2015 with transactions up 31% to 3.8 billion, driven by increased volumes across a range of products and verticals. Average transaction values fell 12% year-on-year, however, as a significant proportion of the volume growth came from verticals where high volume, low value transactions dominate, such as Digital Content and Global Retail.

Net revenue increased by £45.7m, or 17%, to £317.7m in the year ended 31 December 2015 (2014: £272.0m), with net acquiring income¹, treasury management and foreign exchange services² and gateway income accounting for the majority of the increase.

	Year ended 31 December 2015	Pro forma year ended 31 December 2014	Year-on-year change
Net revenue (£m)	317.7	272.0	17%
Underlying EBITDA (£m)	184.2	161.5	14%
Total transactions (bn)	3.8	2.9	31%
Total transaction value (£bn)	99.3	85.5	16%
Average transaction value (£)	25.9	29.3	(12)%
Net revenue/transaction value (%)	0.32%	0.32%	-

1 Net acquiring income is defined as transaction service charges less interchange and scheme fees. Transaction service charges are payable for 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.

2 Income from treasury management and foreign exchange services is generated on settling foreign currency transactions on behalf of customers.

Net acquiring income grew by 20% in 2015 as a result of new business wins and growth of existing customers, particularly in Digital Content, Travel and Global Retail. Scheme fees increased significantly during the period, largely as a result of volume growth and country mix. In addition, a number of new rules and fees were implemented by the schemes in the year which increased fees further. The majority of these increases were charged on to customers.

Revenue from treasury management and foreign exchange services grew by 22% year-on-year as a result of increased volumes in Airlines, Travel and Digital Content. Gateway income was also up 26%, driven by volume increases in Global Retail and Travel and the contribution from Cobre Bem, our provider of gateway service solutions in Latin America.

Global eCom's underlying net revenue as a percentage of total transaction value remained strong at 0.32% for the year ended 31 December 2015, in line with the prior year.

Underlying EBITDA increased by £22.7m, or 14%, to £184.2m in the year ended 31 December 2015 (2014: £161.5m). This increase was driven principally by the growth in net revenue noted above but was offset, in part, by £22.9m higher operating costs year-on-year. This increase in operating costs partly reflects the growth in revenue, but also the investments we have made in people and capability, in both 2014 and 2015, to develop the organisation and deliver further sales growth in the future. In addition, bad debts increased compared to the prior year.

WPUK

WPUK provides in-store, phone, online and mobile payment acceptance solutions for approximately 300,000 UK and Ireland-based customers, from SMEs to large corporates (including Tesco, Asda and Next).

To strengthen Worldpay's leadership in the UK, our strategy is to evolve from simple payment processing to become an added-value payment services and solutions partner for our merchants, across all of our market segments – SME, Small Corporate and Large Corporate. The strategy has three strands, with core growth being driven by a focus on 'Brilliant Basics' and 'Multi-Service Penetration', while we also seek new growth opportunities from transformational products and services.

The success of 'Brilliant Basics' can be seen in the number of new merchants on-boarded through our core channels, which increased significantly during the second half of 2015. We achieved this through a focus on increasing lead generation, improving sales conversion, and working to improve the overall end-to-end efficiency of our sales model, including the final stages of the Cardsave integration. Further improvements in our merchant retention operations, combined with a focus on improving customer experience by addressing the common causes of complaints, also led to a reduction in overall churn rates in the second half of the year.

We also made significant progress with 'Multi-Service Penetration'. The penetration of ecommerce/CNP products amongst new merchants grew by 12% in the last 12 months, driven by a clear focus across our marketing and sales teams. During Q4, we implemented a 'sales-through-service' pilot to promote cross-sales activities within the customer service desk. Following the success of this pilot, we plan to roll out the initiative to full capacity during 2016. Finally, in Q4, we launched Worldpay Business Finance in partnership with Liberis to provide UK SMEs with access to flexible financing via a business cash advance. To date over £2m of funding has been provided to our merchants by Liberis, and we expect to continue to build on this progress in 2016.

Transformational products and services are the drivers for both new revenue growth and increased merchant engagement. In May 2015, we launched My Business Dashboard, our online reporting portal for SME customers, and it had over 14,000 active users by the end of the year. My Business Hub, a tablet-based smart point-of-sale solution, was launched in pilot with a small number of merchants in Q4. We have received extremely positive feedback on both products and they will be scaled up significantly in 2016. Worldpay Total and Worldpay Total Mobile, our omni-channel solutions for corporate customers, continued to register strong sales in the Large Corporate sector. These products have been instrumental in winning new Corporate business against our key competitors, as well as cross-selling new services to existing Corporate customers.

	Year ended 31 December 2015	Pro forma year ended 31 December 2014	Year-on-year change
Net revenue (£m)	405.2	366.0	11%
Underlying EBITDA (£m)	179.2	156.1	15%
Total transactions (bn)	5.4	5.0	8%
Total transaction value (£bn)	202.8	196.6	3%
Average transaction value (£)	37.5	39.2	(4)%
Net revenue/transaction value (%)	0.20%	0.19%	–

Performance review

Our WPUK division grew strongly in 2015 with transactions up 8% to 5.4 billion, driven by new customer wins in both the Corporate and SME sectors and continuing growth in the use of cards as a payment mechanism. Average transaction values fell 4% year-on-year, however, reflecting high street price competition, particularly in the supermarket sector where Worldpay has a high market share, and changing consumer behaviour as the use of contactless increases.

Net revenue increased by £39.2m, or 11%, to £405.2m in the year ended 31 December 2015 (2014: £366.0m), with net acquiring income accounting for the majority of the increase. Net acquiring income grew by 18% reflecting the impact of higher transaction volumes and effective management of pricing on new business and renewals, as well as a net positive impact of lower interchange costs on the acquiring margin which funded the enhancement of our propositions for customers.

Ancillary income¹ grew by 9% year-on-year as a result of increases in authorisation, gateway and other fees.

WPUK's net revenue as a percentage of total transaction value increased slightly to 0.20% for the year ended 31 December 2015 from 0.19% in the prior year, reflecting a change in mix to more credit card transactions and commercial pricing decisions.

Underlying EBITDA increased by £23.1m, or 15%, to £179.2m in the year ended 31 December 2015 (2014: £156.1m). This improvement was driven by the growth in net revenue noted above and strong cost control, underpinned by a drive towards greater efficiency. Operating costs increased in the year by £4.7m, or 3%, reflecting the higher volumes as well as investment to drive future growth. The cost growth was at a significantly lower rate than the net revenue growth, leading to an overall improvement in profit margin.

WPUS

WPUS provides in-store, online and mobile payment acceptance solutions for US-based customers, with a focus on developing omni-channel and integrated payment solutions for its approximately 109,000 SME customers, and vertical-specific solutions for its approximately 13,000 enterprise customers in the Grocery, Petroleum, Restaurant and Retail industries. In addition, we provide ATM services to approximately 100 organisations across the United States.

Our Corporate Business Unit, focused on larger clients operating nationally, continued to grow strongly in 2015. Our strategy to differentiate in this segment using a service-based approach to different vertical industries – especially Petroleum, Quick Serve Restaurants and Grocery Retail, where customer needs and requirements are often unique – is being validated with significant growth in locations, transactions and revenues. Furthermore, our competitive, value-based and high touch approach to clients is driving long-term client retention and life-time value. During 2015, we added to our vertical specialisms by extending our reach in the growing and attractive official payments sector that comprises federal, state and local government payments as well as utility payments.

WPUS' Small Business Unit is focused on delivering powerful but affordable payment solutions to SMEs across the United States through multiple routes to market. In 2015, we delivered strong performance in terms of new sales and customer retention. We also continued our transformational journey to become a leading payment processing partner to the thousands of software, hardware and technology providers that power the point-of-sale environment for the more than seven million small and medium-sized businesses across the country. Customer acquisition in the Small Business Unit is delivered through a range of both direct and indirect/partner channels.

In order to accelerate our evolution to be the payments partner of choice, we completed our integration of the SecureNet business and have delivered the forecast operational efficiencies in line with our expectations. We have now built a technical connection between the SecureNet platform and the WPUS Lynk platform that will allow clients to have access to the ease of technical integration offered through SecureNet, as well as to the rich payment processing features that we already possess.

The US marketplace is moving to the EMV payment standard, requiring merchants to upgrade their point-of-sale systems to accept EMV chip-based cards. Over the past year, WPUS invested heavily in EMV, middleware and unattended testing tools, simplifying the certification process, as well as creating a repeatable, scalable solution for merchants and partners. We will continue to invest further in EMV in 2016.

1 Ancillary Income includes fees charged per transaction for providing gateway services, fraud and risk management services, float income, and charges levied for the acceptance of alternative payments. Gateway services work in the same manner as transaction processing services, but are provided for online transactions only.

We also made significant progress in certifying integrated software vendors ('ISVs'), partners, and merchants. During the year, we signed over 80 partners, including partners providing services now integrated into our SME payment solutions, together with partners providing referrals and other sources of new customer income streams.

In addition to payment processing, we continued to offer value added services, such as third-party working capital solutions delivered through the payment processing and settlement cycle, which provide financing options outside of traditional bank loans to help SMEs manage and grow their business.

Performance review

Our WPUS division had a solid year of growth in 2015 with transactions up 9% to 3.8 billion, driven by increased volumes across all business segments as well as the acquisition of SecureNet. Average transaction values decreased by 2% year-on-year, reflecting developments in the Petroleum vertical where a decline in wholesale oil prices resulted in lower prices to consumers at the pump.

Net revenue increased by £33.4m, or 15%, to £258.8m in the year ended 31 December 2015 (2014: £225.4m). Excluding the impact of the SecureNet acquisition in December 2014 and the foreign currency translation impact, net revenue increased by £7.1m, or 3%. This increase was driven principally by growth in acquiring income, reflecting the increase in transaction volumes. Net revenue as a percentage of total transaction value remained in line with the prior year at 0.26%.

Underlying EBITDA decreased by £13.1m, or 17%, to £62.3m in the year ended 31 December 2015 (2014: £75.4m). Excluding the impact of the SecureNet acquisition and the foreign currency translation impact, underlying EBITDA decreased by £14.4m, or 17%. Operating costs (excluding SecureNet and foreign currency translation) increased by £16.5m, reflecting increased costs payable to third-party sales agents and additional investment in people, security and office costs to deliver the strategy. In addition, bad debt provisions increased year-on-year by £3.8m.

SecureNet, which was purchased in December 2014, contributed £9.7m to net revenue in the year (2014: £0.3m) and made a loss of £4.4m (2014: loss of £0.2m). Net revenue was significantly lower than expected due to slower than expected sign-up of new partners. To offset this shortfall, however, certain synergies were realised earlier than anticipated, primarily through a workforce reduction. As a result, overall performance was in line with our expectations.

The Directors believe strongly that we have the right strategy and people in place to deliver sustainable growth in the future but it will take longer than previously anticipated to achieve and we will incur additional costs as a result

	Year ended 31 December 2015	Pro forma year ended 31 December 2014	Year-on-year change
Net revenue (£m)	258.8	225.4	15%
Underlying EBITDA (£m)	62.3	75.4	(17)%
Total transactions (bn)	3.8	3.5	9%
Total transaction value (\$bn)	152.6	143.9	6%
Average transaction value (\$)	39.7	40.7	(2)%
Net revenue/transaction value (%)	0.26%	0.26%	–

Financial review

Income statement

	Year ended 31 December 2015 £m	Pro forma year ended 31 December 2014 £m	Year-on-year change %
Revenue	3,963.0	3,626.6	9%
Interchange and scheme fees	(2,981.3)	(2,763.2)	(8)%
Net revenue ¹	981.7	863.4	14%
Gross profit	860.4	765.3	12%
Underlying EBITDA ²	406.1	374.7	8%
Underlying depreciation and amortisation	(65.6)	(78.4)	16%
Underlying finance costs	(151.2)	(163.2)	7%
Share of result of joint venture and associate	(1.2)	(0.3)	
Underlying profit before tax	188.1	132.8	42%
Separately disclosed items			
– affecting EBITDA	(103.7)	(88.6)	
– affecting depreciation and amortisation	(69.9)	(82.7)	
– affecting finance (costs)/income	4.6	(8.6)	
	(169.0)	(179.9)	6%
Profit/(loss) before tax	19.1	(47.1)	
Tax charge	(48.9)	(2.9)	
Loss for the year	(29.8)	(50.0)	40%
Earnings per share			
Underlying pro forma EPS (p) ³	6.9	4.6	50%
Reported EPS (p)	(1.8)	(3.1)	42%

1 Net revenue is defined as revenue less interchange and scheme fees

2 Underlying EBITDA is defined as earnings before interest, tax, depreciation and amortisation. It also excludes separately disclosed items

3 Underlying pro forma earnings per share is calculated by taking profit/loss for the period before separately disclosed items, divided by the number of shares in issue at the end of 2015

The information presented and discussed in this section includes a number of measures that are not defined or recognised under IFRS including net revenue, underlying EBITDA, underlying pro forma earnings per share and free cash flow. These are considered to be key measures of the Group's financial performance and as such have been included here to aid comparability and enhance usefulness.

Net revenue, defined as revenue less interchange and scheme fees, is presented and discussed in this section as the Directors believe that this best reflects the relationship between revenue and profitability. Underlying EBITDA, being earnings before interest, tax, depreciation and amortisation, excluding separately disclosed items, is considered by the Directors to give a fairer view of the year-on-year comparison of underlying trading performance. Separately disclosed items are costs or income that have been recognised in the income statement which the Directors believe, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying financial performance. These are explained further later in this section.

Underlying pro forma earnings per share is calculated by taking profit/loss for the period before separately disclosed items, divided by the number of shares in issue at the end of 2015. Free cash flow represents the Group's net cash inflow from operating activities, after accounting for the Group's net capital expenditure and underlying finance costs. It excludes any working capital movements associated with the IPO. The Directors believe that free cash flow provides a better reflection of the cash being generated by the business.

On 3 July 2015, in contemplation of the IPO, the Company changed its financial year end from 30 November to 31 December. As a result, the statutory comparative period to the 2015 financial statements is the one month to 31 December 2014. To aid comparability and understanding

of performance, however, we have presented pro forma comparative information for the 12 months to 31 December 2014 in this section. The statutory one-month comparative information can be found in the Financial statements section of this Report

Revenue

Revenue in the year of £3,963.0m (2014: £3,626.6m) was £336.4m, or 9%, higher than in the prior year. Excluding the impact of acquisitions during the current and prior period (SecureNet and Cobre Bem) and the foreign currency translation impact on our WPUS revenue, growth was 5%. This growth reflects a 23% increase in our Global eCom business and a 6% increase in WPUS, partly offset by an 8% reduction in WPUK.

The increase in Global eCom reflects strong volume growth across all verticals, particularly in acquiring, treasury management and foreign exchange services and gateway income. The decline in WPUK reflects the impact on customers of reductions in cross-border acquired interchange costs in January 2015 and Visa and MasterCard repricing in 2015. The 6% underlying growth in WPUS was driven principally by growth in acquiring income, reflecting an increase in transaction volumes.

SecureNet contributed £31.5m (2014: £1.0m) to revenue in the year and Cobre Bem contributed £1.4m (2014: £nil). The foreign exchange impact on translation of our WPUS results accounted for £127.1m of revenue growth year-on-year.

Net revenue

Net revenue increased by £118.3m, or 14% year-on-year, to £981.7m (2014: £863.4m). Excluding the impact of acquisitions and foreign currency translation on our WPUS revenue, growth was 10%. This growth reflects a 16% increase in our Global eCom business, an 11% increase in WPUK and a 3% increase in WPUS.

The increase in Global eCom reflects the same factors as for revenue above. In WPUK, an increase in transaction volumes and net acquiring income accounted for the majority of the increase. In WPUS, the 6% growth in revenue was partly offset by higher interchange and scheme fees.

SecureNet contributed £9.7m (2014: £0.3m) to net revenue in the year and Cobre Bem contributed £1.3m (2014: £nil). The foreign exchange impact on translation of our WPUS results accounted for £17.0m of net revenue growth year-on-year.

Further details on the segmental breakdown of net revenue performance is provided in the Operating review.

Gross profit

Gross profit increased by £95.1m, or 12% year-on-year, to £860.4m (2014: £765.3m). Excluding the impact of acquisitions and foreign currency translation on our WPUS gross profit, growth was 10%. This reflects an 18% increase in our Global eCom business, an 8% increase in WPUK and a 1% increase in WPUS.

The increase in Global eCom was driven from the revenue improvements noted above. In WPUK and WPUS, increased referral commission payments to partners reduced the underlying gross profit growth.

Underlying personnel and net operating expenses

Underlying personnel and net operating expenses increased by £63.7m, or 16% year-on-year, to £454.3m (2014: £390.6m). Excluding the impact of acquisitions and foreign currency translation on our WPUS expenses, the increase was 11%.

The increase year-on-year reflects higher wages and salaries due to a higher average number of employees, as well as other operating costs associated with supporting the growth in revenue, including the costs of organisational investments made in 2014. In addition, bad debt expenses increased by £6.3m, to £22.5m, in the year.

The average number of employees increased to 4,982 from 4,518 in the prior year. The increase was principally driven by recruitment of personnel to enhance capabilities in sales, marketing and lead generation, product development, product management and data analytics.

Underlying personnel and net operating expenses in SecureNet amounted to £10.7m (2014: £0.4m) in the year with costs in Cobre Bem amounting to £2.8m (2014: £0.5m). The foreign exchange impact on translation of our WPUS results accounted for an increase of £7.9m year-on-year.

Underlying EBITDA

Underlying EBITDA increased by £31.4m, or 8% year-on-year, to £406.1m (2014: £374.7m). Excluding the impact of acquisitions and foreign currency translation on our WPUS EBITDA, the growth was 8%. This reflects an increase in net revenue for the Group of 10%, partly offset by higher third-party commission expenses and higher underlying personnel and net operating costs as we continue to invest in organisational capability to support future growth.

The underlying EBITDA growth of 8% reflected a 15% increase in Global eCom and WPUK, partly offset by a 17% decline in WPUS and a 7% increase in Corporate costs.

SecureNet reported a loss at the underlying EBITDA level of £4.4m (2014: loss of £0.2m) and Cobre Bem reported a loss of £1.5m (2014: loss of £0.5m). The foreign exchange impact on translation of our WPUS results accounted for £5.4m of underlying EBITDA growth year-on-year.

Further details on the segmental breakdown of underlying EBITDA performance is provided in the Operating review.

Underlying depreciation and amortisation

Underlying depreciation and amortisation decreased by £12.8m, or 16% year-on-year, to £65.6m (2014: £78.4m). The decrease largely reflects lower charges in 2015 on items of software, computer equipment and terminals that existed at the time of the divestment from RBS and that

had been fully depreciated at the end of 2014. While additions to computer software have increased during the year, this includes intangible assets under the course of construction relating to our new technology platform which are not being amortised as they are not yet available for use. At 31 December 2015, the total value relating to intangible assets under the course of construction amounted to £235.3m, compared with £145.1m at 31 December 2014. We expect that, as these assets become available for use, this will lead to a substantial increase in the underlying depreciation and amortisation charge. Once in use, these assets will be depreciated over 10 years.

Underlying finance costs

Underlying finance costs decreased by £12.0m, or 7%, year-on-year to £151.2m (2014: £163.2m). The decrease reflects the reduction in borrowings following the IPO, whereby the overall debt fell by £833m and, as a result of the refinancing, the average cost of debt fell from an average of 5.7% in 2014 to 3.1%. The Directors expect underlying finance costs to fall substantially in 2016 as we see a full year benefit from the change in capital structure.

Share of results of joint venture and associate

The share of results of joint venture and associate was a loss of £1.2m (2014: loss of £0.3m) and reflects our investments in Pazien Inc. and SPay, Inc.

On 15 May 2015, the Group purchased 499 Class A shares in SPay, a referral company specialising in the sport sector, representing a 49.9% shareholding based on the shares in issue at that date. On 18 December, SPay issued further shares to another investor, reducing Worldpay's shareholding to 25%.

On 4 June 2015, the Group purchased a further 65,402 shares in Pazien Inc., an innovative start-up company creating products using transaction data to enable more intelligent routing, automated optimisation and reconciliation for our Global eCom merchants. Although the Group holds 51% of shares in Pazien Inc., it does not represent control over the entity as the Board is shared equally between the Group and the founders of the business.

Separately disclosed items

Separately disclosed items in the year amounted to a pre-tax net cost of £169.0m (2014: £179.9m), of which £103.7m (2014: £88.6m) affected EBITDA, £69.9m (2014: £82.7m) affected depreciation and amortisation and a net gain of £4.6m (2014: cost of £8.6m) affected finance costs. Separately disclosed items are costs or profits that have been recognised in the year which the Directors believe, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying financial performance.

The separately disclosed items affecting EBITDA comprise platform-related and other costs incurred in the separation from RBS, non-capitalisable costs of the IPO, reorganisation and restructuring costs, and other costs.

Platform-related separation costs of £33.3m (2014: £35.1m) are non-capitalised costs associated with the upgrade and migration of the Group's core systems from RBS. They are principally personnel, maintenance and consultancy costs. Total costs incurred to date on the platform programme are £449.8m (2014: £361.9m), of which £289.4m (2014: £234.8m) has been included within tangible and intangible assets on the balance sheet, with the remainder charged directly to the income statement.

Other costs related to the separation from RBS of £20.1m (2014: £24.1m) principally relate to system implementation and remediation, double running of property, and the excess costs of interim staff.

In 2016, we expect a further reduction in platform-related and other costs incurred in the separation from RBS as the programme nears completion.

The non-capitalisable costs of the IPO in the year amounted to £35.0m (2014: £nil) and reflect the costs of various share awards granted as part of the IPO, including the all-employee free share award and additional awards given to management.

Reorganisation and restructuring costs of £6.4m (2014: £18.2m) represent costs associated with a variety of projects to develop and implement the strategy of establishing Worldpay as a stand-alone business. Costs in 2015 include the restructuring and further integration of the Cardsave business in WPUK and the sales force reorganisation in WPUS.

Separately disclosed items

	Year ended 31 December 2015 £m	Pro forma year ended 31 December 2014 £m	Year-on-year change £m
Affecting EBITDA			
Separation – platform costs	(33.3)	(35.1)	1.8
Separation – other costs	(20.1)	(24.1)	4.0
IPO-related costs	(35.0)	–	(35.0)
Reorganisation and restructuring costs	(6.4)	(18.2)	11.8
Other costs	(8.9)	(11.2)	2.3
Total affecting EBITDA	(103.7)	(88.6)	(15.1)
Affecting depreciation and amortisation			
Amortisation of business combination intangibles	(67.9)	(73.1)	5.2
Impairment of platform assets	–	(9.6)	9.6
Impairment of other intangibles	(2.0)	–	(2.0)
Total affecting depreciation and amortisation	(69.9)	(82.7)	12.8
Affecting finance (costs)/income			
Costs associated with refinancing	(44.7)	–	(44.7)
Net revaluation gain on Visa Europe asset and related CVRs	54.8	–	54.8
Foreign exchange losses	(5.5)	(8.6)	3.1
Total affecting finance (costs)/income	4.6	(8.6)	13.2
Total (pre-tax)	(169.0)	(179.9)	10.9
Tax credit	0.8	38.2	(37.4)
Total (post-tax)	(168.2)	(141.7)	(26.5)

These are partially offset by the release of provisions for contingent consideration payable on acquisitions no longer required

Other costs of £8.9m (2014: £11.2m) include fees payable to shareholders incurred prior to the IPO in relation to the previous ownership structure and a number of other smaller one-off items

Separately disclosed items affecting depreciation and amortisation amounted to £69.9m (2014: £82.7m). These predominantly relate to the amortisation of business combination intangibles which is a non-cash charge relating to intangible assets recognised on the divestment of the business from RBS, as well as subsequent strategic business acquisitions. In addition, in the year, software development in WPUS of £2.0m was deemed to be impaired and written-off following the integration of the SecureNet business.

Separately disclosed items affecting finance costs in the year were a net gain of £4.6m (2014: cost of £8.6m) and comprise costs associated with the refinancing of the Group (£44.7m), a net revaluation gain on fair value of the Visa Europe shares and related Contingent Value Rights (£54.8m), and FX losses resulting from the translation of the Group's assets and liabilities denominated in currencies other than Sterling (£5.5m). The £44.7m of costs associated with the refinancing represent the write-off of previously capitalised finance costs on repayment of the debt that was in place prior to the IPO. The net revaluation gain on the Visa Europe shares and related Contingent Value Rights is explained in more detail on page 76.

We expect most separately disclosed items to be eliminated from the end of 2016, with the exception of the non-cash charge for amortisation of business combination intangibles, a charge for residual migration activity and the charge for the transitional share award plan, awarded at IPO, which will cease part-way through 2018.

Profit/(loss) before tax

The profit before tax for the year was £19.1m (2014: loss of £47.1m). The improvement year-on-year reflects strong trading performance, together with a reduction in underlying depreciation and amortisation and underlying finance costs and the net gain in relation to the Visa Europe shares.

Tax

The tax charge on underlying results for the Group increased by £8.6m, or 21%, to a charge of £49.7m in the year ended 31 December 2015 (2014 £41.1m), representing both current tax and deferred tax charges. The underlying tax charge was driven principally by taxable profits arising in the UK and the Netherlands, partly offset by taxable losses in the United States.

The charge reflects an effective tax rate on underlying results of 26%, which is higher than the UK headline rate for the year of 20.25% primarily due to higher overseas tax rates and non-deductible financing costs.

The tax credit of £0.8m (2014 £38.2m) arising on separately disclosed items includes a deferred tax charge of £39.2m arising on the proposed disposal of the interest in Visa Europe in 2016.

After including separately disclosed items, the Group's total tax charge increased by £46.0m to £48.9m in the year ended 31 December 2015 (2014 £2.9m), inclusive of the Visa Europe deferred tax liability referred to above.

Earnings per share and dividends

Basic and diluted underlying pro forma earnings per share in the year was 6.9p, an increase of 50% on the pro forma prior year earnings per share. Underlying pro forma earnings per share is calculated by taking profit/loss before separately disclosed items, divided by the number of shares in issue at the end of 2015. The year end number of shares has been used as this avoids the distortion caused by the pre-IPO position and therefore aids comparability this year and in the following year.

On a reported basis, the basic and diluted loss per share for 2015 was 1.8p compared with a loss per share in the prior year of 3.1p.

In line with the guidance given at the time of the IPO, the Directors are not recommending the payment of a dividend in relation to the year ended 31 December 2015. The Group's first dividend as a public company is expected to be declared at the 2016 half year results and paid in November 2016. The Group's dividend policy is based on a pay-out ratio of 20% to 30% of reported profit after tax per annum, with approximately one third of any annual dividend to be paid in respect of the first half and two thirds in respect of the second half.

Cash and liquidity

Cash flow

The net cash inflow from operations in the year increased by £80.1m, or 35%, to £312.1m (2014 £232.0m). The increase reflects improvements to underlying trading and working capital and lower tax payments, partly offset by increased separately disclosed items affecting EBITDA and higher foreign exchange losses. The working capital inflow in the year of £29.2m (2014 outflow of £30.5m) largely reflects an increase in trade payables and accruals as a result of the growth in the underlying business and investment in people and infrastructure. The corresponding growth in trade debtors we would expect to see was partly offset by the impact of reductions in interchange rates during the year, resulting in lower levels of customer funding.

Expenditure on tangible fixed assets and software in the year was £179.0m (2014 £142.7m). The increase year-on-year reflects investment in a number of customer propositions to support the growth plans of our operating divisions, and spend to enhance our data security and improve our data analytics capability. These have been partially offset by lower investment in platform-related expenditure as we transition from the 'build' to the 'test' phase of this project. Total capital expenditure is expected to remain between 16% and 20% of net revenue in 2016 and to decline to approximately 9% to 10% of net revenue in 2017.

Cash flow

	Year ended 31 December 2015 £m	Pro forma year ended 31 December 2014 £m	Year-on-year change £m
Underlying EBITDA	406.1	374.7	31.4
Separately disclosed items affecting EBITDA	(103.7)	(88.6)	(15.1)
Working capital ¹	29.2	(30.5)	59.7
Tax paid	(8.6)	(19.1)	10.5
Non-cash items	(10.9)	(4.5)	(6.4)
Net cash inflow from operating activities	312.1	232.0	80.1
Capital expenditure	(179.0)	(142.7)	(36.3)
Underlying finance costs paid	(100.7)	(88.6)	(12.1)
Free cash flow²	32.4	0.7	31.7
Acquisitions	(16.6)	(99.4)	82.8
Underlying movement in borrowings	(59.1)	94.4	(153.5)
Net impact of IPO and refinancing	37.7	–	37.7
Net cash flow	(5.6)	(4.3)	(1.3)

1 Working capital shown here excludes any movements associated with the IPO

2 Free cash flow represents the Group's net cash inflow from operating activities, after accounting for the Group's net capital expenditure and underlying finance costs. It excludes any working capital movements associated with the IPO

Debt and financing

	As at 31 December 2015 £m	As at 31 December 2014 £m	Year-on-year change £m
Own cash	165.3	168.7	(3.4)
Senior borrowings			
Term Facility 1	(247.1)	–	(247.1)
Term Facility 2	(910.3)	–	(910.3)
Revolving credit facility	(38.4)	–	(38.4)
Senior unsecured notes	(365.6)	–	(365.6)
Other	–	(1,826.1)	1,826.1
	(1,561.4)	(1,826.1)	264.7
Finance leases	(29.2)	(28.2)	(1.0)
Subordinated borrowings	–	(450.5)	450.5
Loan notes	–	(118.0)	118.0
Net debt	(1,425.3)	(2,254.1)	828.8

Underlying finance costs paid in the year were £100.7m (2014: £88.6m). The increase year-on-year reflects the phasing of interest repayments.

As a result of the above movements, free cash flow increased to £32.4m in 2015 compared with £0.7m in 2014.

Expenditure on acquisitions in the year reflects payments in relation to the Cardsave earnout, settlement of deferred consideration for YesPay, and investments made in SPay and Pazien

The underlying movement in borrowings of £59.1m outflow (2014: inflow of £94.4m) included the repayment, in the first half of 2015, of £50.0m that had been drawn under the Group's revolving credit facility in 2014

The net impact of the IPO and refinancing in the year was an inflow of £37.7m (2014: £nil) and principally reflects the proceeds received on issue of shares and the inflows from the refinancing, offset by the amounts paid to previous shareholders and the repayment of pre-IPO debt

Debt and financing

On 16 October, as part of the IPO process, all existing borrowings were repaid and the Group arranged new borrowing facilities totalling £1.7bn. These new borrowings comprised a £600m three-year term facility (Term Facility 1), a £900m five-year term facility (Term Facility 2), and a £200m revolving credit facility. The rates of interest are LIBOR-based plus a margin dependent on leverage. The maximum margin for Term Facility 1 is 2.00% and for Term Facility 2 is 2.50%.

On 10 November 2015, the Group issued €500m 3.75% senior unsecured notes due 2022, the proceeds of which were used to reduce Term Facility 1. The issue extended the average term of the Group's debt, diversified its funding sources and fixed the interest rate on this portion of debt.

Net debt at 31 December 2015 was £1,425.3m (2014: £2,254.1m). The reduction year-on-year reflects the IPO and the resultant refinancing activity.

Proposed disposal of interest in Visa Europe

On 2 November 2015, we announced the proposed disposal of our approximate 5.9% interest in Visa Europe to Visa Inc. The disposal, which is expected to complete in Q2 2016, is a result of Visa Inc.'s agreement to purchase 100% of Visa Europe, subject to the satisfaction of certain conditions.

Under the terms of the disposal, Worldpay will receive a mixture of cash and non-cash consideration currently estimated to be worth in aggregate up to €1.2bn. This is made up of up-front consideration of approximately €544m of cash and €375m of Series B Preferred Stock in Visa Inc. In addition, if the earnout pays out in full, Worldpay could receive in the region of €283m in earnout conditional upon achieving certain criteria relating to the incremental net revenue of Visa Europe during the earnout period. The up-front consideration will be reduced by any final settlement of potential liabilities relating to ongoing interchange related litigation involving Visa Europe. Potential losses from interchange litigation liabilities will be set against the Preferred Stock which can be reduced to absorb those losses. A Loss Sharing Agreement entered into by Worldpay, along with the ten other largest UK members of Visa Europe, provides a second level of protection to Visa Inc., capped at the value of the cash consideration received. The Group's share of such liabilities arising from the UK interchange related litigation is capped at the Group's up-front consideration.

As set out in our IPO Prospectus dated 13 October 2015, the holders of the contingent value rights ('CVRs') (a separate class of shares in the Company) will be entitled to 90% of the net post-tax proceeds of the disposal in accordance with the terms of the CVRs (subject to the Company's right of retention), with Worldpay retaining 10% of the net proceeds. Further details of the CVRs are set out in our Prospectus.

Following the disposal, Worldpay will continue to be a participant in the Visa payments system. It is anticipated that Worldpay will no longer have representation on the Board of Visa Europe following completion of the disposal as a result of Visa Europe ceasing to be a member-owned association.

As at 30 June 2015 and on IPO completion, the Visa Europe asset was recognised in the Group's balance sheet as a financial asset with a fair value of £nil. In accordance with IAS 39, financial assets should be re-measured at each reporting date. In performing the revaluation at 31 December 2015, the offer by Visa Inc. to purchase Visa Europe has been taken into account in the subsequent measure of fair value, despite the fact that there remains some uncertainty around both the likelihood of completion of the deal (which is still subject to anti-trust clearance), and the amount of pre-transaction operational liabilities which would reduce the up-front consideration received.

The CVR liabilities were recognised at £nil fair value on initial recognition. At year end, they were re-measured at amortised cost based on a re-estimation of future cash flows, with any changes being recognised in the income statement.

Based on the above, the fair value of the Visa Europe asset on the Group's balance sheet has increased to £195.7m and the corresponding CVR liabilities have been valued at £140.9m. A deferred tax liability of £39.2m has also been recognised. A net pre-tax revaluation gain of £54.8m has been recognised in finance costs as a separately disclosed item.

Chairman's governance letter

"Your Board has made a firm commitment to apply the highest standards of governance "

Sir Michael Rake
Chairman

Governance

Your Board, under my Chairmanship, has made a firm commitment to apply the highest standards of governance across the Group. The appropriate governance practices in place prior to the IPO in October 2015 have been strengthened with the structures and processes required of a publicly listed company and these will be enhanced during the course of 2016. Our first governance report explains our current arrangements and areas for further development in 2016.

The Board

The appointment of Deanna Oppenheimer on 1 January 2016 further strengthens our Board. She is a leading figure in international finance and, with her unusual combination of banking, retail, innovation, brand and communication skills, will be invaluable to Worldpay. Her appointment brings the number of Independent Non-Executive Directors to three. We recognise that the ratio of Independent Non-Executive Directors on the Board falls short of UK corporate governance and shareholder expectations and we will continue to build our new Board in 2016. In furtherance of this objective, we will have regard to our Board Appointments Policy, which provides for diversity across a range of measures, including skills, experience, knowledge and gender in order to meet the needs of our business.

With new Independent Directors joining the Board, we will provide thorough induction and on-going education programmes in the form of a series of development and strategy support presentations for the entire Board at the end of each of its meetings. This series, together with our normal on-going business reviews, will ensure that the Non-Executive Directors build sufficient knowledge to be able to contribute fully to the Board's review and development of strategy.

We recognise the benefit of a thorough Board effectiveness review and believe the time to do this will be around the anniversary of our IPO, towards the end of 2016.

Risk management and corporate culture

Our risk culture is centred on risk awareness, openness, continuous improvement and encouraging the right behaviour to ensure an appropriate outcome for both the Company and its customers. Our colleagues are required to consider risk in their decision making and take personal accountability for the risks they take. The distillation of a set of everyday working principles and behaviours into the Worldpay Way sets the tone from the top, which together with comprehensive development opportunities to drive our capabilities and specific training programmes to reinforce our legal and regulatory compliance, supports a positive corporate culture.

Participation in these training programmes and the output from our annual colleague survey is regularly reviewed by the Executive Committee and the Board to ensure we maintain a positive culture across the organisation.

Engagement with our shareholders

We place great importance on active engagement with our shareholders and have put in place a programme of meetings to discuss our strategy and performance. In addition, we have also engaged with our major shareholders and a number of governance organisations in respect of our performance measures and targets for our bonus and long-term incentive arrangements, which are fully aligned with our targets and key performance indicators for the delivery of our strategy.

We look forward to engaging with you in 2016 and beyond and look forward to your support at our first annual general meeting on 10 May 2016.

Further details of our governance and remuneration arrangements are detailed on pages 82 to 112.

Sir Michael Rake
Chairman
8 March 2016

Board of Directors

The Board is chaired by Non-Executive Chairman, Sir Michael Rake. In addition to the Chairman, the Board currently includes three Executive Directors, three Independent Non-Executive Directors and two Non-Executive Directors. Each of the Committees of the Board is chaired by an Independent Non-Executive Director, other than the Nomination Committee, which is chaired by the Chairman.

Worldpay appreciates the importance of having a Board of Directors containing the right balance of skills, experience and diversity. The skills and experience of the current Directors and the value they bring to Worldpay Group is described here.

Sir Michael Rake

Chairman

Appointment

Appointed as Chairman of the Board with effect from September 2015

Key strengths

Sir Michael brings to the Board extensive financial and commercial expertise, as well as significant experience in capital markets, technology and digital products.

Experience

Sir Michael is currently Chairman of BT Group plc, Majid Al Futtaim Holdings LLC and International Chamber of Commerce UK and a Director of McGraw Hill Finance Inc. Sir Michael was President of the Confederation of British Industry from 2013 to 2015, a member of the Prime Minister's Business Advisory Group from 2010 to 2015, Non-Executive Director of Barclays plc between 2008 and 2015 (being Deputy Chairman from 2012), Chairman of the private equity oversight group the Guidelines Monitoring Committee from 2008 to 2013, Chairman of easyJet plc from 2010 to 2013, and the first Chairman of the UK Commission for Employment and Skills from 2007 to 2010. He was also a Director of the Financial Reporting Council from 2008 to 2011 and Chairman of Business in the Community from 2004 to 2007. Sir Michael also had a long and extensive career with KPMG, culminating in his appointment as International Chairman between 2002 and 2007.

Chairman of the Nomination Committee and member of the Audit Committee

Philip Jansen

Chief Executive Officer

Appointment

Appointed to Worldpay Group with effect from April 2013

Key strengths

Philip has significant executive management expertise, as well as key strengths in international business transformation, change management and strategy development.

Experience

Philip was Chief Executive Officer of Brakes Group from July 2010 and later Chairman between April 2013 and October 2015. He remains a Senior Advisor to Brakes Group and to Bain Capital. Between 2009 and 2013, Philip was a Non-Executive Director of Travis Perkins plc. He was previously Group Chief Operating Officer and Chief Executive Officer, Europe, South Africa and India for Sodexo. Prior to that, he was Chief Operating Officer of MyTravel plc and Managing Director of Telewest Communications plc, after starting his career at Procter & Gamble.

Rick Medlock

Chief Financial Officer

Appointment

Appointed to Worldpay Group with effect from April 2015

Key strengths

Rick has extensive expertise and 30 years' experience in the financial management of large international technology companies.

Experience

Rick is a qualified chartered accountant. Prior to joining Worldpay, Rick was Chief Financial Officer of Misys. From 2004 to December 2013, Rick was Chief Financial Officer of Inmarsat plc and between 1996 and 2004 he served as Chief Financial Officer and Company Secretary of NDS Group plc. The early part of his career was spent in a variety of roles as Chief Financial Officer of a number of private equity backed technology companies in the UK and the US.

Ron Kalifa

Vice Chairman and Executive Director

Appointment

Appointed to Worldpay Group with effect from August 2010

Key strengths

Ron has significant executive leadership experience within the payments industry, and has developed key strengths in mergers and acquisitions and strategy development.

Experience

Ron was appointed as Vice Chairman and Executive Director of Worldpay Group in 2013, and was Chief Executive Officer of the business for over ten years. Under Ron's leadership, Worldpay acquired and successfully integrated a series of separate businesses from across ecommerce, risk management and acquiring to form one of the world's leading providers of merchant services. Prior to this Ron held various executive roles within RBS and NatWest. Ron is also a member of the Visa Europe board, QIWI plc and UK Cards Association Ltd.

Martin Sciduna

Senior Independent Non-Executive Director

Appointment

Appointed as Senior Independent Director with effect from September 2015

Key strengths

Martin has deep knowledge of auditing and associated regulatory issues

Experience

Martin was appointed as Senior Independent Director in 2015, having joined the Board as a Non-Executive Director in 2013. He is currently Chairman of RSA Insurance Group plc and Great Portland Estates plc. He served as a Non-Executive Director and Chairman of the Audit Committee of Lloyds Banking Group from 2008 to 2013 and was a member of the Financial Services Trade and Investment Board from 2013 to 2015. Prior to this, he was Chairman of Deloitte LLP in the UK for 12 years to May 2007, having been a member of the Deloitte Board from 1990 to 2007. He also has international experience as a member of the Board of Directors of Deloitte Touche Tohmatsu for nine years. Additionally, he was Audit Partner at Deloitte for 26 years and has experience in serving boards and audit committees of FTSE 100 companies as Lead Partner.

Chairman of the Audit Committee and member of the Risk, Nomination and Remuneration Committees

John Allan, CBE

Independent Non-Executive Director

Appointment

Appointed to Worldpay Group with effect from July 2011

Key strengths

John brings a wealth of executive management expertise in commercial and financial services sectors

Experience

John is currently Chairman of Tesco plc, Barratt Developments plc and London First. John was Chairman of Dixons Retail from 2009 to 2014 and later Co-Deputy Chairman and Senior Independent Director of the enlarged Dixons Carphone until 2015. He was also previously Chairman of Care UK Health & Social Care and has been a Non-Executive Director of National Grid plc, the Royal Mail Group plc, the UK Home Office Supervisory Board, 3i Group plc, PHS Group plc, Wolseley plc, Hamleys plc and Connell plc. He was also a member of the supervisory boards of both Lufthansa AG and Deutsche Postbank and Senior Advisor to Deutsche Bank. John has served as an Executive Director at BET plc and was Chief Financial Officer and a Board Member of Deutsche Post DHL following its acquisition of Exel plc in December 2005, where he had been Chief Executive since September 1994.

Chairman of the Remuneration Committee and member of the Audit, Nomination and Risk Committees

Deanna Oppenheimer

Independent Non-Executive Director

Appointment

Appointed to Worldpay Group with effect from January 2016

Key strengths

Deanna has extensive knowledge and experience in retail banking and financial services as well as significant leadership skills

Experience

Deanna is founder of CameoWorks LLC, a retail and financial services advisory firm. Previously, she served in a number of roles at Barclays plc, first as Chief Executive of UK Retail and Business Banking and then as Vice Chair of Global Retail Banking. Prior to Barclays, Deanna worked from 1985 to 2005 at Washington Mutual, Inc. where she was Marketing Director and, later, President of Consumer Banking, helping transform the lender from a regional to a national player. Deanna currently holds Non-Executive Director roles on the Boards of Tesco plc, Tesco Bank, NCR Corporation, AXA Group, the Joshua Green Corporation, and Brooks Sports. Additionally, she is a senior advisor to Bain & Company.

Chair of the Risk Committee and member of the Remuneration Committee

James Brocklebank

Non-Executive Director (not independent)

Appointment

Appointed to Worldpay Group with effect from November 2010

Key strengths

James has extensive financial services experience, including investment banking and private equity

Experience

James joined Advent International in 1997 and has 18 years of private equity experience. James co-heads Advent in Europe and is responsible for the European business and financial services sector team. He is also a member of the European Investment Advisory Committees, the North American Investment Committee and is a member of Advent's global Executive Committee. He currently serves on the boards of Nets (Denmark), ICBPI (Italy) and Advent International plc. Prior to Advent, James worked on international mergers and acquisitions in the London office of investment bank Baring Brothers and its affiliate Dillon, Read & Co. in New York.

Robin Marshall

Non-Executive Director (not independent)

Appointment

Appointed to Worldpay Group with effect from July 2010

Key strengths

Robin has extensive business and management experience, as well as experience in strategic decision making.

Experience

Robin joined Bain Capital in 2009, where he co-leads the European Business and Financial Services Sector team. Prior to joining Bain Capital, he was a Partner with 3i, where he was Managing Director of 3i's UK business, before founding 3i's US Private Equity Business in New York. Prior to his career in private equity, he was with Procter & Gamble and McKinsey & Company. Robin is currently a Board member of Nets (Denmark), ICBPI (Italy) and BPL.

Derek Woodward

Group Company Secretary

Appointment

Appointed to Worldpay Group with effect from January 2016

Key strengths

Derek has a wealth of experience as Company Secretary of large publicly listed international companies across a range of industries.

Experience

Derek was appointed Group Company Secretary in January 2016. Prior to this, he spent seven years as Group Company Secretary of Thomas Cook Group plc, seven years as Head of Secretariat at Centrica plc and three years as Company Secretary of Allied Zurich plc, the UK listed holding company of the Zurich Financial Services Group. Between 1990 and 1998 he was Assistant Secretary of B A T Industries plc.

Corporate governance report

Compliance with the UK Corporate Governance Code

This report sets out how the Company applied the principles of the UK Corporate Governance Code ('the Code') and the extent to which the Company complied with the provisions of the Code in the period from 16 October 2015, being the date the Company's shares were first listed on the primary market of the London Stock Exchange, to 31 December 2015. Prior to the Company's shares being listed, the Code did not apply to the Company and although governance standards were high under private equity ownership there were certain areas of the Code, mainly in respect of the year end work of the Audit Committee, the Annual General Meeting and re-election of Directors that the Company did not comply with. Therefore, to ensure this report is more meaningful, we also set out the progress made in our governance arrangements up to the date of this report and our intentions for the balance of 2016. As at the date of this report, there were two areas of the Code with which we did not comply. The first of these is the balance of Independent Non-Executive Directors relative to other Directors on the Board (provision B 1 of the Code) and the second is in respect of the requirement to conduct an evaluation of the Board and its Committees (provision B 6 of the Code). Steps are being taken to address these areas with the objective of being fully compliant during the course of 2016. Further explanations around our Intentions are given in the relevant part of this report.

The Group's business model and strategy

The Group's business model and strategy are summarised on pages 24 to 51 of this Report.

Responsibilities of the Board of Directors

The Board is responsible for the long-term success of the Group and for ensuring that there is a framework of prudent and effective controls, which enables risk to be assessed and managed. The Board sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives and reviews management performance. The Board also sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

The Board has a schedule of matters reserved for its approval and has a formal structure of delegated authority, whereby specified aspects of management and control of the Group have been delegated to the Board Committees, the Executive Directors, the Group Executive Committee and the operating division management teams. The Board has agreed the terms of reference for the Audit, Risk, Nomination and Remuneration Committees and the role and responsibilities documents for the Chairman and the Chief Executive Officer, all of which can be found on the Group's corporate website at <http://investors.worldpay.com>. The powers of the Directors are set out in the Company's Articles of Association. These are also available on the Company's website.

[GOVERNANCE STRUCTURE DIAGRAM]

Matters reserved for the Board

In accordance with its schedule of matters reserved, the Board is specifically responsible for

- Approval of the Group's strategic aims and objectives,
- Approval of the annual operating and capital expenditure budgets, including all investments in excess of £20m or otherwise as required under the Board's delegation of authority,
- Approval of any material extension of the Group's activities into new business or geographic areas,
- Oversight of the Group's operations and review of performance against the Group's annual budget and its strategic aims and objectives,
- Approval of annual and half-year results and any other Group trading or interim statements, the Annual Report and Accounts, accounting policies and, subject to shareholder approval, the appointment and remuneration of the external auditors,
- Approval of the Group's dividend policy and the payment of interim and the recommendation of final dividends,
- Changes to the Group's capital structure and the issue of any securities,
- Determining and monitoring the Group's risk appetite, systems of internal control, corporate governance structures, practices and approval authorities,
- Determining the Group's remuneration policy and the remuneration arrangements of the Executive Directors and other senior executives, monitoring executive performance and succession planning, and
- Establishing and reviewing the Group's culture, values and standards, and ensuring that the Group's obligations are understood and met.

The Board has a forward schedule of work to ensure that it meets its responsibilities during the course of the current financial year.

The roles and activities of the Board's Committees are described on pages 87 to 93.

Board activity during the period

At each Board meeting, the Chief Executive Officer presents a comprehensive update on the strategy and trading performance across the Group and the Chief Financial Officer presents a detailed analysis of the financial performance, both at Group and operating division level. In view of their critical importance to the business of the Group, the Board reviews progress on the new payments platform and cyber security at each of its meetings. This is in addition to the regular review by the Audit Committee of in-depth assurance work in respect of those two areas. Senior executives below Board level attend relevant parts of Board and Committee meetings in order to make presentations on their areas of responsibility. This gives the Board access to a broader group of executives and helps the Directors make assessments when considering the Group's succession plans. The Board continually reviews the Group's strategy at each of its meetings and, in addition, holds one dedicated strategy meeting each year.

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A number of development and strategy support presentations will be presented to the Board during 2016.

Board composition

As at 8 March 2016, the Board comprised the Non-Executive Chairman (who was independent on appointment in September 2015), three Executive Directors, three Independent Non-Executive Directors and two Non-Executive Directors. Biographical details of all Directors can be found on pages 78 to 81 and on the Group's corporate website at <http://investors.worldpay.com>

The Chairman

Sir Michael Rake was the Chairman throughout the period from the IPO to the date of this Report.

The roles of the Chairman and Chief Executive Officer are separate and distinct. There are Board-approved Roles and Responsibilities documents for both positions, which clearly set out in writing their respective responsibilities. These documents can be found on the Group's corporate website at <http://investors.worldpay.com>

The Senior Independent Director

Martin Scicluna was the Senior Independent Director throughout the period from the IPO to the date of this Report. The Senior Independent Director is available to shareholders should they have concerns that cannot be resolved through the normal channels involving the Executive Directors or the Chairman. The Board-approved Role and Responsibilities of the Senior Independent Director are set out in writing and can be found on the Group's corporate website at <http://investors.worldpay.com>

Board and Committee membership, appointments and diversity

Following the IPO, Advent and Bain continue to be significant shareholders in the Company and are each entitled to appoint one Non-Executive Director to the Board for as long as they (together with their respective associates as applicable) are entitled to exercise control, directly or indirectly, over the exercise of 10% or more of the votes able to be cast on all or substantially all matters at general meetings of the Company. The first such appointees are James Brocklebank in respect of Advent and Robin Marshall in respect of Bain.

The Board is mindful of the need to also consider the interests of the Company's new investors. Prior to the IPO, the Board appointed Sir Michael Rake as Non-Executive Chairman and John Allan and Martin Scicluna as Independent Non-Executive Directors. On 1 January 2016, Deanna Oppenheimer was appointed to the Board as an Independent Non-Executive Director. Excluding the Chairman, the current ratio of Independent Non-Executive Directors to other Directors is 3/5, which falls short of the Code requirement that, excluding the Chairman, at least half of the Board should comprise Independent Non-Executive Directors. The Board will continue to review its composition and intends to comply fully with the requirements of the Code by the end of the current financial year. Until that objective is achieved, the Board believes that its current composition and the composition of its Committees will provide the appropriate corporate governance balance in light of the interests of Bain, Advent and other shareholders.

The composition of the Board's Committees will be further strengthened upon the appointment of each new Independent Non-Executive Director. Deanna Oppenheimer was appointed Chair of the Risk Committee at the same time as her appointment to the Board on 1 January 2016 and was appointed as a member of the Remuneration Committee on 29 January 2016. Sir Michael Rake was a member of the Remuneration Committee in the period between the IPO and 29 January 2016. Sir Michael Rake is also a member of the Audit Committee, but will step down from that Committee at such time as is appropriate.

The current compositions of the Board's Committees are shown in the relevant Committee sections on pages 87 to 93.

The search, selection and appointment process for Non-Executive Directors is fully described in the section on the Nomination Committee on page 92.

When appointing new Independent Non-Executive Directors, the Board will have regard to its Board Appointments Policy, which provides for diversity across a range of measures, including skills, experience and gender in order to meet the needs of the business. The Board Appointments Policy can be found at <http://investors.worldpay.com>

Directors' conflicts of interest

The Companies Act has codified the Directors' duty to avoid a situation in which they have, or can have, an interest that conflicts, or possibly may conflict, with the interests of the Company. A Director will not be in breach of that duty if the relevant matter has been authorised in accordance with the Articles of Association by the other Directors.

The Board has established a process to identify and authorise conflicts. As part of that process, it has also agreed that the Nomination Committee should review the authorised conflicts every six months or more frequently if a new potential conflict arises for an existing Director. The Nomination Committee reviews the interests of candidates prior to making recommendations for the appointment of new Directors. The Nomination Committee and Board applied the above principles and process throughout the period to the date of this report and confirm that these have operated effectively.

Confirmation of Director Independence

At its March 2016 Board meeting, as part of a thorough review of corporate governance against the Code, the Board considered the independence of the Non-Executive Directors against the criteria specified in the Code and determined that John Allan, Martin Scicluna and Deanna Oppenheimer were independent.

In reaching the above determination of independence, the Board considered the following

- That John Allan and Deanna Oppenheimer currently hold the positions of Chairman and Independent Non-Executive Director at Tesco plc, and
- The payments made prior to the IPO by AB JV Global S à r l (the then ultimate parent company of the Company) to John Allan and Martin Scicluna, which were disclosed fully in the IPO Prospectus and in the Remuneration report on page 106 of this Annual Report and Accounts

The Board agreed that each of John Allan, Deanna Oppenheimer and Martin Scicluna are independent in character and judgement and the above matters have not restricted or impaired his or her effectiveness and independence

Re-appointment of Directors

In accordance with the Code and the Company's Articles of Association, all Directors are subject to election by shareholders. The Board has agreed that the Directors will be subject to annual election. Non-Executive Directors are initially appointed for a three-year term and, subject to review by the Nomination Committee and continued annual election by shareholders, can serve up to a maximum of three such terms.

Board induction and development

An induction programme tailored to meet the needs of individual Directors is provided for each new Director. Overall, the aim of the induction programme is to introduce new Directors to the Group's business, its operations and its governance arrangements.

Such inductions typically include meetings with senior management, both at the Group level and within the operating divisions, where they receive a thorough briefing on the business and meet with the management teams. Individual induction requirements are monitored by the Chairman, with the support of the Group Company Secretary, to ensure that newly appointed Directors gain sufficient knowledge about the Group to enable them to contribute to the Board's deliberations as swiftly as possible. The induction content and process will evolve as we build on the experience of inducing each new Director.

In order to fully support the Directors and to ensure they have a high level of knowledge about the Group's businesses and our strategy, a series of development and strategy support presentations will be given to the Board after each of its meetings. This programme, in addition to the normal business reviews, will ensure that all members of the Board have sufficient and equal knowledge to be able to contribute fully to the Board's review and development of strategy.

At regular Board meetings and, where appropriate, Committee meetings, the Directors receive updates and presentations on business developments. In addition to gaining a better understanding of those businesses, these programmes also increase the exposure of senior talent to the Board and give the Board presence across the Group.

Operation of the Board and its Committees

Prior to each Board meeting, the Chairman meets with the Independent Non-Executive Directors in the absence of the other Non-Executive Directors and the Executive Directors.

The Directors have access to a fully encrypted electronic portal system, which enables them to receive and review Board and Committee papers quickly and securely using electronic tablets. Scheduled Board and Committee meetings are held physically and most ad-hoc meetings are held by phone. The Group Company Secretary attends all Board meetings.

The papers in respect of the Audit, Risk, Nomination and Remuneration Committees are circulated to all the Non-Executive Directors, regardless of Committee membership. Major decisions taken under the Group's Delegation of Authority are reported to the next Board meeting.

The Group Company Secretary, who was appointed by the Board, is responsible for advising and supporting the Chairman, the Board and its Committees on corporate governance matters as well as ensuring that there is a smooth flow of information to enable effective decision making. All Directors have access to the advice and services of the Group Company Secretary and the Group General Counsel and, through them, have access to independent professional advice in respect of their duties, at the Company's expense. The Group Company Secretary acts as secretary to the Board and its Committees.

In accordance with its Articles of Association, the Company has granted a qualifying third-party indemnity, to the extent permitted by law, to each Director and the Group Company Secretary. The Company also maintains Directors' and Officers' liability insurance.

Board meetings and attendance

The Board and its Committees have regular scheduled meetings throughout the year and supplementary meetings are held as and when necessary. The table below shows the number of scheduled Board and Committee meetings attended by each Director out of the number convened during the time served by each Director on the Board or relevant Committee during the period. Non-attendance at Board and Committee meetings was due to: in the case of Rick Medlock, a commitment made prior to joining the Board, and in the cases of Sir Michael Rake and James Brocklebank, unavoidable business commitments. In each case, the Director gave input to the Chairman of the meeting on the business to be conducted prior to the meeting. Each of the Directors has given a firm commitment to being able to give sufficient time to enable them to fulfil their duties, including the attendance of meetings, in 2016.

As well as the scheduled meetings, the Directors attended additional Board and Committee meetings. These were mainly in respect of the IPO of the Company and other strategic matters that the Chairman and Chief Executive Officer decided should be considered by the Board prior to the next scheduled meeting. Despite these meetings being held at relatively short notice, there was full attendance at each of these additional meetings.

Board evaluation

In view of the short period of time between the IPO and the date of this Report, the Board has not yet conducted an evaluation of its effectiveness. However, the Board recognises the benefit of a thorough Board and Committee evaluation process, and believes the time to do this will be around the first anniversary of the IPO, towards the end of 2016. The output from that review will be discussed by the Board and the actions arising, which will be monitored by the Chairman, will be disclosed in the 2016 Annual Report and Accounts.

Separately, the Non-Executive Directors, under the leadership of the Senior Independent Director and with input from the Executive Directors, will conduct an evaluation of the Chairman.

The Group's performance management system applies to management at all levels. The individual performance of the Executive Directors is reviewed separately by the Chairman and the Remuneration Committee. Further details of the Executive Directors' performance measures and objectives are given in the Remuneration report on pages 97 and 109.

Individual Director attendance at scheduled meetings between the IPO and 3 March 2016

Name	Board	Audit Committee	Risk Committee	Nomination Committee	Remuneration Committee
Sir Michael Rake	4/4	2/3	N/A	2/2	2/3
Martin Scicluna	4/4	3/3	1/1	2/2	3/3
John Allan	4/4	3/3	1/1	2/2	3/3
Deanna Oppenheimer ¹	2/2	N/A	1/1	N/A	1/1
Philip Jansen	4/4	N/A	N/A	N/A	N/A
Ron Kalifa	4/4	N/A	N/A	N/A	N/A
Rick Medlock	3/4	N/A	N/A	N/A	N/A
James Brocklebank	3/4	N/A	N/A	N/A	N/A
Robin Marshall	4/4	N/A	N/A	N/A	N/A

¹ Deanna Oppenheimer joined the Board on 1 January 2016 and the Remuneration Committee on 29 January 2016.

The Board's Committees

Audit Committee

Committee Chairman
Martin Scicluna*

Other members

John Allan, CBE Independent Non-Executive Director
Sir Michael Rake* Chairman

Meetings per year. 4

Meetings also regularly attended by.

Philip Jansen, Chief Executive Officer,
Rick Medlock, Chief Financial Officer,
Ruth Prior, Deputy Chief Financial Officer,
Michelle Valentine, Group Financial Controller,
Tim Leather, Chief Internal Auditor,
Derek Woodward, Group Company Secretary,
KPMG LLP ('KPMG')

Link to Directors' biographies pages 78-81

*Martin Scicluna and Sir Michael Rake are considered by the Board to have recent and relevant financial experience, as required by the Code

"The Audit Committee's focus is on the integrity of our financial statements, the effectiveness of financial and internal controls and the assurance provided by the Internal Audit function as our third line of defence "

Composition of the Committee

Martin Scicluna, John Allan and Sir Michael Rake were appointed to the Committee prior to the IPO. The Chairman of the Company being a member of the Committee is permitted by the Code (provision C 3.1) because he was independent on appointment as Chairman. However, Sir Michael Rake intends to step down as a member of the Committee when an additional Independent Non-Executive Director is appointed to the Board and the Committee.

Role of the Committee

The Board has delegated to the Committee responsibility for overseeing the financial reporting, internal and external audit and controls, reviewing the scope of the annual audit and non audit work undertaken by external auditors and for making recommendations to the Board in relation to the appointment of the Company's internal and external auditors.

In accordance with its terms of reference, the Committee, which reports its findings to the Board, is authorised to

- Monitor the integrity of the financial statements including annual and half-year results and any Group trading or interim statements, including a review of the significant financial reporting judgements contained in them,
- Review the content of the Annual Report and advise the Board on whether it is fair, balanced and understandable,
- Review the Company's internal financial controls and the Group's internal control and risk management systems,
- Review and assess the annual Group Internal Audit Plan,
- Monitor and review the effectiveness of the Company's internal audit function,
- Establish and oversee the Company's relationship with its external auditor, including the monitoring of their independence, and the approval of the external auditors' remuneration and terms of engagement,
- Review and approve the annual external audit plan, and
- Assess the effectiveness of the external audit process

The Committee has a forward work programme to ensure that it will meet its responsibilities in the current financial year. To enable it to carry out its duties and responsibilities effectively, the Committee relies on information and support from management across the business. The full terms of reference of the Committee are available at <http://investors.worldpay.com> or from the Group Company Secretary at the Company's registered office.

Principal activities of the Audit Committee during the period

In the period from the date of the IPO in October 2015 to the date of this report, the Committee reviewed the following

Financial

- The 2015 full year results (including accounting issues and judgements) and the processes underpinning their preparation,
- Information in support of the statements in relation to going concern, longer-term viability, fair, balanced and understandable, and disclosure of information to the auditors

External audit

- The annual audit plan and scope,
- The auditor's year-end report

Internal audit and controls

- The strengthening and resourcing of the internal audit function*,
- The internal audit plan and the outputs from internal audit activity,
- The new payments platform assurance report

Governance

- The effectiveness of the external audit process

* Prior to the IPO, the Committee decided to strengthen the Internal Audit function, leading to the appointment in September 2015 of a highly experienced Chief Internal Auditor. The new Chief Internal Auditor has the authority of the Committee and executive management to restructure and enhance the skills of the Internal Audit function in order to enhance the quality of assurance work provided to the Group.

Integrity of the results announcements

Within its terms of reference, the Committee is authorised to monitor the integrity of the annual and half-year results, including a review of the significant judgements contained in them. At its meetings prior to the IPO and in December 2015 and January and March 2016, the Committee reviewed a number of papers prepared by the Group Financial Controller which set out the critical accounting judgements applied to the half year and full year accounts and other significant accounting matters such as quality of earnings, going concern, longer-term viability and confirmation that the Group's accounting policies were appropriate and unchanged. It also gave consideration to a number of key disclosure considerations post-IPO and the impact of new accounting developments.

At each of the meetings, the Audit Committee also reviewed papers prepared by the external auditor, which included their view on significant and judgemental reporting and accounting matters. The Committee pays particular attention to matters that it considers to be important by virtue of their impact on the Group results and remuneration of senior management, or the level of complexity, judgement or estimation in their application in preparation of the Group's financial statements. The significant issues considered by the Audit Committee during the year are shown opposite.

External auditors

On 19 September 2012, KPMG were appointed as the auditors to the Worldpay Group and Michael Harper, a Partner of KPMG, was appointed Senior Statutory Auditor.

A policy is in place which requires all material non-audit work proposed to be carried out by the external auditors to be pre-authorised by the Chief Financial Officer and/or the Committee in order to ensure that the provision of non-audit services does not impair the external auditors' independence or objectivity. The policy is published on the Group's corporate website at <http://investors.worldpay.com>.

An analysis of the fees earned by the Group's auditors for audit and non-audit services is disclosed in Note 2e to the financial statements. Of the £4.2m total fee payable to KPMG in 2015, £3.2m was paid in respect of the work they conducted in connection with the Company's IPO in October 2015 (£0.5m in respect of the audit of the Group's historic information and £2.7m in respect of non-audit services as Reporting Accountant in connection with the IPO). The auditors were determined to be the appropriate advisors for the Group to engage, given the scale and complexity of the work involved. This work did not represent a threat to KPMG's independence, as it was permissible work under auditor independence guidelines, was performed by a different and independent engagement team, did not give rise to financial entries, did not result in decisions being made by KPMG on behalf of management, and the fee arrangements were not dependent on the results of the work. KPMG also complied with the independence requirements as set out by the APB Ethical Standards for Reporting Accountants. The IPO-related audit and non-audit fees payable to KPMG are not expected to recur in 2016.

KPMG have confirmed their independence as auditors of the Company in a letter addressed to the Directors.

At its meeting in March 2016, the Audit Committee reviewed the effectiveness of the external audit process. This included reviewing comprehensive papers from both management and the external auditors, which set out the planning and execution of the conduct of the audit. The Audit Committee also held a meeting with the external auditors in the absence of management to discuss further. Upon the recommendation of the Audit Committee, KPMG will be proposed for re-election by shareholders at the AGM to be held on 10 May 2016. In reaching its decision to propose KPMG for re-election, the Audit Committee took into account the effectiveness of the external audit process, and the objectivity and independence and the length of tenure of KPMG as external auditors.

Significant Issues considered by the Audit Committee during the year

Significant issue considered by the Committee	How the issue was addressed by the Committee
Going concern Management reviewed the appropriateness of preparing the Group financial statements for the half year and full year on a going concern basis and presented papers to the Committee in August 2015 and March 2016	The Committee considered papers prepared by management and, taking into account the key assumptions and risks and the external auditors' review of these papers, concluded that management's recommendation to prepare accounts on a going concern basis was appropriate
The Group's accounting policies and application of them Each year, the Group Accounting Policies Committee conducts a review of the Group's accounting policies to ensure they remain appropriate The findings from this review were presented to the Audit Committee in December 2015 as part of the Financial Controller update	Having considered the paper, the Committee agreed with management's proposals
Presentation of financial information During the year, management proposed a number of changes to the presentation of financial information including the introduction of 'net revenue' (being total revenue less interchange and scheme fees) on the face of the income statement	The Committee considered management's proposals and agreed to adopt them Net revenue was introduced as it was felt that it enables a simpler discussion of the relationship between revenue and profitability following recent changes in regulation around interchange and scheme fees
Accounting for the IPO, share issues and refinancing The IPO process gave rise to a number of judgemental and complex accounting issues which were brought to the attention of the Audit Committee through papers presented by management These included accounting for the IPO transaction costs, accounting for the transitional and all-employee share awards, and net investment hedging considerations	The Committee reviewed the papers prepared by the Group Financial Controller in which these issues were raised and after due discussion agreed with management's approach
Valuation of Visa Europe membership shares and related CVR liabilities As at 30 June 2015 and on IPO completion, the Visa Europe asset was recognised in the Group's balance sheet as a FVTPL financial asset with a fair value of £nil The CVR liabilities were recognised at £nil fair value on initial recognition Following the announcement in November 2015 of Visa Inc's intention to purchase Visa Europe, the financial assets and related liabilities were revalued to fair value through the income statement Management prepared and presented several papers to the Committee which discussed the initial recognition of the Visa Europe asset and related CVR liabilities, and the subsequent revaluation Audit procedures performed by KPMG and reported to the Committee included an assessment of the facts and circumstances and rights and obligations attached to the Visa Europe asset and CVR liabilities, a review of the key input assumptions within the valuation model, and a review of the adequacy of the Group's disclosures in respect of the fair value hierarchy and sensitivities	The Committee considered the papers prepared by management covering the initial recognition and subsequent revaluation Following detailed discussions with management and with the external auditor who also provided critical challenge and assessment of the key accounting judgements, the Committee endorsed management's proposals
Separately disclosed items The Group has an established policy of separately disclosing items that it believes, due to their size or nature, are not the result of normal operating performance and should be disclosed separately to allow a more comparable view of underlying trading performance	The Committee considered management's presentation of separately disclosed items, in particular items relating to the revaluation of the Visa Europe asset and related CVR liabilities, and the costs associated with the IPO and refinancing Having considered the matter, the Committee agreed to adopt management's proposed presentation
Accuracy, cut-off and classification of revenue and settlement balances The processing of payments, from which the Group generates the vast majority of its revenues, is dependent on highly complex IT systems with a number of different bases for calculating revenue and for settling funds Audit procedures performed by KPMG and reported to the Committee included testing the design, implementation and operating effectiveness of applicable controls, performing reconciliations of cash received to revenue recognised in the year, and obtaining third-party verification of settlement amounts Where applicable, IT audit experts were also used throughout the audit process	<p>The Committee reviewed the strategy document presented by KPMG and agreed with the assessment of significant risks in relation to the audit The Committee also reviewed the findings of the external auditor at both the half year and the year end in respect of the risk</p> <p>The Committee would review any changes in accounting policy, material unusual transactions or any other matters brought to their attention by management in respect of the risk (there were none during the current year)</p> <p>The controls and processes implemented by management are consistent with previous years and are considered to be appropriate by the Committee</p> <p>Considering all of the above, the Committee concluded that it was satisfied with the appropriateness of the reported numbers in the Annual Report</p>
Completeness of trade receivables impairment provisions Provisions	The Committee reviewed the strategy document presented by KPMG and

Significant issue considered by the Committee

are made in respect of impairment of trade receivables where there is objective evidence that the Group cannot recover the original expected cash flows from the trade receivable due to events since the trade receivable was initially recognised, or where a merchant defaults or is expected to default on their obligation to deliver services for which the Group has already processed the corresponding payment transaction. The provisioning policy is reviewed annually by management to ensure it is still appropriate and bad debt provisions are discussed as part of the monthly management accounts review process. Material bad debts are reported to the Audit Committee. Audit procedures performed by KPMG and reported to the Committee included assessment of the design and operating effectiveness of the key controls within the Group's merchant onboarding and on-going monitoring processes, consideration of cash collection from merchants subsequent to the year-end, and a critical assessment of the output of the Group's internal monitoring and review processes.

How the issue was addressed by the Committee

agreed with the assessment of significant risks in relation to the audit. The Committee also reviewed the findings of the external auditor at both the half year and the year end in respect of the risk.

The Committee would review any changes in accounting policy, material unusual transactions or any other matters brought to their attention by management in respect of the risk (there were none during the current year).

The controls and processes implemented by management are consistent with previous years and are considered to be appropriate by the Committee.

Considering all of the above, the Committee concluded that it was satisfied with the appropriateness of the reported numbers in the Annual Report.

The Board's Committees

Risk Committee

Committee Chair:

Deanna Oppenheimer

Other members:

Martin Scicluna, Senior Independent Non-Executive Director

John Allan, CBE Independent Non-Executive Director

Meetings per year 4

Meetings also regularly attended by:

Philip Jansen, Chief Executive Officer,

Rick Medlock, Chief Financial Officer,

Ron Kalifa, Deputy Chairman and Executive Director,

Ian Whyte, Chief Risk Officer,

Mark Edwards, Group General Counsel, Tim Minall, Group Compliance Director, Alan Osborne, Chief Information Security Officer,

Derek Woodward, Group Company Secretary

Link to Directors' biographies pages 78-81

"With the support of the Group Governance and Control Committee, the Risk Committee will focus on the Enterprise Risk Framework, existing and emerging risks on a thematic basis, including reputational and geographic risk."

Composition of the Committee

John Allan and Martin Scicluna were appointed prior to the IPO. Deanna Oppenheimer was appointed to the Committee as Chair on 1 January 2016

Role of the Committee

The Board has delegated to the Committee responsibility to articulate the Board's risk appetite to management and to review the Group's enterprise risk management framework, key risks and emerging risks that may affect the long-term success of the Group

The full terms of reference of the Committee are available at <http://investors.worldpay.com> or from the Group Company Secretary at the Company's registered office

Principal activities of the Risk Committee during the period

At its meetings during the period, the Committee discharged its responsibilities as listed above and in particular

- Reviewed the enterprise risk management framework,
- Reviewed risk governance and the risk work plan for the year, ensuring it is fit for purpose and adequately resourced,
- Reviewed the principal risks on a specific and thematic basis, and
- Developed the approach to its work programme for the year ahead, including the division of work between the Risk Committee and the Audit Committee

Risk appetite and approach to risk management

The Board's risk appetite and the Group's approach to risk management are more fully described in the Principal risks and uncertainties section on pages 55 to 66. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable, but not absolute, assurance against material misstatement or loss.

The Board's Committees Nomination Committee

Committee Chairman.
Sir Michael Rake

Other members:
Martin Scicluna, Senior Independent Non-Executive Director
John Allan, CBE Independent Non-Executive Director

Meetings per year: 4

Meetings also regularly attended by
Philip Jansen, Chief Executive Officer, Derek Woodward, Group Company Secretary

Link to Directors' biographies pages 78-81

"We will further strengthen the Board in 2016."

Composition of the Committee
Sir Michael Rake, Martin Scicluna and John Allan

Role of the Committee

The Board has delegated to the Committee responsibility for reviewing and proposing appointments to the Board and for recommending any other changes to the composition of the Board or its Committees. The principal responsibility of the Committee is to make recommendations to the Board on all new appointments to the Board, having regard for an appropriate balance of skills, knowledge, experience and diversity. The Committee ensures that there is clarity in respect of the role description and capabilities required for such appointments. The Committee is also responsible for reviewing, at least every six months, or more frequently if required, the Directors' potential conflicts of interest and for making recommendations to the Board in respect of authorising such matters.

The full terms of reference of the Committee are available at www.investors.worldpay.com or from the Group Company Secretary at the Company's registered office.

Principal activities of the Nomination Committee during the period

At its meetings during the period, the Committee discharged its responsibilities as listed above and in particular:

- Conducted a thorough process and made recommendations to the Board to appoint an additional Non-Executive Director to strengthen the Board,
- Considered the re-appointment of the Directors before making a recommendation to the Board regarding their re-election at the 2016 AGM, and
- Considered the Directors' potential conflicts of interests.

Board Appointments Policy

Appointments to the Board are made on merit, against objective criteria and with due regard for the benefits of diversity on the Board. This process is led by the Committee which, after evaluating the balance of skills, experience and knowledge of each Director, makes recommendations to the Board. The Board Appointments Policy recognises the benefits of diversity, including gender diversity and reinforces the Board's principle that appointments are made on merit, in line with its current and future requirements, and reflect the UK listing and international activity of the Group. The appointments made prior to the IPO and up to the date of this report have been in line with that policy.

The Board endorses the aims of the Davies' report entitled 'Women on Boards'. A copy of the Group's Board Appointments Policy can be found on our website at <http://investors.worldpay.com>.

Non-Executive appointments

International search and selection firms Spencer Stuart and the Zygos Partnership have been used by the Chairman to identify a range of suitable candidates for review by the Nomination Committee. As a result of this process, Deanna Oppenheimer was appointed to the Board on 1 January 2016. The Chairman and the Committee will continue their work in 2016 to maintain a strong Board.

Spencer Stuart and The Zygos Partnership also conduct executive search assignments for the Group from time to time.

The Board's Committees

Remuneration Committee

Committee Chairman:

John Allan, CBE

Other members

Deanna Oppenheimer, Independent Non-Executive Director

Martin Scicluna, Senior Independent Non-Executive Director

Meetings per year 4

Meetings also regularly attended by

Philip Jansen*, Chief Executive Officer, Andy Doyle*, Chief HR Officer, Martyn Fisher, Reward Director, Deloitte LLP ('Deloitte')

Link to Directors' biographies pages 78-81

*Neither attends in respect of matters relating to their own remuneration

"Our remuneration philosophy and framework have a strong emphasis on pay for performance and are fully aligned with our strategy."

Composition of the Committee

The members of the Committee are Independent Non-Executive Directors. Deanna Oppenheimer was appointed as a member of the Committee on 29 January 2016. Sir Michael Rake was a member of the Committee from the date of the IPO until 29 January 2016 (the Chairman's membership of the Remuneration Committee was permitted under the Code as he was independent on appointment as Chairman (provision D 3.1)).

Principal activities of the Remuneration Committee during the period

The Board has delegated to the Committee responsibility for reviewing and proposing the appropriate remuneration framework which can attract, retain and motivate key management, whilst ensuring full compliance with best practice expected in companies within the FTSE 100 group. The Group's Remuneration Policy and a report detailing the composition, responsibilities and work carried out by the Remuneration Committee during the period, including an explanation of how it applies the Principles of the Code in respect of Executive Directors' remuneration, is included within the Remuneration report on pages 97 to 109.

Management Committees

Group Executive Committee

The Chief Executive Officer leads the Group Executive Committee, which comprises the most senior business leaders and function heads. It is responsible for the day-to-day management of the Group and meets monthly to focus on a range of issues in relation to the strategic and operational development and performance of the businesses. The biographical details of the members of the Group Executive Committee are disclosed on pages 14 and 15.

Operating division management teams

The Group's operating divisions (Global eCom, WPUK and WPUS) are managed by their respective Managing Directors and dedicated management teams. Management team meetings are held monthly to review strategic, operational and financial performance. These meetings are attended by members of the Executive Committee to ensure sufficient oversight and co-ordination on cross-Group developments.

Disclosure Committee

The Disclosure Committee is responsible for implementing and monitoring systems and controls in respect of the management of inside information and the disclosure of such information to the market in accordance with the Company's obligations under the UK Listing Authority's Disclosure and Transparency Rules. The Committee meets to consider the Group's disclosure obligations and to review all results announcements following certification from individual executives from across the Group. The Committee comprises the Chief Executive Officer, who is the Chairman, the Chief Financial Officer, the Group General Counsel, the Group Financial Controller, the Investor Relations Director and the Group Company Secretary.

Group Governance and Control Committee

The Group has established this Committee to provide executive management with a forum to review risk on an enterprise wide basis and provides an escalation point for operating division risks. The Committee also reviews the activities of the Group's assurance functions and operational risk profile and approves the annual Compliance Plan for review by the Risk Committee. The membership of this Committee includes executive management, the Chief Risk Officer, the Chief Internal Auditor, the Chief Information Security Officer, the Group Compliance Director and the Group Company Secretary.

Culture and the Worldpay Way

The distillation of a set of everyday working principles and behaviours into the Worldpay Way sets the tone from the top and supports a positive corporate culture. The Worldpay Way, which was developed and launched in 2015, is based on three core elements: 'Work Smart, Be Spirited and Be Supportive'. During 2015 the implementation of the Worldpay Way was supported through our leadership teams, backed by internal communications and using various training programmes to ensure it became embedded throughout the Group. In addition to our core management and technical training, specific training programmes are in place to support our legal and regulatory compliance in areas such as anti-bribery and corruption, anti-money laundering, competition law, data protection and information security. In 2015, the Group also launched its own Masters Programme qualification in partnership with Middlesex University.

Participation in these training programmes, compliance with their requirements and the output from our annual colleague survey is regularly reviewed by the Executive Committee and the Board to ensure we maintain a positive culture across the organisation.

Whistleblowing

The Worldpay Way also includes full details of the Group's Whistleblowing helpline, which allows employees to raise matters in confidence, should they not wish to raise them with their line manager or a member of the Executive Committee. All matters raised through the helpline are investigated thoroughly and regardless of the outcome, reported to the Risk Committee.

Risk management and internal control

A risk aware culture is embedded throughout the organisation with every single employee responsible for the management of risk.

The Group operates a 'three lines of defence' model, which clearly identifies accountabilities and responsibilities as follows:

- 1 Business line management has primary responsibility for the management of risk,
- 2 Risk and compliance functions assist management in developing their approach to fulfil their responsibilities, and
- 3 The Internal Audit function checks that the risk management process and risk management framework are effective and efficient.

Prior to the IPO, the Board carried out an enterprise-wide assessment of the principal risks of the business. Further details of our risk management system and the principal risks of the Group and how they are being managed and mitigated are included in the Principal risks and uncertainties section on page 55.

The Audit Committee oversees the activity of the Group Internal Audit ('GIA') function. The role of GIA is to evaluate the effectiveness of the Group's risk management, control and governance processes. As mentioned on page 88, the Audit Committee supported the appointment of a high-calibre Chief Internal Auditor with the remit of strengthening and enhancing the skills within the function in order to enhance the quality of assurance work provided to the Group.

A risk-based internal audit plan is prepared by GIA on an annual basis. The audit plan, which is reviewed and approved by the Audit Committee, considers key risks and emerging strategic risks maintained in the risk registers. In addition, as part of the annual planning cycle, GIA consults with Senior Management across the business, considers the results of previous audits (internal and external) and monitors the implementation status of audit recommendations. This activity ensures that the Internal Audit function focuses on the most significant risk areas and related key controls.

A formal audit report is issued for each internal audit undertaken, this includes an overall rating and clear actions to be undertaken to resolve control issues raised

The results of audit activity are also presented to the Audit Committee each quarter. This includes highlighting common issues, themes and areas of concern. A monthly list of internal control issues is also maintained and reported to the business for action.

On a day-to-day basis, the Chief Internal Auditor reports to the Chief Financial Officer. There is a clear reporting line to the Audit Committee Chair and it is the role of the Audit Committee to assess the performance of the Chief Internal Auditor and Group Internal Audit function. This is stated in the Audit Committee terms of reference.

Review of the effectiveness of the risk management and internal control systems

During the period, the Board, through the work of the Risk Committee and the Audit Committee, has conducted a review of the effectiveness of the Group's system of risk management and internal control. Prior to the IPO, there was an on-going process for the identification and evaluation of risk management and internal control processes. This has been improved since the IPO and remains in place up to the date of the financial statements. The work conducted by management is complemented, supported and challenged by the controls assurance work carried out independently by the external auditors, KPMG, and the Group Internal Audit function. Regular reports on control issues are presented to the Audit Committee by the Chief Internal Auditor. The Board, in reviewing the effectiveness of the system of internal control, can confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review.

Internal control and risk management in relation to the financial reporting process

The Group has a thorough assurance process in place in respect of the preparation, verification and approval of periodic financial reports. This process includes:

- The involvement of highly experienced and professional employees,
- Formal sign-offs from appropriate business unit managing directors and finance directors,
- Comprehensive review by key internal Group functions,
- A transparent process to ensure full disclosure of information to the external auditors,
- Engagement of a professional and experienced firm of external auditors,
- Review and challenge by executive management, and
- Oversight by the Group's Audit Committee, involving (among other duties)
 - A detailed review of key financial reporting judgements which have been discussed by management,
 - Review and, where appropriate, challenge on matters including
 - the consistency of, and any changes to, significant accounting policies and practices during the year,
 - significant adjustments resulting from the external audit,
 - the going concern assumption,
 - the viability statement, and
 - the Company's statement on internal control systems

The above process, which is reviewed by the Audit Committee, provides comfort to the Board when considering whether the Annual Report and Accounts are fair, balanced and understandable.

Fair, balanced and understandable

The Directors confirm that they consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. In making this confirmation, the Directors took into account their knowledge of the business, which is kept up to date with regular reports, updates and business reviews circulated prior to and discussed at each Board meeting, and supplemented by a variety of written reports, verbal updates and presentations given at Board and Committee meetings as well as a regular flow of information about the business between meetings. The Directors then took into account the thorough preparation and verification process in respect of the Annual Report and Accounts, which included sufficient time for the Directors to review the Annual Report and Accounts and to feed in their comments to management before approving the document.

Disclosure of information to auditors

Each of the Directors who held office at the date of approval of this Directors' report confirms that so far as he/she is aware, there is no relevant audit information of which the Company's auditors are unaware, and that he/she has taken all steps that he/she ought to have taken as a Director to make him/her aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern

The Board's statement in respect of adopting the going concern basis of accounting is given in Note 1a to the financial statements and on page 66.

Viability

The Board's statement in respect of the Group's longer-term viability is given on page 66.

Shareholder communication and engagement

The Company places considerable importance on communication with its shareholders. The Vice Chairman, Chief Executive Officer and the Chief Financial Officer are closely involved in investor relations supported by the Investor Relations function, which has primary responsibility for day-to-day communication with investors.

The Board recognises the importance of promoting mutual understanding between the Company and its shareholders through a programme of engagement. It is intended that in 2016 this will include the maintenance of a regular dialogue between the Board and senior management and major shareholders. During the period leading up to the IPO and to the date of this report, the Chief Executive Officer, Vice Chairman and Chief Financial Officer conducted a large number of meetings with institutional investors, and it is intended that this dialogue will develop further in 2016 through a programme of meetings with shareholders and potential shareholders, as well as through presentations and meetings at investor conferences, and day-to-day contact with the Investor Relations function. To further support engagement with our shareholders, we also actively engage with sell-side research analysts who provide their recommendations to the market.

The Company makes every effort to ascertain investor perceptions of the Company and regular reports of investor and analyst feedback are provided to the Board. The Investor Relations Director and the Company's brokers present to the Board as required.

The Company uses its website and email as the primary means of communication with its shareholders. This arrangement provides significant benefits for shareholders and the Company in terms of timeliness of information, reduced environmental impact and cost. The Group's Annual Report and Accounts 2015 is available to all shareholders and can be accessed via the Company's website at www.worldpay.com. Shareholders may still opt to receive their communications in a paper format. The Group's interim results are also published on the Company's website, together with other announcements and documents issued to the market, such as trading updates and presentations. Enquiries from shareholders may also be addressed to the Group's investor relations function through the contacts provided on the Group's website.

All shareholders are entitled to attend the Annual General Meeting. Shareholders are given the opportunity to lodge their votes by way of proxy and/or to attend such meetings in person where they have the opportunity to ask questions of the Board including the chairs of the Board Committees, vote by way of a poll and meet informally with the Directors to discuss any issues they may wish to raise.

In January 2016, the Chairman of the Remuneration Committee conducted a consultation with the Group's major shareholders and shareholder representative organisations to gauge their views in respect of the Group's remuneration policy and framework and specifically the proposed performance measures and targets for the next award under the Long Term Incentive Plan. The views expressed by shareholders were taken into account when finalising executive remuneration arrangements.

Remuneration report

"Our remuneration philosophy and framework have a strong emphasis on pay for performance and are fully aligned with our strategy."

John Allan, CBE
Chairman of the Remuneration Committee

Dear shareholder,

On behalf of the Board I am pleased to present our first remuneration report as a listed company for the financial year ending 31 December 2015

The report has been prepared in three sections

- This shareholder letter,
- Our policy report which sets out the Director's remuneration policy for all Directors of Worldpay Group plc and will be subject to a binding vote at our 2016 AGM, and
- Our annual report on remuneration which sets out details of how our Directors were paid during the financial year 2015 and how our policy will be implemented in the coming year. This part of the report is subject to an advisory shareholder vote at our 2016 AGM

Prior to taking on the Chairmanship role, I was a member of the relevant pre-IPO Remuneration Committee. That Committee spent a significant period of time ensuring the remuneration elements would be able to transition into a best practice reward framework expected of a FTSE 100 company. As a result of the extensive work undertaken, I am pleased the policy report outlines the new reward platform that will be deployed from 2016 and beyond.

The Remuneration Committee hopes that you will find the report clear, transparent and informative and that we can rely on your support for our Remuneration Policy and its implementation during the coming year.

Business and remuneration context

Worldpay is a leader in global payments, which is a complex and dynamic market. Our strategy is designed to deliver sustainable, recurring growth over the medium term by supporting our customers with products and services that enable them to drive their sales, reduce their costs and their risk.

One of the key drivers of the Company's success and for the future is the strong, experienced and highly capable management team.

Therefore, it is important that our remuneration philosophy incentivises our senior executives in a manner which is aligned to our strategy.

Prior to our IPO in October 2015, Worldpay was privately owned and the management team previously had personally invested into the business. As a result of the IPO, the management team continue to own a material number of shares (as expressed as a percentage of their base salary) and have agreed to these shares being locked-up for up to three years post-IPO. This helps demonstrate their on-going and personal commitment to the continued success of our business.

Worldpay has a track record of delivering year-on-year growth in revenue and profitability. In turn, this has supported the significant investment that we have made in our engineering and technology capabilities, which supports the growth and development of our new products for our customers. These investments will provide an important growth engine for the future and we anticipate that they will drive future value for our shareholders.

This growth in performance was supported by a remuneration framework with a strong emphasis on pay for performance. As we look forward as a publicly owned company, we intend to continue to apply a remuneration philosophy which is simple, focused on delivering exceptional performance and which is aligned with shareholders' interests, whilst managing risk in a sustainable way.

Our approach to remuneration has, therefore, been to carefully balance what is considered to be best practice for remuneration in a UK-listed environment with the need to ensure that the arrangements in place are competitive in the labour markets in which we compete for talent.

This has resulted in a model where the majority of the remuneration package is performance based and set at a market median level. Fixed pay is set at median levels in comparison to other comparable companies of our size and complexity. The annual incentive opportunity has historically been paid fully in cash. From 2016, the Executive Directors' bonuses earned will be one-third deferred into shares for a period of three years.

2015 pay structure

Prior to the IPO, the remuneration of the Executive Directors was reviewed to ensure that the arrangements in place were appropriate in the context of their roles going forward.

A simple remuneration structure is proposed comprising the following elements:

- Fixed pay (base salary, benefits and pension),
- Short-term annual bonus, and
- Long Term Incentive Plan

Annual bonus

The annual bonus plan is driven by financial measures relevant to the business. For 2015 performance the financial measures chosen were equally weighted between a profit and cash measure. We use EBITDA as the main measure of profit and use a proxy measure for cash that focuses management on the underlying cash generation of the business. The details of this measure are shown later in the report.

In addition to these financial measures, the bonus plan enables the Committee to set key individual strategic objectives. These measures provide individuals with a strong line of sight and are aligned to delivering the key strategic objectives of the business to help deliver long-term sustainable growth.

The 2015 bonus is multiplicative in computation and has been since the Group was privately owned. From 2016, the annual bonus for the Executive Directors will be structured in an additive manner, with 75% based on financial measures and 25% on key strategic objectives, as outlined in the Directors' remuneration policy.

Performance Share Plan

The long-term incentive arrangements for the Executive Directors will be entirely performance-based and fully aligned with best practice for UK-listed companies. The details of the proposed targets are set out in the Remuneration report.

In recognition of the size of the awards, the performance targets are set at stretching levels to ensure that management are only rewarded if significant value is delivered to shareholders.

Clawback and malus

In line with the recent guidance in the UK Corporate Governance Code, all of our share-based incentive plans include malus and clawback provisions.

Shareholder engagement

We engaged with our top 20 shareholders in January 2016 on our proposed remuneration approach and the intended performance measures to be used in our incentive arrangements. We value shareholder feedback and are very encouraged by the support and comments we have received to date. We hope to receive your support for our policy report and our annual report on remuneration at our forthcoming AGM.

John Allan

Chairman of the Remuneration Committee

8 March 2016

Remuneration report:

Directors' remuneration policy

Purpose and link to strategy	Operation	Opportunity	Performance measures
Base salary			
To provide a level of fixed pay which supports the recruitment and retention of Executives of the calibre to deliver the strategy of the business	<p>Base salaries are reviewed annually typically with effect from 1 April</p> <p>When determining salary levels the Remuneration Committee takes account of the following</p> <ul style="list-style-type: none"> • Pay and conditions of the wider workforce • Individual performance • Competitive practice in other FTSE 100 companies and organisations with whom Worldpay directly competes for talent 	<p>To avoid setting expectations of Executive Directors and other employees, no maximum salary is set under the remuneration policy</p> <p>Salary increases for Executive Directors will normally be aligned with those of the wider workforce</p> <p>Increases may be made above this level to take account of individual circumstances, which may include</p> <ul style="list-style-type: none"> • Increases to reflect an individual's development and performance in role. For example, where a new incumbent is appointed on a below market salary • Increase in the size or scope of the role or responsibilities 	n/a
Pension			
To provide appropriate levels of retirement benefit	Executive Directors may receive a cash allowance, contributions into the Worldpay Pension Scheme, a defined contribution scheme or a combination thereof	Executive Directors may receive a maximum contribution from the company of 20% of salary per annum	n/a
Benefits			
To provide a market-competitive level of benefits	<p>Executive Directors may receive various market competitive benefits, which may include a car allowance, use of a driver, reimbursed travel expenses, private medical and annual health check, disability and life assurance</p> <p>Where appropriate, other benefits may be provided to take account of individual circumstances, such as but not limited to expatriate allowances, relocation expense, housing allowance and education support</p>	Benefits for Executive Directors are set at a level which the Remuneration Committee considers to be appropriate against wider employee benefits as well as competitive practice in other FTSE 100 companies and organisations with whom Worldpay directly competes for talent	n/a
Annual bonus and deferred annual bonus			
<p>The role of the annual bonus is to incentivise strong financial performance and reward the delivery of the business strategy on an annual basis</p> <p>Deferral into shares provides alignment with shareholders</p>	<p>Performance is assessed on an annual basis</p> <p>Targets are set by the Remuneration Committee at the start of the financial year. At the end of the year, the Committee determines the level of bonus to be paid taking into account the extent to which these targets have been achieved</p> <p>The Committee has discretion to adjust the formulaic bonus outcomes both upwards and downwards (including to zero) to ensure alignment of pay with performance, e.g. in the event performance is impacted by unforeseen circumstances outside of management control</p> <p>The annual bonus is normally delivered two-thirds in cash and one-third is compulsorily deferred into shares for a period of at least three years. Executives may elect to voluntarily defer more than one-third of</p>	<p>The maximum annual bonus opportunity is 200% of base salary per annum</p> <p>The current maximum bonus levels applying to each of the Executive Directors are included in the annual remuneration report</p>	<p>Bonuses are based on a combination of stretching annual financial and non-financial/strategic performance measures, with the majority of the bonus assessed against financial measures</p> <p>The Remuneration Committee will determine the weighting between different metrics each year according to business priorities</p> <p>For target performance, up to 50% of the maximum bonus</p>

Purpose and link to strategy	Operation	Opportunity	Performance measures
	<p>their bonus into shares</p> <p>Dividend equivalents will be paid in cash or additional shares once the deferred shares are released</p>		<p>opportunity may be received</p> <p>Further details, including the performance measures set for each year, are disclosed in the annual report on remuneration</p>
Performance Share Plan ('PSP')			
<p>The role of the PSP is to incentivise and reward Executive Directors for achieving the long-term performance objectives of the Company which are aligned to the strategic goals</p> <p>The PSP also acts as a retention tool</p>	<p>Awards under the PSP will normally be made in the form of nil cost options over shares but may be made in other forms such as conditional or forfeitable shares or a payment made in cash</p> <p>Awards will be calculated based on a percentage of salary and the market share price at grant in accordance with the rules</p> <p>Prior to awards being granted each year the performance conditions and targets are set to ensure they remain appropriately stretching and aligned to the strategy of the business</p> <p>The PSP has a performance period of at least three years and a minimum vesting period of three years</p> <p>Awards will normally be subject to an additional holding period with 50% of the award being received after four years and the remaining 50% after five years</p> <p>Dividend equivalents may be paid in cash or additional shares on LTIP awards that vest</p> <p>The Committee has discretion to adjust the formulaic outcome of the PSP to ensure the outcome takes account of any major changes to the Company (e.g. as a result of mergers and acquisitions) and is a fair reflection of the performance of the Company</p>	<p>The maximum PSP opportunity is 300% of base salary per annum</p> <p>The current PSP opportunities applying to each of the Executive Directors are included in the annual remuneration report</p>	<p>Vesting of the PSP is subject to continued employment during the performance period and the achievement of key financial and strategic performance conditions which are aligned to the Company's strategic plan</p> <p>At least 50% of a PSP award will be based on financial metrics</p> <p>Threshold performance will result in up to 25% of a PSP award vesting. No part of a PSP award will vest for performance below the threshold</p> <p>Further details, including the performance targets attached to the PSP in respect of each year, are disclosed in the annual report on remuneration</p>
All-employee share plans			
Sharesave ('SAYE') – to be launched in 2016			
<p>Provides all UK employees, including Executive Directors, the opportunity to voluntarily invest in Company shares and be aligned with the interests of shareholders</p> <p>Similar plans may be operated for employees in other countries in which Worldpay operates</p>	<p>UK employees may be eligible to participate in this HMRC approved employee share scheme, which is operated in line with the HMRC requirements</p>	<p>Employees are limited to saving a maximum in line with the HMRC limits</p>	n/a
Share Incentive Plan ('SIP')			
<p>Provide all employees, including Executive Directors the opportunity to receive and invest in Company shares and be aligned with the interests of shareholders</p> <p>Similar plans may be operated for employees in other countries in which Worldpay operates</p>	<p>UK employees may be eligible to participate in this HMRC approved employee share scheme</p> <p>There are no present plans to utilise this plan in 2016</p>	<p>The maximum opportunity for awards will be set in line with HMRC limits</p>	n/a
Legacy Plans			

Purpose and link to strategy	Operation	Opportunity	Performance measures
Transition Award Plan			
The role of the Transition Award Plan is to provide a strong alignment with shareholders and act as a retention tool during the initial years of Worldpay as a quoted company	<p>Awards under the Transition Award Plan were made on a one-off basis upon listing</p> <p>Executive Directors are required to hold at least 100% of basic salary in Worldpay Group plc shares for 36 months from the Admission Date as well as be subject to continued employment</p> <p>Dividend equivalents may be paid in cash or additional shares on awards under the Transitional Award Plan that vest</p>	<p>833,333 shares were awarded to the CEO</p> <p>416,666 shares were awarded to the CFO</p> <p>416,666 shares were awarded to the Vice Chairman and Executive Director</p>	n/a

Notes to the policy table

Payments outside policy

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out in this report where the terms of the payment were agreed (1) before the policy came into effect or (2) at a time when the relevant individual was not a Director of the Company, and in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company

Clawback and malus

The Committee has the discretion to scale back (known as 'malus') Deferred Share Awards made under the Annual Bonus Plan, Performance Share Plan awards and awards under the Transition Award Plan prior to the satisfaction of awards in the event that results are materially misstated, there is gross misconduct or significant reputational damage

Where Deferred Share Awards made under the Annual Bonus Plan, Performance Share Plan awards or awards under the Transition Award Plan have vested the Committee have the discretion to 'clawback' awards up to the fifth anniversary of the grant of the awards in the circumstances described above

Cash bonuses can also be 'clawed back' in the circumstances described above up to the third anniversary of payment

Performance measure selection and approach to target setting

Annual bonus

The annual bonus performance measures are selected to provide an appropriate balance between incentivising Executive Directors to meet the key financial targets of the business for the year and incentivising them to achieve specific strategic objectives. The particular measures each year are chosen to ensure focus on the key objectives aligned with the strategy of the business in each financial year

PSP

In respect of the PSP, the Committee regularly reviews the performance measures to ensure that they are aligned with the Company's strategy in light of the long-term strategic plan and with our shareholders' interests over the longer term

Targets for both the annual bonus and PSP are reviewed annually against a number of internal and external reference points. Targets are set on a sliding scale at levels the Committee considers to be appropriately stretching for the level of award delivered

Remuneration policy for other employees

The remuneration policy for Executive Directors in general is more heavily weighted towards variable pay than for other employees. The majority of employees participate in an annual bonus plan, but PSP awards are only made to the most senior (c 80) individuals in the Group. Individuals below this level may receive annual awards of restricted stock which vest after three years

The Company's approach to annual salary reviews is consistent across the Group, with consideration given to the level of experience, responsibility, individual performance and salary levels for comparable roles in comparable companies

All UK employees may be eligible to participate in the Company's SAYE and SIP plans on identical terms and those outside of the UK in comparable plans where appropriate

Shareholder alignment

The Committee recognises the importance of aligning Executive Directors' and shareholder interests through executives building up significant shareholdings in the Company. Executive Directors are expected to acquire a significant number of shares over a period of five years and retain these until retirement from the Board of Directors. The shareholding requirement is 300% of salary for the CEO and 200% of salary for all other Executive Directors. Details of the Executive Directors' current personal shareholdings are provided in the annual report on remuneration on page 109

Scenario analysis

The charts on the following page provide an estimate of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of remuneration under three different performance scenarios: 'Minimum', 'Target' and 'Maximum'

Non-Executive Director remuneration

The Chairman and Non-Executive Directors do not have service agreements, but are engaged on the basis of a letter of appointment. In line with the UK Corporate Governance Code (September 2014) guidelines, all Directors are subject to re-election annually at the AGM.

It is the policy of the Board of Directors that Non-Executive Directors are not eligible to participate in any of the Company's bonus, long-term incentive or pension schemes.

Details of the policy on fees paid to our Non-Executive Directors are set out in the table on the following page.

[CHARTS REMOVED]

The scenario analysis charts are based on the following assumptions:

Minimum – Base salary as at 31 December 2015 plus pension and fixed allowances

Target – Minimum plus Target annual bonus (including deferred element and represents 50% of maximum bonus) plus Threshold LTIP opportunity (25% of maximum)

Maximum – Minimum plus Maximum annual bonus (including deferred element) plus Maximum LTIP opportunity

Non-Executive Director remuneration

Fees	
To attract and retain Non-Executive Directors of the highest calibre with broad commercial experience relevant to the Company	<p>The fees paid to Non-Executive Directors are determined by the Board of Directors, with recommendations provided by the Chairman and CEO. The fees of the Chairman are determined by the Remuneration Committee.</p> <p>Additional fees are payable for acting as Senior Independent Non-Executive Director and as Chairman of the Audit, Remuneration and Risk Committees. Members of the Audit, Remuneration, Nomination and Risk Committees also receive an additional fee.</p> <p>Fee levels may be reviewed annually. Fees are reviewed by taking into account external advice on best practice and competitive levels, in particular at FTSE 100 companies. Time commitment and responsibility are also taken into account when reviewing fees.</p> <p>Chairman and Non-Executive fees are paid in cash.</p> <p>The Committee reimburses the Chairman and Non-Executive Directors for reasonable expenses in performing their duties and may settle any tax incurred in relation to these duties. For any Non-Executive Director that is based overseas, the Company will meet travel and accommodation expenditure as required to fulfil Non-Executive duties.</p> <p>The fees paid to the Chairman and Non-Executive Directors in respect of the year under review are disclosed in the annual report on remuneration.</p> <p>Aggregate fees are limited to £3.0m by the Company's Articles of Association.</p>

Approach to recruitment remuneration

External appointment

When determining the remuneration package for a new Executive Director, the Committee will take into account all relevant factors based on the circumstances at that time. This may include factors such as the calibre of the individual, the jurisdiction the candidate was recruited from, the candidate's current reward opportunity and the scope of the role to which they are being appointed.

Typically, the package will be aligned to the Company's remuneration policy as set out above. However, should there be a commercial rationale for doing so, the Remuneration Committee has the discretion to include any other remuneration elements which are not included in the on-going remuneration policy, subject to the overall limit on variable remuneration set out below. The Committee does not intend to use this discretion to make non-performance incentive payments and is always mindful of the need to pay no more than is necessary.

The overall limit of variable remuneration will be as set out in the policy table taking into account the maximum value of the annual bonus and the maximum awards under the PSP (i.e. 500% of salary).

The Committee may make an award in respect of a new appointment to 'buy out' incentive arrangements forfeited on leaving a previous employer, i.e. over and above maximum limit on variable remuneration set out above. In doing so, the Committee will consider relevant factors including any performance conditions attached to these awards, the likelihood of those conditions being met and the time over which they would have vested. The intention is that the value of any buy-out award would be no higher than the expected value of the forfeited arrangements and made on a like-for-like basis.

Internal promotion

In cases of appointing a new Executive Director by way of internal promotion, the policy will be consistent with that for external appointees, as detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements even in instances where they would not otherwise be consistent with the prevailing Executive Director remuneration policy at the time of appointment.

Non-Executive Directors

In recruiting a new Non-Executive Director, the Remuneration Committee will use the policy as set out in the table on page 102. A base fee in line with the current fee schedule would be payable for membership of the Board of Directors, with additional fees payable for acting as Senior Independent Non-Executive Director, as Chairman of the Audit, Remuneration and Risk Committees, and for being a member of the Audit, Remuneration, Nomination and Risk Committees.

Service contracts and exit payment policy

Executive Director service contracts, including arrangements for termination, are carefully considered by the Committee. In accordance with general market practice, each of the Executive Directors has a rolling service contract which is terminable on 12 months' notice and this practice will also apply for any new Executive Directors.

In such an event, the compensation commitments in respect of their contracts could amount to one year's remuneration based on base salary, benefits in kind and pension rights during the notice period. Termination payments may take the form of payments in lieu of notice. Payments would be made on a phased basis and subject to mitigation.

Copies of Executive Director service contracts are available to view at the Company's registered office

If the employment is terminated by the Company, the Remuneration Committee retains the discretion to settle any other amounts reasonably payable to the Executive Director including legal fees incurred in connection with the termination and fees for outplacement services. The Company's policy on any termination payments is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms in the executive's service contract and the circumstances of the termination.

The table on the following page summarises how awards under each incentive plan are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion as provided under the rules of the plan.

External appointments

With the approval of the Board of Directors in each case, and subject to the overriding requirements of the Company, Executive Directors may accept one external appointment as a Non-Executive Director of another company and retain the fees paid in this role. Details of external appointments and the associated fees received are included in the annual report on remuneration.

Consideration of conditions elsewhere in the Company

The Committee does not consult with employees specifically on executive remuneration policy. However, the Committee considers pay practices across the Company and is mindful of the salary increases applying across the rest of the business in relevant markets when considering salaries for Executive Directors.

Consideration of shareholder views

The Committee considers shareholder views received during the year and at the Annual General Meeting each year, as well as guidance from shareholder representative bodies more broadly, in shaping remuneration policy. This feedback, and any additional feedback received from time to time, will then be considered as part of the Company's annual review of remuneration. It is the Committee's intention to consult with major shareholders in advance of making any material changes to remuneration arrangements.

Awards under each incentive plan

Annual bonus		
Voluntary resignation or termination with 'cause'	Not applicable	No bonus to be paid for the financial year
All other circumstances	Following the end of the financial year at the usual bonus payment date	Bonuses will be paid only to the extent that objectives set at the beginning of the plan year have been met. Any such bonus will be paid on a pro-rata basis for the period employed.
Deferred shares		
Termination for 'cause'	Not applicable	Awards lapse
Any other circumstances	At the end of the normal vesting period	Awards will vest in full at the end of the deferral period
PSP		
Voluntary resignation or termination with 'cause'	Not applicable	Unvested awards lapse
Ill-health, injury, permanent disability, or any other reason that the Committee determines in its absolute discretion	After the end of the relevant performance period	The Committee determines whether and to what extent outstanding awards vest based on the extent to which performance conditions have been achieved and pro-rated to take into account the proportion of the performance period in employment.
Death	As soon as possible after date of death	Unvested awards will fully vest
Change of control	On change of control	Awards will vest to the extent that any performance conditions have been satisfied (unless the Committee determines that the performance conditions should not apply). Awards will also be reduced pro-rata to take into account the proportion of the performance period not completed, unless the Committee decides otherwise. Awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate.
Transitional awards		
Voluntary resignation or termination with 'cause'	Not applicable	Unvested awards lapse
Ill-health, injury, permanent disability,	After the end of the vesting	Awards would vest at the end of the vesting period, but be reduced to reflect

or any other reason that the Committee determines in its absolute discretion	period	the proportion of the vesting period in employment
Death	As soon as possible after date of death	Unvested awards will fully vest
Change of control	On change of control	Awards will vest but be reduced pro-rata to take into account the proportion of the vesting period completed, unless the Committee decides otherwise Awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate

Remuneration report:

Annual report on remuneration

The following section provides details of how our remuneration policy was implemented during the year ended 31 December 2015

Remuneration Committee membership in 2015

As of 31 December 2015, the Remuneration Committee was made up of the following three Non-Executive Directors

- 1 John Allan (Chairman)
- 2 Martin Scicluna
- 3 Sir Michael Rake

Subsequently, on 29 January 2016, Sir Michael Rake stepped down from the Committee and Deanna Oppenheimer was appointed as a member

The Chairman's membership of the Remuneration Committee was permitted under the Code as he was independent on appointment as Chairman (provision D 3.1)

The Committee's purpose is to assist the Board of Directors in fulfilling its oversight responsibility by ensuring that remuneration policy and practices reward fairly and responsibly, are linked to corporate and individual performance, and take account of the generally accepted principles of good governance

The Committee determines and recommends to the Board

- The Group's policy on executive remuneration,
- The annual report on remuneration to be approved by shareholders, and
- In respect of the Chairman, the Executive Directors and Executive Committee members determines
 - Terms and conditions of employment, including the Executive Directors' service agreements,
 - The level of remuneration (including base salary, benefits, pension, annual bonus and long-term incentives),
 - Performance measures and targets for annual bonus and long-term incentive plans

The Chairman of the Board of Directors and the CEO are responsible for evaluating and making recommendations to the Board of Directors on the remuneration of the Non-Executive Directors. Members of the Remuneration Committee and any person attending its meetings do not participate in any discussion or decision on their own remuneration

Following the IPO, the Remuneration Committee held one meeting during the year. This was held on 8 December 2015

Advisers

Deloitte LLP assisted the Company on remuneration-related matters in the build-up to the IPO and was formally approved as advisor to the Remuneration Committee on 8 December 2015 following the listing of the Company. Deloitte LLP is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. Fees paid to Deloitte as advisors to the Remuneration Committee from the point of listing to 31 December 2015 amounted to £12,600

Single total figure of remuneration for Executive Directors (audited)

Table 1, below sets out a single figure for the total remuneration received by each Executive Director for 2015 from their date of appointment. As the Executive Directors only became Directors of Worldpay Group plc on 3 July 2015, no prior year figures have been shown. The values of each element of remuneration are based on the actual value delivered, where known

Incentive outcomes for the year ended 31 December 2015 (audited)

Annual bonus in respect of 2015 performance

The payments under the annual bonus for 2015 will be made in cash and relate to the annual bonus plan that was set at the start of the financial year, prior to the listing of the Company. Changes have been made to the annual bonus plan for 2016 to simplify arrangements and bring the plan more in line with best practice for a listed company, further details of which are provided on page 99

The CEO had a target bonus opportunity of 100% of base salary and the other Executive Directors a target opportunity of 80% of salary (with the exception of the Executive Director and Vice Chairman who had an historic arrangement whereby his target was 100% of base salary and which was amended in-line with policy on 1 September 2015). If maximum performance is achieved, 2x the target opportunity may be received. For 2015, the annual bonus was assessed taking into account both financial and personal performance on a multiplicative basis. Financial performance was assessed against EBITDA and Cash (E-C-S* (see table 2 footnote)) performance targets, each with a 50% weighting

Table 1 Single total figure of remuneration for Executive Directors (audited)

Name	Base salary	Taxable benefits ¹	Annual bonus ²	LTI ³	Other ⁴	Pension benefit ⁴	Total
Philip Jansen	£387,882	£15,599	£637,500	n/a	£2,000,000	£67,122	£3,108,103
Rick Medlock	£250,000	£3,028	£300,000	n/a	£1,000,000	£50,000	£1,603,028
Ron Kalifa ⁵	£228,032	£6,209	£294,550	n/a	£1,000,000	£42,122	£1,570,913

1 Taxable benefits consist primarily of car allowance, private medical insurance, life assurance and PHI where applicable

2 Cash payment for performance during the year. See Table 3 on page 106 for details

3 The values reflect the awards the Executive Director's received under the Transition Award Plan ('TAP') upon IPO which will vest in October 2018 subject to continued employment and a shareholding requirement. See Table 5 on page 106 for details

4 Pension benefits in the year comprised of 20% of base salary from 1 September. Between 3 July and 31 August, the pension allowance of the CEO, CFO, Vice Chairman and Executive Director were 10%, 20% and 15% respectively

5 Ron Kalifa additionally received a cash payment of £198,065 plus 157,905 Worldpay Group plc shares in lieu of his pre-IPO A class shares held in Ship Luxco Holding & Cy SCA. The shares are locked in and may only be sold accordingly: one-third for 12 months, one-third for 24 months, and the final third for 36 months

Table 2, opposite provides a summary of the level of performance achieved against each of the financial targets set

Based on the financial multiplier set out in table 2, the annual bonus payments for each Executive Director have been calculated as shown in table 3, opposite

The personal multipliers outlined in table 3 were in consideration of the achievement of key strategic objectives set at the start of the financial year. These focused on the following areas:

- Successful completion of the IPO
- Creation of Ambition 2020
- Significant progress in our new technology platform
- Continuous product development
- Increased colleague engagement scores

Single total figure of remuneration for Non-Executive Directors (audited)

Table 4, opposite sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 December 2015 from their dates of appointment

Scheme Interests awarded in 2015 (audited)

Transitional Award Plan ('TAP')

Upon the IPO, Executive Directors and other key executives were made a one-off award of shares under the TAP. The objective of these awards is to focus individuals on a successful transition from a private to a public company and to retain key individuals over the next three years.

Awards will vest after a period of three years, subject to continued employment and each individual holding shares representing 100% of base salary for the duration of the vesting period, as shown in table 5, opposite

Table 2 Summary of the level of performance achieved against each of the financial targets set (audited)

Measure	Weighting	Actual	Threshold (50%)	Target (100%)	Maximum (200%)	Multiplier
EBITDA ¹	50%	£405.0m	£400.0m	£405.0m	£413.0m	100%
E-C-S ²	50%	£169.1m	£164.1m	£169.1m	£179.1m	100%
Weighted financial multiplier						100%

1 A downward adjustment from the reported underlying EBITDA of £406.1m was made relating to the capitalisation of the new technology platform reward

2 E-C-S: EBITDA less capital expenditure less certain separately disclosed items, which acts as a proxy for cash

Table 3 Annual bonus payments for Executive Directors (audited)

Executive	Target bonus opportunity (% salary)	Financial multiplier	Personal multiplier	Actual bonus (% salary as at 31 Dec 2015)
Philip Jansen	100%	100%	150%	150%
Rick Medlock	80%	100%	150%	86% ¹
Ron Kalifa	100% until 31 August	100%	150%	150% of salary in period
	80% from 1 September	100%	150%	120% of salary in period

1 Pro-rated from date of joining the Group. Annual equivalent is 120%.

Table 4 Single total figure of remuneration for Non-Executive Directors (audited)

Non-Executive Director	2015 fees
Sir Michael Rake	£141,667
John Allan ^{1,2}	£43,333
Martin Scicluna ²	£53,333
Robin Marshall	None
James Brocklebank	None

1 John Allan additionally received a cash payment of £265,663 plus 211,799 Worldpay Group plc shares in lieu of his pre-IPO A class shares held in Ship Luxco Holding & Cy SCA. The shares are locked in whereby one-third are available in October 2016 and two-thirds in October 2017.

2 Also, in connection with the reorganisation that took place prior to the IPO, John Allan and Martin Scicluna waived their respective entitlements to any interest in Contingent Value Rights ('CVRs') a separate class of shares in the Company. In order to recognise the obligations and responsibilities associated with their role as Independent Non-Executive Directors, John Allan and Martin Scicluna received one-off payments from AB JV Global S.à r.l. (the then ultimate parent Company of the Company) of £1.9m and £365,000 respectively. At the time they were made, these lump sum payments were not referable to the potential value of the CVRs, which did not have any value for accounting purposes. 50% of the after tax proceeds from these lump sum payments were reinvested in ordinary shares, in respect of which they have entered into a 365-day lock-up agreement with the Company and the Underwriters to the IPO.

Table 5 Scheme interests awarded in 2015 (audited)

Executive	Date of grant	Number of shares awarded	Share price ¹	Face value of award	Vesting date
Philip Jansen	16/10/2015	833,333	£2.40	£2,000,000	16/10/2018
Rick Medlock	16/10/2015	416,666	£2.40	£1,000,000	16/10/2018
Ron Kalifa	16/10/2015	416,666	£2.40	£1,000,000	16/10/2018

1 The share price on the date of listing (16 October 2015) was used to determine the number of shares awarded.

Table 6 Chief Executive Officer's historic pay for 2015

Remuneration element	3 July 2015 to 31 December 2015
CEO single figure of remuneration	£3,108,103
Annual bonus award against maximum opportunity	75%
LTI award against maximum opportunity	n/a

Percentage change in CEO remuneration

This section is not applicable as the Company only listed on 16 October 2015 and as such there is no prior year comparator which can be shown.

Relative importance of spend on pay

There were no dividends paid or share buybacks implemented in 2015. For comparison, the total employee expenditure is £334.5m as set out in Note 2c in the notes to the financial statements.

Exit payments made in the year (audited)

No exit payments were made during the year.

Payments to past Directors (audited)

No payments were made to past Directors in the year.

External appointments

Philip Jansen acts as an advisor to Bain Capital, for which he received a fee of £75,000. Philip was also a Non-Executive Director and Chairman of Cucina Investments (UK) until 20 October 2015 after which he remained a paid advisor. He received total fees of £19,400 from 3 July 2015 to 31 December 2015.

Ron Kalifa is a Director of Visa Europe and Qwvi plc. The fees for Visa Europe are paid directly to Worldpay and are not passed on to Ron. However, he does retain the fees relating to his Qwvi plc appointment which amounted to \$150,000 in 2015.

Review of past performance

Historical Total Shareholder Return ('TSR') performance

The graph below shows the TSR of the Company and the FTSE 100 Index over the period from Admission on 16 October 2015 to 31 December 2015. The index was selected on the basis that the Company is a member of the FTSE 100 Index.

The graph shows the growth in the value of a hypothetical holding of £100 invested at admission to 31 December 2015.

[TSR CHART REMOVED]

Historical CEO pay

Table 6, above sets out information regarding the CEO's historic pay from his date of appointment on 3 July 2015

Implementation of Executive Director remuneration policy for 2016

Base salary

Base salaries were set at listing taking into account competitive practice for similar roles in other FTSE 100 companies of a similar size. The current salaries of the Executive Directors, effective from 1 September 2015, are set out below

Executive Director	Current base salary
Philip Jansen	£850,000
Rick Medlock	£500,000
Ron Kalifa	£475,000

The Executive Directors' base salaries were set in 2015 and will not increase in April 2016 as part of the normal annual pay review. The Committee intends to review these salaries later this year to ensure they are competitive and reflect the Company's desired market position.

Pension

All Executive Directors receive a cash allowance of 20% of salary in lieu of a pension contribution.

Annual bonus

For 2016 the CEO will have a maximum bonus opportunity of 200% of salary. The other Executive Directors will have a maximum bonus opportunity of 160% of salary. 50% of the maximum bonus opportunity will be paid for on-target performance.

Two-thirds of any bonus paid will be received in cash with the remaining third being deferred into Worldpay Group plc shares for a period of three years.

The annual bonus for 2016 will be based on the following measures and weightings:

Measure	Weighting
EBITDA	37.5%
Cash metric	37.5%
Personal objectives	25%

We intend to disclose the targets in respect of each financial metric on a retrospective basis at the same time the performance outcome is disclosed in the remuneration report after the end of each financial year.

Cash bonuses may be clawed back up to the third anniversary of payment and any deferred share awards may be subject to malus and/or clawback up to the fifth anniversary of the date of grant, in the event that results are materially misstated, there is gross misconduct, or significant reputational damage.

Worldpay LTIP

For 2016 the CEO will receive an award under the Worldpay LTIP with a maximum opportunity of 200% of salary. The maximum opportunity for other Executive Directors will be 150% of salary.

The LTIP award granted in 2016 will be assessed against the following performance measures and targets which will be measured over three financial years, as shown in table 7, above:

EPS and EBITDA have been selected as measures as they are the financial performance measures which will most closely reward the delivery of our growth strategy.

The strategic measures for the PSP awards to be made in 2016 will reward the growth of our customer numbers in our small and medium segments, as well as completing the migration of customers onto our new technology platform, as these will be key areas of focus for the business. The performance target ranges have been set at stretching levels taking into account both internal and external forecasts, with maximum vesting only occurring for significant outperformance.

To provide further alignment with shareholders over the longer term any awards that vest for the Executive Management team will be subject to an additional holding period. Half of the shares will be released on the fourth anniversary of the date of grant and the remaining half released after five years.

Awards under the PSP may be clawed back up to the fifth anniversary of the date of grant in the event that results are materially misstated, there is gross misconduct, or significant reputational damage.

Implementation of Non-Executive Director remuneration policy for 2016

Chairman and Non-Executive Director fees

The fees payable to the Chairman of the Board of Directors and other Non-Executive Directors are outlined in table 8, above

Executive Directors' shareholding requirements (audited)

In line with Worldpay's remuneration policy, the CEO is required to hold shares in the Company equivalent to 300% of base salary (200% of salary for other Executive Directors). They have five years over which to reach this shareholding requirement

Table 9, opposite shows the shareholding of each Executive Director, and any relevant connected persons, against their respective shareholding requirement as at 31 December 2015

Non-Executive Directors' shareholding (audited)

Table 10, opposite shows the shareholdings of each Non-Executive Director and their connected persons as at 31 December 2015. No prior year data is available given IPO occurred in October 2015

No further shares were acquired by the Non-Executive Directors between 31 December 2015 and 7 March 2016

Table 7 Performance measures to be used to assess the LTIP award granted in 2016

Measure	Weighting	Threshold Target (25% vesting) ¹	Maximum Target (100% vesting) ¹
Cumulative EPS	37.5%	26.0p	30.0p
EBITDA growth	37.5%	8% p.a.	12% p.a.
Strategic measures			
– Customers Net SME adds	12.5%	30,000	40,000
– New technology platform	12.5%	Complete customer migration by 1 January 2018	Complete customer migration by 1 July 2017

¹ Awards will vest on a straight-line basis between the Threshold and Maximum Target

Table 8. Chairman and Non-Executive Director fees

Role	Total fee
Chairman ¹	£425,000
Non-Executive Director basic fee	£70,000
Chairman of Audit Committee	£30,000
Chairman of Remuneration Committee	£30,000
Chairman of Risk Committee	£30,000
Member of Audit Committee	£10,000
Member of Remuneration Committee	£10,000
Member of Risk Committee	£10,000
Member of Nomination Committee	£10,000
Senior Independent Director	£30,000

¹ Inclusive of all Board fees

Note

Robin Marshall and James Brocklebank are not entitled to an annual fee

Table 9 Executive Directors' shareholding at 31 December 2015 (audited)

Executive	Shares owned outright or vested ¹	Unvested shares not subject to performance	Unvested shares subject to performance	Current shareholding (% salary)	Shareholding guideline (% salary)
Philip Jansen ²	11,262,134	833,333	0	4.072%	300%
Rick Medlock ²	5,602,920	416,666	0	3.444%	200%
Ron Kalifa ²	7,593,021	416,666	0	4.912%	200%

¹ Vested shares remain subject to a time-based lock-in, whereby one third are available in October 2016, one-third in October 2017 and the final third in October 2018

² The CEO, CFO and Vice Chairman and Executive Director respectively held 823,255,384,185 and 548,836 CVRs in Ship Luxco Holding & Co SCA

Table 10 Non-Executive Directors' shareholding (audited)

Non-Executive Director	Total number of shares owned as at 16 October 2015	Total number of shares owned as at 31 December 2015
Sir Michael Rake	83,333	83,333
John Allan ¹	2,652,125	2,652,125
Martin Scicluna ¹	495,808	495,808
Robin Marshall	None	None
James Brocklebank	None	None

¹ All vested shares remain subject to a time-based lock-in, whereby one-third are available in October 2016 and two-thirds in October 2017, except for 209,792 for John Allan and 40,302 for Martin Scicluna which fully vest in October 2016

Other corporate disclosures

As permitted by legislation, some of the matters normally included in this report have instead been included in the Strategic report on pages 8 to 76 as the Board considers them to be of strategic importance. Specifically, these relate to the Company's business model and strategy, future business developments and risk management. The Corporate governance report on pages 82 to 96 and Remuneration report on pages 97 to 109 are incorporated in this report by reference.

Relationship Agreement with the Significant Shareholder

In accordance with the Listing Rules, the Company entered into a Relationship Agreement with Ship Global 2 & CY S C A (the 'Significant Shareholder') on 12 October 2015. The principal purpose of the Relationship Agreement is to ensure that the Company is capable of carrying on its business independently of its Significant Shareholder.

Advent and Bain, who are associates of the Significant Shareholder and continue to be significant investors in the Company, are each entitled under the Relationship Agreement to appoint one Non-Executive Director to the Board for as long as Advent and Bain are respectively entitled to exercise, or to control, directly or indirectly, 10% or more of the votes at general meetings of the Company. The first nominee Directors are James Brocklebank in respect of Advent and Robin Marshall in respect of Bain.

Under the Relationship Agreement, the Significant Shareholder has undertaken that it shall not (and shall procure that its associates shall not)

- Take any action that would preclude or inhibit the Company or any member of the Group from operating independently of the Significant Shareholder,
- Take any action that would prevent the Company from complying with its obligations under the Listing Rules,
- Propose any shareholder resolution which is intended to circumvent the Listing Rules,
- Conduct any transactions and arrangements with the Group other than on an arm's-length basis and on normal commercial terms,
- Act in any way which it knows will render the Company unsuitable for continued listing on the London Stock Exchange, and
- Vote on any resolution to approve a 'related party transaction' where the Significant Shareholder is the related party.

The Company has complied with and, so far as the Company is aware, the Significant Shareholder has complied with (and has procured compliance by its associates with) the independence provisions under the Relationship Agreement outlined above.

Directors' appointment, conflicts of interest and powers of Directors

Directors' appointment

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the UK Corporate Governance Code, the Companies Act 2006, and related legislation. Directors may be appointed by the Company by ordinary resolution or by the Board, on recommendation of the Nomination Committee. In addition, the Relationship Agreement between the Company and the Company's Significant Shareholder (see paragraph 1 above) provides for the latter to appoint Non-Executive Directors to the Board. A Director appointed by the Board holds office only until the following Annual General Meeting and is then eligible for election by shareholders. The Company may, in accordance with and subject to the provisions of the Companies Act 2006, by ordinary resolution of which special notice has been given, remove any Director before the expiration of his or her term of office.

Further information on the appointments to the Board is set out in the Corporate governance report on pages 82 to 96.

The current Directors were appointed to Worldpay Group plc on the date shown against their names.

Director	Appointment date
Sir Michael Rake	1 September 2015
Philip Jansen	3 July 2015
Rick Medlock	3 July 2015
Ron Kalifa	3 July 2015
Martin Scicluna	8 September 2015
John Allan	8 September 2015
Deanna Oppenheimer	1 January 2016
James Brocklebank	5 November 2013
Robin Marshall	5 November 2013

Conflicts of interest

The Board considers and authorises potential or actual conflicts as appropriate. Directors with a conflict do not participate in the discussion or vote on the matter in question.

Powers of Directors

Subject to the Company's Articles of Association, the prevailing legislation and any directions given by special resolution, the business and affairs of the Company will be managed by the Directors.

Other statutory disclosures

Dividends

The Group's dividend policy is set out on page 74 in the Financial review. A dividend of £1.5m was paid in the year to the Group's former parent company prior to the IPO.

Greenhouse gas emissions

The disclosures concerning greenhouse gas emissions required by law are included in the Strategic report on page 33.

Employees

Disclosures relating to the Group's employees are included in the Strategic report on pages 28 to 30.

Research and development

Disclosures in relation to the Group's research and development are included in the Strategic report on pages 30 to 32.

Donations

No political donations were made and no political expenditure was incurred during the year.

Details of the Group's charitable activities are set out in the Strategic report on page 33.

Share capital and related matters

Share capital

The structure of the issued share capital of the Company at 31 December 2015 and information about the issue of shares during 2015 are set out in Note 5f to the financial statements. The Company has two classes of shares: Ordinary Shares and CVR non-voting redeemable shares.

Shareholders' rights

The rights attaching to the Ordinary Shares are governed by the Company's Articles of Association and prevailing legislation. There are no specific restrictions on the size of a holding. Subject to applicable law and the Articles of Association, holders of Ordinary Shares are entitled to receive all shareholder documents, including notice of any general meeting, attend, speak and exercise voting rights at general meetings, either in person or by proxy, and participate in any distribution of income or capital.

Restrictions on voting

There are no specific restrictions on the shareholder's ability to exercise their voting rights, save in situations where the Company is legally entitled to impose such restrictions (usually where amounts remain unpaid on the shares after request, or the shareholder is otherwise in default of an obligation to the Company). Currently, all issued Ordinary Shares are fully paid.

Shares held by the Company's employment benefit trust

The Company's offshore employee benefit trust ('EBT') is used to purchase Worldpay Group shares for the benefit of employees, including satisfying outstanding awards made under its employee share plans. In respect of all shares held in the EBT, the trustee has waived its right to receive dividends and will not exercise voting rights. Further details regarding the EBT are contained in Note 1a and 5h to the Financial statements.

Restrictions on the transfer of Ordinary Shares

From admission of the Company's securities on the Main Market of the London Stock Exchange, Ship Global 2 & CY SCA (the 'Significant Shareholder') entered into a lock-up period of 180 days and the Company's Directors entered into a lock-up period of 365 days. During the lock-up periods, the Significant Shareholder and the Directors agree not to dispose of any securities held in the Company. Certain of the underwriting banks may, however, waive the restrictions in respect of the lock-up periods before they expire.

The transfer of Ordinary Shares is governed by the general provisions of the Company's Articles of Association and prevailing legislation. There are no restrictions on the transfer of the Ordinary Shares other than (i) as set out in the lock-up arrangements described in the preceding paragraph, (ii) as set out in the Articles of Association, (iii) certain restrictions which may from time to time be imposed by laws and regulations (for example, insider trading laws), and (iv) pursuant to the Listing Rules of the Financial Conduct Authority whereby certain Directors, officers and employees of the Company require approval to deal in the Ordinary Shares in accordance with the Company's share dealing rules.

Notifiable interests in share capital

At 31 December 2015, the interests in voting rights over the issued share capital of the Company had been notified, as shown in the table below.

Shareholder	As at 31 December 2015	
	Number of shares	% interest in shares
Ship Global 2 & Cy SCA	839,481,879	41.97
BlackRock, Inc	107,115,455	5.35

On 1 March 2016, the Company received notice that BlackRock, Inc. had increased its holding to 129,183,963 shares representing 6.45% of the Company's total voting rights.

At 7 March 2016, the Company had not received any further disclosures of major holdings of voting rights, pursuant to the requirements of Rule 5 of the Financial Conduct Authority Disclosure Rules and Transparency Rules

No Directors and their connected persons have an interest in 3% or more of the voting rights of the Company as at 7 March 2016

Amendment of Articles of Association

The Company's Articles of Association may be amended by special resolution of shareholders. The Company's Articles of Association adopted by shareholders on 12 October 2015 are available on the Group's website

Provisions of change of control

The senior facilities agreement entered into by the Company and various lenders on 4 September 2015 to refinance existing borrowings as part of the IPO (comprising the Term Facility 1, Term Facility 2 and the revolving credit facility) provides for the repayment of all sums utilised together with interest on 30 days notice in the event of (i) any sale of substantially all of the businesses or assets of the Company, or (ii) if any person or group of persons acting in concert acquire more than 50% of the issued voting share capital of the Company. In addition, the senior unsecured notes issued by Worldpay Finance plc on 10 November 2015 and guaranteed by the Company, contain a repurchase provision at 101% of the value of the notes plus interest accrued but unpaid that may be exercised by holders of the notes on the same events as well as on certain forms of merger of the Company.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts and the Group and parent Company financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards, 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 Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company 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,
- For the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU,
- For the parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and
- The Strategic report and the Directors' report include a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Strategic report and the Directors' report comprising pages 8 to 112 have been approved and are signed by order of the Board by

Derek Woodward
Group Company Secretary
8 March 2016

Registered office
The Walbrook Building
25 Walbrook
London
EC4N 8AF

Registered number
08762327

Independent auditor's report to the members of Worldpay Group plc

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of Worldpay Group plc for the year ended 31 December 2015 set out on pages 118 to 166. In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2015 and of the Group's loss for the year then ended,
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union,
- The parent Company financial statements have been properly prepared in accordance with UK Accounting Standards, including FRS 101 *Reduced Disclosure Framework*, and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2 Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Accuracy, cut-off and classification of transaction-based revenue and settlement balances, Revenue (£3,963.0m), Merchant float (£696.4m), Scheme debtors (£534.5m), Merchant creditors (£1,230.9m)

Refer to page 90 (Audit Committee statement), pages 127 and 143 (accounting policy) and pages 129 and 145 (financial disclosure)

The risk

The recognition of transaction-based revenue and settlement balances arising in the payment processing cycle may be misstated or not presented in the correct financial period. Furthermore, the settlement balances may be inappropriately classified within the balance sheet.

The processing of payments, from which the Group generates the vast majority of its revenues, is dependent on highly complex IT systems with a number of different bases for calculating revenue and for settling funds. There were in excess of 13 billion transactions processed in the year with total gross transaction value in excess of £400bn, all requiring a correct IT outcome. In addition, the appropriate recognition of revenue and settlement balances is dependent on core finance processes and controls accurately reporting on and reconciling these transactions.

There is a risk that a system may not be configured correctly from the outset such that revenues and settlement amounts are calculated incorrectly, that the output from the operational systems does not correctly flow through to the financial information systems, and that unauthorised changes may be made to any of these systems, which may result in the misstatement of revenue and settlement balances.

The output from these operational IT systems is used in the reconciliation of settlement funds. The correct classification of amounts within the balance sheet is dependent upon achieving appropriate cut-off which accurately reflects the status of all in progress transactions at year-end.

Our response

Our audit procedures varied by business unit and therefore we have split our response into two sections. Whilst the risk is consistent across all business units, the nature of systems, processes and controls vary between the business in the UK and in the US and therefore different audit procedures are used in each case. Our audit procedures included, amongst others, the use of IT audit experts throughout the audit process.

We tested general IT controls related to access to programs and data, program change and development and computer operations in order to address the risk of unauthorised changes being made to the operation of IT application controls.

We critically assessed the design, implementation and operating effectiveness of IT application controls and tested that the systems are configured appropriately. We tested controls around customer set up and changes to master data that are designed to ensure the appropriate rates are assigned to each merchant in the system based on signed contract terms. We also tested the manual controls over the reconciliation of settlement accounts to scheme, merchant and internally generated reports.

- **WPUK and Global eCom:** Data was extracted from the systems and revenue was recalculated for a sample of merchants based on transaction data and contracted rates to test the completeness, existence and accuracy of revenue. Further analytical procedures were performed over the entire merchant population, using transaction data and contracted rates. Controls testing was performed to assess completeness and accuracy of the key inputs used in these procedures.

We agreed scheme debtor, merchant creditor and merchant float amounts to third-party confirmations and critically assessed the year-end cut-off, paying particular attention to the classification between settlement funds and own cash on the balance sheet based upon the underlying legal and commercial rights to funds.

- **WPUS:** A sample of revenue was tested through examination of merchant cash receipts, confirmations and inspection of transaction detail. In conjunction with this, a detailed trend analysis of revenue by month was performed to identify one-off or unusual transactions and

trends

Settlement balances were agreed to external data. For example, the scheme debtors balance was agreed to the network remittance report and to subsequent receipt per the bank statement, the net settlement receivables and payables per the year-end settlement reconciliation were agreed to subsequent cash receipts or payments, including examination of a sample of payments to assess whether they had been properly included or excluded from the balance sheet, and the merchant creditor balance was agreed to actual bank settlement activity after the year-end.

Other key substantive procedures over settlement balances included selecting a sample of payments on the first day subsequent to the year-end, for which we obtained remittances in order to assess whether they were properly included or excluded from the reported liability, and inspecting contracts and settlement activity for a sample of the largest merchants in order to assess whether the transactions were processed and recorded in the correct period. These procedures provided evidence in respect of the classification between settlement funds and own cash on the balance sheet.

- Financial statement disclosures. We also assessed whether the Group's disclosures in respect of revenue recognition and settlement accounts provided sufficient detail for users to understand the nature of settlement transactions.

Valuation of Visa Europe membership shares ('VE shares') (£195.7m) and related Contingent Value Rights ('CVRs') (£140.9m)
Refer to page 89 (Audit Committee statement), pages 154 and 155 (accounting policy and financial disclosure)

The risk

VE shares and CVRs are financial instruments (VE shares being a financial asset and CVRs being a financial liability for the Group). The carrying value of these financial instruments is dependent upon the classification of those financial instruments on initial recognition, and subsequently upon the latest available information and the Directors' judgements at each reporting date. The CVRs are a financial liability that is recognised initially at fair value, and subsequently at amortised cost, with any changes being recorded in the Consolidated Income Statement. The VE shares are a financial asset and the Directors have designated them as at fair value through profit or loss, therefore the VE shares will be measured at fair value at each reporting period with any changes being recorded in the Consolidated Income Statement.

- **VE shares.** There is no current active market for the shares and therefore these instruments fall within level 3 of the fair value hierarchy which requires significant judgement in determining fair value. The Directors are required to construct a valuation model that considers the potential cash flows for a range of possible outcomes. Due to the potentially large range of outcomes in value terms, there is a high level of judgement required and therefore there is a risk of material misstatement in the valuation of this financial asset.
- **CVRs.** The measurement of the CVRs at amortised cost requires the Directors to estimate the future cash flows related to the instrument. Similar to the VE shares above, there is a large range of potential outcomes in value terms, and therefore there is a risk of material misstatement in the carrying value of this financial liability.

Our response

- **VE shares.** Our audit procedures included, amongst others, an assessment of the facts and circumstances and rights and obligations attached to the instrument against the accounting literature, and consideration of a range of possible alternatives with respect to classification and valuation of the instrument.

We compared the key input assumptions within the Directors' valuation model to externally and internally derived data as well as our own assessments. Key inputs included the likelihood of a transaction between Visa Inc. and Visa Europe occurring, the value and form of possible consideration for the VE shares, the nature of potential clawbacks arising from Visa Europe contingent liabilities, and the applicable risk, discount factors and likelihood applied to each possible outcome. We considered the correlation between the information obtained and the judgements made by the Directors and evaluated the consistency of the judgements made by the Directors with the relevant International Financial Reporting Standards. We utilised our own valuations specialists to support our challenge of the Directors' key judgements. Our assessment included consideration of the potential risk of management bias. We gathered internal and external information in relation to both the characteristics of, and the demand for, these instruments. We also considered contradictory or disconfirming evidence as relevant information. Sensitivity analysis was performed in order to assess the reasonableness of the assumptions applied by management in arriving at the expected cash flows.

- **CVRs.** Our audit procedures included, amongst others, an assessment of the facts and circumstances and rights and obligations attached to the instrument against the accounting literature, and consideration of a range of possible alternatives with respect to classification and measurement of the instrument.

We obtained the calculation of the carrying amount of the CVRs provided by the Group and assessed the appropriateness of the inputs into the calculation, recalculated the key components of the calculation and considered whether the methodology applied was consistent with the definition of amortised cost under IFRS (as adopted by the EU).

The key input into the calculation was the forecast future cash flows in relation to the CVRs. As the CVRs represent 90% of the net post tax proceeds from a sale of the VE shares, the future cash flows of the CVRs are intrinsically linked to the VE shares and therefore the assumptions applied are similar.

Sensitivity analysis was performed in order to assess the reasonableness of the assumptions applied by management in arriving at the expected cash flows.

- Financial statement disclosures. We also assessed the adequacy of the Group's disclosures in respect of the fair value hierarchy and