Worldpay Group Limited

Annual Report and Accounts 2017

(formerly Worldpay Group plc)

Contents

Strategic report

Directors' report

Financial statements

Strategic report

Merger with Vantiv, Inc.

On 9 August 2017, the boards of Worldpay Group plc and Vantiv, Inc. ("Vantiv" a US based SEC registrant), announced that they had reached agreement on the terms of a recommended merger of Worldpay (" Worldpay") with Vantiv and Bidco (a subsidiary of Vantiv) in the form of a recommended offer for the entire issued and to be issued ordinary share capital of Worldpay by Vantiv and Bidco (the "Merger"). As outlined in that announcement, the Merger was to be effected by means of a court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006 (the "Scheme").

On 16 January 2018, Worldpay and Vantiv announced that all the conditions set out in the Scheme document dated 28 November 2017 had been satisfied or waived and, as such, on 16 January 2018, the Scheme became effective in accordance with its terms. This followed the court's sanction of the Scheme at a court hearing held on 11 January 2018.

In connection with the Merger, the listing of Worldpay shares on the premium listing segment of the Official List and the admission to trading of Worldpay shares on the London Stock Exchange's main market were suspended with effect from 7.30 am (London time) on 15 January 2018 and were cancelled with effect from 8.00 am on 16 January 2018. Worldpay Group plc was also re-registered as Worldpay Group Limited on the same day.

A special dividend of 4.2p per share was paid on 29 January 2018 to Worldpay shareholders who were on the register at the Scheme Record Time.

Capitalised terms used but not otherwise defined in this report have the same meanings as given to them in the Scheme Document, a copy of which can be found at http://investor.worldpay.com/

On 16 January 2018 100% of the shareholding in all US subsidiaries were sold for $1.6bn to Vantiv UK Limited, generating a profit of £1bn, the proceeds of which were then distributed through the group to Vantiv UK Limited.

The Facility 1 and both Facility 2 debt facilities were both repaid on 16 January 2018 and replaced with unsecured internal loan notes with repayment due in 2025 with interest accruing at 4.58%.

Our Market

Worldpay is a leader in global payments. The Worldpay Group provides a broad range of technology-led solutions to its merchant clients to allow them to accept payments of almost any type, across multiple payment channels, nearly anywhere in the world. Worldpay serves a diverse set of merchants across a variety of end-markets, sizes and geographies.

Since the widespread adoption of payment cards in the 1960s, there has been an ongoing secular shift away from cash to non-cash and digital payments, whether made by a debit or credit card, over the internet or through a mobile device.

We believe that five themes will contribute to the long-term growth in digital payments and influence the future of commerce. The five trends are:

- The recognition of digital payments as a large, global and fast growing market
- Changes in technology accelerating demand from merchants for innovative payment solutions
- Consumers embracing the seamless experience of new payments options and accelerating the pace of change through their increased expectations
- The proliferation of alternative payment methods
- Market obligations increasing merchant requirements around cyber-security, risk and fraud and greater regulatory scrutiny.

In light of these developments, merchants will need to focus more on payments than ever before with payment acceptance no longer seen as a business utility but as a strategic enabler of growth and differentiation. It will be necessary to think beyond the traditional acquiring model to a new payment partner model.

Worldpay and its payment industry peers will need to adapt to this new payment partner model. This requires them to keep up with a fast-changing market and the evolving demands of merchants, consumers, regulators and other participants in the payments ecosystem. This may include adopting new technologies, developing new products and services, reconsidering business models, competing against new market entrants and assessing changes in the regulatory environment.

Our Business Model

Worldpay is one of the few global businesses able to offer functionality in most aspects of payment acceptance, whether in-store, online or on a mobile device, by providing access to a global payments network through an agile, integrated, secure, reliable and highly scalable proprietary global payments platform.

We serve a diverse set of merchants across a variety of end-markets, sizes and geographies. On an average day, we process over 43 million transactions worldwide (including mobile, online and in-store), offering over 300 payment methods in 126 transaction currencies across 146 countries, while supporting approximately 400,000 clients, including large enterprises, domestic corporates and small and medium sized businesses. Globally, we also partner with innovative and fast-growing eCommerce businesses including many of the world's most renowned and dynamic online brands.

We operate in three principal markets:
Global eCom - we are a trusted partner to approximately 1,200 customers who operate in the global ecommerce market, including some of the largest, global online merchants.
WPUK - we serve approximately 300,000 UK and Ireland-based customers ranging from SMEs to major retailers.
WPUS - in the US, we serve over 100,000 SME customers and approximately 15,000 enterprise customers.

Our payments capabilities include our people, our data and insights, our technology, and our network of licences, partnerships and relationships. These mean that we are strongly placed to partner with merchants to enable their growth strategies, and to derive growing, visible and recurring revenues from serving them.

Worldpay is committed to helping all its customers to:
- Increase sales
- Reduce costs
- Reduce risk

We generate revenue by:
- Collecting fees for the transactions we process, typically based on a small percentage of the value of the transaction
- Charging fees for other services, such as hardware rental, security and fraud services, and treasury and foreign exchange services
- Charging subscription fees for access to advanced reporting and analytics
- Charging for advisory services for customers.

Our Strategy

Our strategy is designed to ensure that our business remains successful in a rapidly changing market, creating sustainable value for all our stakeholders.

Our five strategic pillars

1. Customers - we will continue to focus on understanding our customers and addressing their payments needs in core market segments

We focus on addressing the payments needs of specific groups of customers in larger corporates and in SMEs (Small and Medium Enterprises). For our larger corporate customers, many of whom operate internationally, our strategy is to have a deep understanding of their businesses and growth ambitions, and to address the payments complexity that comes from their negotiating multiple payment methods, currencies, channels and regulatory systems. Our SME customers are predominantly domestic and require products and services tailored to their industry. We help them to navigate the increasingly complex world of payments by providing products and services that are easy to use, which integrate into their business processes and maximise their sales opportunities.

2. Technology and products - we will further develop our technology and products to differentiate us from our competition

Technology is a fundamental strategic capability for Worldpay. We have developed our proprietary global technology platform with software created by our own engineering talent and using our in-house intellectual property. Our strategy is to continually invest in technology and products so that we can achieve better business outcomes for our customers. These investments in technology and engineering talent will extend our competitive advantage.

3. Markets - we will continue to expand in existing markets and enter new ones

We are a global payments partner to our merchant customers, providing them with integrated payments and value-added services across a broad geographic reach with a wide range of payment capabilities. Our aim is to allow them to accept any payment type their customers wish to use, in almost any country, and in nearly every currency. This is supported by our global payments network which, with local operating licences and approvals from local regulators, and simple access points into the network for merchants of any size in almost any country, represents a sustainable source of competitive advantage.

4. Business model - we will realise the full potential of our business model

We operate in strongly growing markets which present many opportunities. We are well placed to capitalise on these and realise the full potential of our business model using our scale, our unmatched global payments network, our extensive payments capabilities, our modern technology platform, and the skills of our people.

5. Acquisitions and investments - we will augment our growth through acquisitions and investments

The highly cash generative nature of our business enables us to make substantial investments in delivering better outcomes for customers. Our strategy is to reinvest, both organically and through acquisition, to support future growth and innovation, and to embed new technology capabilities in the products and services we offer. We will be highly disciplined in our investment, achieving an appropriate balance between promoting strong and sustainable growth, and cost control and cash flow generation.

Resources and relationships

Our People

We want Worldpay to be a great place to work and we expect our colleagues to treat each other, our customers and our partners with respect and embrace each other's differences. We are committed to bringing out the best in our people and fostering a sense of community and belonging, and we actively encourage our colleagues to make a meaningful contribution by giving something back to their local communities.

We have a global and diverse workforce which reflects our global customer base and we are committed to promoting diversity and inclusion in the workplace. We have a number of established colleague-led global networks including Women of Worldpay (WOW), GLOW, our LGBT network and Muslims of Worldpay (MoW), a network which aims to create a better understanding of the Islamic culture and religion.

As a family-friendly employer we know getting the right work-life balance is important and our Worldpay Family Network offers the opportunity to connect and network with colleagues going through similar experiences and to access inspiring and relevant events and resources on a range of issues at convenient times.

We work to accommodate the needs of colleagues with disabilities by facilitating building access or providing additional or specialist equipment to help them carry out their roles.

We continue to focus on gender diversity and on strengthening the pipeline of talented women in Worldpay. Worldpay is committed to promoting the advancement of women in technology, supporting events such as the Code First: Girls conference with a keynote speaker and sponsorship. Code First: Girls is a social enterprise that aims to promote women in technology by providing free community courses at universities and companies, and it runs a number of events around the UK.

We have taken part in the Best Companies engagement survey for the past four years. After achieving a 'one to watch' rating in 2014, we secured a 'one star' accreditation in the 2015 survey and have maintained that 'one star' position throughout 2016 and 2017.

Since starting 'Talk About People' groups in 2015, we have established a group in every region we operate in. These forums give colleagues the chance to speak with their senior management teams and raise local concerns or issues, supplementing the formal relationship we have with UNITE in the UK and the Works Council we operate in the Netherlands.

We want to give colleagues the chance to be part of our success. In 2016, we introduced a Save As You Earn scheme in the UK and an Employee Stock Purchase Plan in the US. Both schemes offer colleagues the opportunity to buy Worldpay shares at a discount. The colleague take-up rate has been high indicating the strong confidence our colleagues have in the long term prospects of the Group.

We want colleagues to have long-term and successful careers at Worldpay and we invest in our people to realise their full potential. In 2017, we continued to make significant progress in supporting colleagues' development via the Worldpay Academy which hosts all our training and development activity globally, from induction and online compliance training to development for our leaders. We continued to show our commitment to Worldpay's future leaders with 75 colleagues across three cohorts studying our unique 'MA Management – International Payments Ecosystem', a 24-month part-time programme in partnership with Middlesex University.

Worldpay colleagues by gender

2017	Male	%	Female	%	Total*
Board and Executive Team	12	80	3	20	15
Senior Leadership Team	62	82	14	18	76
All others	2,720	59	1,919	41	4,639
Total	2,794		1,936		4,730

2016	Male	%	Female	%	Total*
Board and Executive Team	12	75	4	25	16
Senior Leadership Team	51	81	12	19	63
All others	2,702	59	1,848	41	4,550
Total	2,765		1,864		4,629

* Denotes graded colleagues which excludes contractors and colleagues in India.

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'. Since its launch the implementation of the Worldpay Way has been supported through our leadership teams, backed by internal communications and using various training programmes to ensure it becomes and remains 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. Participation in these training programmes is mandatory; and 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.

Our Technology

Our technology platform allows our customers to take payments in almost any way, using almost any payment method, in almost any location. This platform is integrated across the entire transaction process, from the capture of a payment request, to routing and authorising the transaction, and clearing and settling the funds.

The pace of the Group's technology, innovation and product development further accelerated across a broad front in 2017, in support of our goal of achieving better outcomes for customers through market-leading technology. The new acquiring platform is a key part of this new technology architecture, and will deliver significant enhancements in terms of agility, flexibility and efficiency. We are successfully boarding new customers and migrating existing customers onto the new acquiring platform; some more complex customers will be migrated in 2018, in line with previous guidance.

We also saw the further build of our Enterprise Data Platform capability, offering improved functionality, insight and optimisation for customers.

Our World

We strive to make a positive impact on the world we live in. We take a values-based approach to ethics and compliance, and collaborate with industry partners to optimise our collective impact. We are focused on managing growth responsibly while reducing our dependency on natural resources, and on leveraging our core capabilities to make a difference in helping to tackle some of the key issues facing society.

At Worldpay, we promote high legal, ethical, corporate and colleague-related standards in our own business and ask our suppliers to do the same. To ensure our suppliers share our values, we introduced our Supplier Code of Conduct at the end of 2015. This is reviewed regularly at governance meetings.

Worldpay is strongly opposed to slavery and human trafficking and we will not knowingly support or do business with any organisation that is involved in either. This commitment is underpinned by our corporate policies which seek to ensure transparency in our employment and supply chains.

Protecting the environment for future generations is important to us and we are committed to reducing our carbon footprint as we continue to grow our business. We are implementing measures to make our offices more energy efficient, sourcing green energy options and encouraging colleagues to adopt greener ways of working, including reducing travel and promoting recycling and reuse measures. We work with data centre providers who have a responsible approach to climate change.

We are proud to dedicate our scale, infrastructure and capabilities to support initiatives and charities that support our local communities. We also commit our skills and time as mentors through partnerships with a focus on enterprise. Our partnership with The Prince's Trust encourages enterprise, supporting young entrepreneurs with payments technology and mentoring to give them the confidence they need to succeed in setting up their own business.

Principal risks and uncertainties

Risk management

The Board takes very seriously the importance of fully understanding and managing the risks inherent in the business and the Enterprise Risk Management Framework (ERMF) drives our approach to risk management. The framework sits alongside the Strategic Plan and sets out the activities, tools and techniques used to ensure that all material risks are identified and that a consistent approach is integrated into business management and decision making across the Group.

Whilst the Board of Directors is ultimately responsible for the management and governance of risk across the Group, Worldpay expects every employee to be responsible for the management of risk. To facilitate this, the Group operates a 'three lines of defence' model which clearly identifies accountabilities and responsibilities for risk as follows:

- Business line management has primary responsibility for the management of risk;
- Risk and compliance functions assist management in developing their approach to fulfil their responsibilities and provide oversight of first line activities; and
- The Internal Audit function checks that the risk management process and the risk management and internal control framework are effective and efficient.

Principal risks

Industry

Worldpay's acquiring business model is dependent on licences / sponsors and the continuing support from the payment franchises such as Visa and Mastercard. Any infringement by Worldpay of the franchise rules and regulations, or the inability to correctly implement mandatory changes, could result in the loss of the card franchise support. This could result in unanticipated consequences such as loss of licences or sponsors / inability to obtain new ones, financial penalties or reputational damage.

Risk appetite

Worldpay will always seek to remain current and adhere to all franchise rules unless we are prevented from doing so by our system infrastructure. Where this is the case, Worldpay will apply for specific waivers pending full compliance.

Potential impacts

- Failure to meet payment franchise requirements for products and services may lead to reputational damage and to financial penalties from the payment franchises
- As a last resort, payment franchises may revoke Worldpay's franchise licence in existing markets or not grant new licences in prospective markets
- Failure to operate franchise licences to required specifications may lead to lower acceptance rates and therefore potential reputational damage and customer impact

Legal

Worldpay fails to adhere to legal requirements leading to financial and/or reputational damage.

Risk appetite

Worldpay will comply with the spirit and letter of the laws that apply to us. In areas of uncertainty or ambiguity, we will have a robust justification and clear rationale for the choices we make and will be prepared to defend our choices with the relevant authorities and, if necessary, publicly in the media.

Potential impacts

- Failure may result in Worldpay or its customers breaching laws, resulting in reputational damage, loss of customers and financial penalties
- Worldpay may be used to facilitate financial crime

Compliance and regulatory

Worldpay breaches regulation to due to inadequate/insufficient design, resourcing or implementation of a risk-based compliance programme, resulting in regulatory fines / financial loss and reputational damage.

Risk appetite

Worldpay has no appetite to knowingly breach the spirit and letter of the laws and regulations that apply to it.

Potential impacts

- Failure may result in Worldpay or its customers breaching regulations, resulting in reputational damage, loss of customers and financial penalties
- Non-compliance may result in loss of business licence

Settlement

Failure to settle with merchants due to lack of availability of funds as a result of card scheme or systemic bank failure, or funds not processed correctly, resulting in financial loss (compensation) and severe reputational damage.

Risk appetite

Worldpay endeavours to settle to all customers within the agreed terms and will maintain sufficient liquidity, or have ready access to additional liquidity funding if required.

Potential impacts

- Failure or delay to customer payments
- Severe reputational damage and/or financial loss

Credit

Potential loss outside of agreed appetite arising from the failure of a merchant, card franchise, partner bank or alternative payments provider to meet its obligations in accordance with agreed terms.

Risk appetite

Worldpay budgets for credit loss on an annual basis, however our risk appetite seeks to optimise a high level of return whilst achieving appropriate risk versus reward performance in line with Worldpay's growth strategy.

Potential impacts

- Increase in credit exposure leading to increase in financial loss
- Rejection of applications leading to a decrease in profitability
- Merchant fails to provide goods or services to their customers leading to an increase in chargebacks that cannot be passed on to a failed merchant, resulting in financial loss

Data security

Significant financial loss and reputational damage due to a breach of highly confidential data or technology disruption caused by internal/external attack on Worldpay or its third-party suppliers/merchants.

Risk appetite

Worldpay has no tolerance for the loss of confidentiality, integrity or availability of customer or other highly confidential information. Worldpay will comply with the spirit and letter of the laws that apply to it including all new regulations (e.g. GDPR).

Potential impacts

- The loss of confidentiality, integrity or availability of customer or other sensitive information could result in regulatory or legal sanctions and/or significant reputational damage
- Increased costs for remediation and reduced ability to deliver strategic objectives
- Additional costs by way of compensation, litigation, fines, loss of sponsorship and loss of productivity as resources are redirected to manage incidents

Technology

Inability to provide merchant services due to unforeseen technology downtime, resulting in loss of revenue and reputational damage.

Risk appetite

Worldpay is not willing to accept risks which compromise our ability to process merchant transactions.

Potential impacts

- Any disruption to the availability of Worldpay's global payments platform or network could result in interruption of service to customers, loss of business and revenue and significant additional costs by way of contractual damages and operating expenses
- Increased costs for remediation and reduced ability to deliver strategic objectives

Scale of change
Risk of loss of profit, opportunity, reputation or disruption to business activities as a result of our inability to manage the magnitude of change being undertaken.

Risk appetite
Worldpay has no appetite for the failure to deliver high-priority projects on time, to budget, to expected quality.

Potential impacts
- Failure to deliver high-priority projects impacting customer and/or reputation
- Disruption to normal business activities
- Development of single points of failure
- Increased attrition rates amongst colleagues

Third parties
Third parties fail to carry out core business activities, resulting in financial loss, regulatory impact and reputational damage.

Risk appetite
Worldpay is willing to accept the risk of working with third parties for core business activities, however it would never knowingly breach regulatory standards.

Potential impacts
- Suppliers critical to Worldpay's success are unable to meet the capability and service levels required
- Non-compliance with legal or regulatory requirements relating to supplier management
- Inconsistent and/or undesirable approach to the sourcing and management of key suppliers resulting in poor relationships and poor levels of service

People
Worldpay fails to sufficiently recruit, retain and develop its people leading to poor colleague engagement and the inability to create a high-performing culture.

Risk appetite
We seek to create a great place to work, powered by great people. We balance the costs and risk to ensure that our colleagues are motivated and engaged and have the capability to deliver our strategy.

Potential impacts
- Colleague capability does not meet the needs of the organisation
- Poor culture leading to ineffective performance and inappropriate behaviours
- Low colleague engagement leading to increased attrition
- Unable to retain key people

Competitive landscape
Worldpay loses its relative competitive position.

Risk appetite
We have no appetite for allowing Worldpay's relative competitive position to be eroded or undermined. In this regard we will ensure that we monitor, assess and respond appropriately to Regulatory, Technological, Competitor, Customer and Security changes.

Potential impacts
- New players disintermediate Worldpay
- Loss of customers because competitors innovate and develop new enhanced products
- Pricing and margin pressure

Merger with Vantiv

Failure to integrate Worldpay successfully and/or not realising the anticipated benefits and operating synergies expected from the Merger, which could adversely affect our business, financial condition and operating results.

Risk appetite

Worldpay has no appetite to fail to successfully integrate the business and realise the synergies and strategic benefits of the Merger.

Potential impacts

- Growth and anticipated benefits may not be realised fully, may take longer or may not be realised at all
- Additional costs of integration nay be incurred impacting financial performance
- Integration of operations could adversely impact the service to customers and loss of customers

Financial Instruments

- Details of the financial risk management objectives and policies for the Group are included in Note 5e.

UK membership of the European Union

Following the UK's decision to leave the European Union (EU) in June 2016, we have continued to analyse what this could mean for our business. A possible effect on Worldpay continues to be 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 expectation remains that the UK's exit from the EU will not have a material effect on our business overall. We continue to monitor developments in the ongoing negotiations and potential timings of exit.

Going concern

In considering the going concern basis for preparing the financial statements, the Board has reviewed the Group's (comprising Worldpay Group Limited and its subsidiary undertakings) trading forecasts for the foreseeable future, a period of not less than 12 months 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.

Following the Merger with Vantiv, the Directors do not consider that there will be a material change in the trading forecasts and cash flows used as a basis to consider whether 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.

Operating and Financial review

The following tables set out the Group's financial performance for the years indicated:

	Year ended 31 December	
	2017	2016
	£m	£m
Revenue	5,070.9	4,540.8
Interchange and scheme fees	(3,849.7)	(3,416.6)
Net revenue[1]	**1,221.2**	**1,124.2**
Other cost of sales	(154.7)	(139.0)
Gross profit	**1,066.5**	**985.2**
Personnel expenses	(352.4)	(340.0)
General, selling and administrative expenses	(255.1)	(240.0)
Depreciation and amortisation	(168.0)	(128.7)
Operating profit	**291.0**	**276.5**
Finance income – Visa Europe	100.8	271.6
Finance costs – CVR liabilities	(77.0)	(161.7)
Finance costs – other	(67.8)	(120.8)
Gain on disposal of investment and subsidiary	6.9	-
Share of result of joint venture and associate	(1.0)	(1.5)
Profit before tax	**252.9**	**264.1**
Tax charge	(63.7)	(132.6)
Profit for the year	**189.2**	**131.5**

Reconciliation of operating profit for the year to Underlying EBITDA[2]

	Year ended 31 December	
	2017	2016
	£m	£m
Operating profit	**291.0**	276.5
Depreciation and amortisation	**168.0**	128.7
Separately disclosed items	**61.1**	62.4
Underlying EBITDA	**520.1**	467.6

[1] 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.

[2] 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. A table showing how underlying EBITDA reconciles to profit before tax is also provided in the Note 2a.

Results of operations – year ended 31 December 2017

The following tables set out the Group's segmental revenue, net revenue and underlying EBITDA for the year ended 31 December 2017 and 2016 together with additional Group non-financial key performance indicators.

Group Revenue	Year ended 31 December		
	2017	**2016**	**% Change**
	£m	**£m**	
Global eCom	1,485.7	1,174.6	26%
WPUK	1,097.8	1,027.7	7%
WPUS	2,487.4	2,338.5	6%
Revenue	**5,070.9**	**4,540.8**	**12%**

Group Net revenue	Year ended 31 December		
	2017	**2016**	**% Change**
	£m	**£m**	
Global eCom	458 1	386.6	18%
WPUK	442.8	438.6	1%
WPUS	320.3	299.0	7%
Net revenue	**1,221.2**	**1,124.2**	**9%**

Group Underlying EBITDA	Year ended 31 December		
	2017	**2016**	**% Change**
	£m	**£m**	
Global eCom	263.4	216.9	21%
WPUK	195.9	198.3	(1)%
WPUS	84.4	77.4	9%
Corporate	(23.6)	(25.0)	6%
Underlying EBITDA	**520.1**	**467.6**	**11%**

Group non-financial key performance indicators	Year ended 31 December		
	2017	**2016**	**% Change**
Total transactions (bn)[3]	15.9	14.9	7%
Total transaction value (£bn)[4]	489.1	451.1	8%
Net revenue % of total transaction value (%)[5]	0.25	0.25	0%

Revenue and net revenue

Revenue increased by £530.1 million, or 12 percent (9 percent on a constant currency basis[6]), to £5,070.9 million in the year ended 31 December 2017 from £4,540.8 million in 2016. This reflected an 8 percent increase in total transaction value driven by a 7 percent increase in total transactions and a 2 percent increase in average transaction value. The year-on-year increase also benefited from foreign currency translation on WPUS revenue of £117.2 million.

Net revenue increased by £97.0 million, or 9 percent (7 percent on a constant currency basis), to £1,221.2 million in the year ended 31 December 2017 from £1,124.2 million in 2016. The growth on a constant currency basis reflects an 18 percent increase in the Global eCom business, a 1 percent increase in WPUK and a 2 percent increase in WPUS.

Global eCom: Net revenue for Global eCom increased by £71.5 million, or 18 percent, to £458.1 million in the year ended 31 December 2017 from £386.6 million in 2016. This increase was driven by growth in all the division's product lines, especially treasury management and foreign exchange services (generated from settling foreign currency transactions on behalf of customers in the currency and transfer mechanism of their choosing) and gateway services. Global eCom also saw some benefit in the year from translation of non-Sterling trading and balances as a result of the weakening of Sterling, particularly against US Dollar. Revenue from treasury management and foreign exchange services increased by 22 percent as a result of

[3] The aggregate number of transactions processed by the Group on behalf of customers as measured by number This KPI represents the number of discrete contracts the Group has with a given customer on a given transaction, and therefore may count the same transaction more than once, if multiple services are provided by the Group

[4] The aggregate value of transactions processed by the Group on behalf of customers

[5] Group net revenue as a proportion of its total transaction value

[6] Constant currency has been calculated by applying the average US dollar exchange rate for the year ended 31 December 2017 to the US-denominated income attributable to WPUS in the year ended 31 December 2016 In the current year, the US dollar average rate applied was $1 288 compared with $1 359 in 2016. Given the significant movement in exchange rates during the period, the Directors believe that including these adjusted growth metrics allows for a more meaningful comparison of the underlying year-on-year trading performance of the Group and the US division.

continued increased volumes across the whole portfolio, with the strongest contribution coming from the Airlines, Digital Content and Retail verticals. Income from gateway services increased by 27 percent, driven predominantly by growth in the Digital Content vertical.
Net revenue from acquiring grew by 10 percent in the year with volume growth in Retail and Digital Content being partly offset by margin pressure as a result of expected re-prices and higher scheme fees.

Transactions increased 9 percent to 5.4 billion in the year and were impacted by the reduction of high volume, low transaction value business from three customers following the isolated incident that occurred with the high capacity gateway in 2016, which affected settlement for a small number of customers. Excluding this, transaction volume increased by 20 percent. Average transaction values increased by 7 percent driven by the resultant change in customer mix. Global eCom's net revenue as a percentage of total transaction value remained strong at 0.32 percent, in line with the prior year.

WPUK: Net revenue for WPUK increased by £4.2 million, or 1 percent, to £442.8 million in the year ended 31 December 2017 from £438.6 million in 2016, as the slowdown in consumer spending and weaker sales that we started to see at the end of the first half continued throughout the remainder of 2017. Management believes this slowdown in consumer spending is, in part, driven by a shift of spending towards grocery and, as such, it has affected our SME and Small Corporate business disproportionately compared to our Large Corporate business, which is anchored in the more resilient grocery sector.

Net revenue growth in the year was also affected by the reorganisation within the Group's Small Corporate business and the SME sector sales teams to re-focus on value rather than volume. This led to a temporary drop in performance due to staff re-training and embedding new practices. In addition, the loss of Visa Europe rebates in late 2016 (following the acquisition of Visa Europe by Visa Inc.) as well as significant increases in scheme fees year-on-year, and a one-off timing benefit from a reduction in interchange costs in the first half of 2016 have adversely impacted the year-on-year performance.
We continue to see strong transformational product income growth but the changes we made in 2016 to our product offering (which introduced new pricing tariffs for SME customers and removed some of the statement and management fee income) meant that ancillary income (which 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) grew by only 6 percent in aggregate.

Transactions increased 9 percent to 6.3 billion in the year, driven by strong growth in the Large Corporate sector, in particular in Grocery where volumes have been strong. Total transaction value increased by 4 percent as average transaction values continued to fall (down 5 percent) due to the ongoing trend towards using contactless cards for lower-value transactions WPUK's net revenue as a percentage of total transaction value at 0.20 percent was broadly in line with the prior year.

WPUS: Net revenue for WPUS increased by £21.3 million, or 7 percent, to £320.3 million in the year ended 31 December 2017 from £299.0 million in 2016 and included the reclassification of debit routing incentives from other cost of sales to net revenue (no impact at gross profit or underlying EBITDA level). On a constant currency basis, and adjusting for the debit routing reclass, net revenue decreased by 2 percent reflecting weaker US economic conditions, lower new business sales and some impact from the anticipated merger with Vantiv.

Transactions remained stable at 4.1 billion, as increases in the Corporate Business Unit (+1 percent) were offset by the continued decline in the ATM business (-10 percent). Total transaction value was up 2 percent reflecting the overall growth in the Corporate Business and rising petrol prices. Net revenue as a percentage of total transaction value was in line with the prior year at 0.25 percent.

Gross profit

Gross profit increased by £81.3 million, or 8 percent, to £1,066.5 million in the year ended 31 December 2017 from £985.2 million in 2016. On a constant currency basis the increase was 7 percent and reflects a 19 percent increase in Global eCom, a 2 percent increase in WPUK and a 2 percent decrease in WPUS.

Personnel expenses

Personnel expenses increased by £12.4 million, or 4 percent, to £352.4 million in the year ended 31 December 2017 from £340.0 million in 2016, due to the growth of the business and the inclusion for the first time from 1 April 2017, of the costs associated with the running of the new acquiring platform.

General, selling and administrative expenses

General, selling and administrative expenses increased by £15.1 million, or 6 percent, to £255.1 million in the year ended 31 December 2017 from £240.0 million in 2016. This increase reflects the inclusion for the first time from 1 April 2017, of the costs associated with the running of the new acquiring platform as well as costs associated with the merger, partly offset by the continued focus on cost control and operating efficiency and lower costs of separation.

Underlying EBITDA

Underlying EBITDA increased by £52.5 million, or 11 percent to £520.1 million in the year ended 31 December 2017 from £467.6 million in 2016. On a constant currency basis, the increase was also 11 percent, reflecting a 21 percent increase in Global eCom, a 5 percent increase in WPUS, and a 6 percent decrease in Corporate costs, offset by a 1 percent decrease in WPUK. Underlying EBITDA as a percentage of net revenue was 42.6 percent compared with 41.6 percent in the prior year.

Global eCom: Underlying EBITDA for Global eCom increased by £46.5 million, or 21 percent, to £263.4 million in the year ended 31 December 2017 from £216.9 million in 2016. This increase was driven principally by the growth in net revenue noted above. Operating costs increased by 15 percent but included the first-time allocation of costs associated with the running of the new acquiring platform of £9.9 million. Excluding this, operating costs increased by 7 percent reflecting higher headcount, commission costs and marketing spend to support the business growth as well as some adverse foreign currency translation (as some costs arise in currencies other than Sterling).

WPUK: Underlying EBITDA for WPUK decreased by £2.4 million, or 1 percent, to £195.9 million in the year ended 31 December 2017 from £198.3 million in 2016 as the increase in net revenue noted above was offset by an increase in operating costs. The increase in operating costs was driven by the first-time allocation of costs associated with the running of the new acquiring platform of £10.3 million and bad debt write-offs of £4.4 million relating to the collapse of a travel merchant in the period and other insolvencies. Excluding these, operating costs were down 2 percent, reflecting improved operating efficiency and continued strong cost control.

WPUS: Underlying EBITDA for WPUS increased by £7.0 million, or 9 percent (5 percent on a constant currency basis), to £84.4 million in the year ended 31 December 2017 from £77.4 million in the same period in 2016. This increase was driven principally by the growth in net revenue noted above. Operating costs (on a constant currency basis) were down 5 percent year-on-year due to continued controlled spend on commissions and third-party payables and lower bad debt charges.

Depreciation and amortisation

Depreciation and amortisation increased by £39.3 million, or 31 percent, to £168.0 million in the year ended 31 December 2017 from £128.7 million in 2016. This includes £46.9 million (2016: £50.3 million) for amortisation of business combination intangible assets recognised on the divestment of the business from RBS, as well as subsequent strategic business acquisitions and the reduction year-on-year reflects the fact that some assets recognised as part of the divestment from RBS are now fully amortised. Excluding these, the increase in depreciation, amortisation and impairment reflects higher levels of capital expenditure as well as the commencement, in April 2017, of amortisation on the remaining components of the new acquiring platform which adds approximately £18 million this financial year to the Group's depreciation and amortisation charge.

Total costs incurred to 31 December 2017 on the new acquiring platform programme are £615.6 million, of which £402.8 million has been included within tangible and intangible assets on the balance sheet and is being depreciated, with the remainder charged directly to the income statement.

Finance income/(costs)

Finance income – Visa Europe was a gain of £100.8 million in the year ended 31 December 2017 compared with a gain of £271.6 million in 2016. This comprised fair value and FX gains/losses in relation to the disposal of the Visa Europe shares in 2016, together with dividends received on the preference shares.

Finance costs – CVR liabilities was a loss of £77.0 million in the year ended 31 December 2017 compared with a loss of £161.7 million in 2016 and reflects the change in the valuation of the related CVR liabilities as a result of the gain in Visa Europe related assets referred to above.

Finance costs – other decreased by £53.0 million, or 44 percent, to £67.8 million in the year ended 31 December 2017 from £120.8 million in the same period in 2016. This decrease was due to lower net FX losses resulting from the period-end translation of the Group's external debt and internal funding denominated in currencies other than Sterling (excluding the assets and liabilities related to the Visa Europe disposal) which were £6.6 million in the year compared with £60.5 million in 2016. Excluding these, the remaining finance costs, which are largely associated with the servicing of the Group's debt and finance leases, remained broadly stable at £61.2 million in the year compared with £60.3 million in 2016. The average cost of debt during the year was 3.1 percent.

Tax charge

The tax charge decreased by £68.9 million, or 52 percent, to a tax charge of £63.7 million in the year ended 31 December 2017 from a tax charge of £132.6 million in 2016, representing both current tax and deferred tax charges. The charge in the year includes only £15.2 million relating to foreign exchange and movement in the value of preference shares associated with the disposal of Visa Europe, compared with £91.9 million relating to the disposal of the entire stake in Visa Europe in 2016. The tax charge also includes £3.6m relating to the deferred tax impact of reductions in the main rate of US corporation tax rates from 35% to 21%, effective from 1 January 2018.

Excluding specific one off items, the tax charge for the year decreased by £7.8 million, or 9.5 percent, to a charge of £74.3 million compared with a charge of £82.1 million in the prior year and represents an effective tax rate for the full year of 21.6 percent of the adjusted profit before tax. The charge is higher than the UK headline rate for the year of 19.25 percent primarily due to higher overseas tax rates and non-deductible costs but lower than the prior year effective tax rate primarily due to the impact of the reduction in UK and US statutory tax rates.

Cash flow

The following table sets out the Group's cash flow for the periods indicated:

	Year ended 31 December	
	2017	**2016**
	£m	**£m**
Cash flows from operating activities		
Profit before tax	252.9	264.1
Adjustments for:		
Depreciation and amortisation	168.0	128.7
Finance costs	44.0	10.9
Other	5.8	7.0
Net cash inflow from operating activities before movements in working capital	**470.7**	**410.7**
Net movement in working capital	(28.6)	(18.3)
Cash generated by operations	**442.1**	**392.4**
Tax paid	(99.6)	(73.8)
Net cash inflow from operating activities	**342.5**	**318.6**
Investing activities		
Net cash received from sale of Visa Europe	-	452.8
Purchase of intangible assets and property, plant and equipment	(190.3)	(160.8)
Acquisitions and disposals	0.7	(4.1)
Net cash (outflow)/inflow from investing activities	**(189.6)**	**287.9**
Financing activities		
Finance costs paid	(56.4)	(55.5)
Dividend income	0.9	-
Net movement in finance leases	(5.2)	3.1
Net movement in borrowings	(1.2)	(42.2)
Investment in own shares	-	(6.9)
Payment of dividend	(42.7)	(12.9)
Net cash used in financing activities	**(104.6)**	**(114.4)**
Net increase in cash and cash equivalents	48.3	492.1
Own cash and cash equivalents at end of period	**767.7**	**714.4**

The net cash inflow from operating activities before working capital increased by £60.0 million, or 15 percent, to £470.7 million in the year ended 31 December 2017 compared to £410.7 million in 2016. The increase reflects improvements to underlying trading.

The net movement in working capital outflow was £28.6 million compared with an outflow of £18.3 million in the prior year. The year-on-year change reflects the growth of the business and the timing of receipts and payments around the year end.

Tax paid in the year was £99.6 million compared with £73.8 million in the prior year. The current year includes £44.2 million of payments made in relation to the CVR holders' 90 percent share of the taxable gain; and payments on account in the UK of £42.8 million (of which £4.9 million relates to the tax paid in relation to the Group's share of the proceeds on disposal of Visa Europe); in the US of £10 7 million; in the Netherlands of £1.3 million; and in Canada of £0.6 million.

Expenditure on tangible fixed assets and software was £190.3 million compared with £160.8 million in the prior year. This includes the ongoing investment in software and licences for the new acquiring platform and gateways; the purchase of new terminals in the UK; and expenditure to develop a number of new customer propositions and improve data analytics capability to support the growth plans of operating divisions. The year-on-year increase was partly driven by the timing of significant payments around the year end 2016.

During the year, the Group made an additional investment of £1.7 million in Blue Star Sports Holdings Inc. to avoid dilution of its holding. Subsequently, it then partially disposed of the investment realising cash of £9.0 million. In addition, in August 2017, the Group invested a further £1.9 million in Pazien Inc., increasing our ownership to 63.75 percent; and in September 2017, the Group purchased, for £5 million, a 7.5 percent interest in Featurespace Limited (on a fully diluted basis), a leading machine learning fraud prevention company based in the UK.

Net cash used in financing activities was £104.6 million compared with £114.4 million in the prior year. This includes finance costs paid of £56.4 million compared with £55.5 million in the prior year and dividends paid of £42.7 million compared with £12.9 million in the prior year. The current year dividends reflect the cost of the final dividend of 1.35p per ordinary share in relation to the year ended 31 December 2016 which was paid to shareholders in June 2017, and the 2017 interim dividend of 0.8p per share which was paid to shareholders on 23 October 2017. Dividends paid in 2016 represents the 2016 interim dividend of 0.65p per ordinary share which was paid to shareholders in October 2016.

Net debt at 31 December 2017 (excluding the cash held in respect of the CVR holders) was £1,258.4 million (31 December 2016: £1,368.0 million). The reduction in the year reflects the net cash inflow in the year (excluding cash flows in respect of the CVR holders) and the impact of foreign exchange on net borrowings.

Directors' report

Directors' Remuneration report

Shareholder Letter

Dear shareholder,

On behalf of the Board, I am pleased to present our Remuneration report for the financial year ended 31 December 2017.

Throughout 2017 and up to 16 January 2018, being the Effective Date of the Merger between the company and Vantiv Inc., the Committee comprised three independent Non-executive Directors. All decisions taken by the Committee during this period were compliant with the Company's shareholder approved remuneration policy.

The report has been prepared in two parts:

- This shareholder letter, which presents the key remuneration highlights and decisions during 2017 and up to the Effective Date of the Merger;
- Our annual report on remuneration which sets out details of how our Directors were paid during the financial year 2017.

Our Remuneration Policy, approved by shareholders at our AGM on 10 May 2016, can be found on our website as part of our 2015 and our 2016 Annual Reports.

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 and reduce their costs and risk.

Our approach to remuneration carefully balances 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.

Remuneration highlights of 2017
The main remuneration highlights of 2017 were as follows:

- Very strong shareholder support for the Remuneration report at the 2017 AGM, receiving over 98.5% of votes in favour.
- Executive Directors received a 2.5% increase in basic salary from 1 April 2017, which is the same timing and increase that was implemented for UK colleagues last year.
- The Group's financial performance during the year has led to bonuses being paid in respect of 2017 performance.
- Grants were made under the PSP and DBSP in March 2017 in accordance with our remuneration policy.
- Focus in the second half of the year on the Company's share incentive plan adjustments upon the Merger and the departure terms for senior executives, management and staff to ensure fairness.

Nelson Green
Director
27 February 2018

Annual report on remuneration

The following section provides details of how our Remuneration policy was implemented during the year ended 31 December 2017.

Remuneration Committee membership in 2017
Throughout 2017 and up to 16 January 2018, the Remuneration Committee comprised the following three independent Non-Executive Directors:

1. John Allan (Chairman)
2. *Martin Scicluna*
3. Deana Oppenheimer

The Committee's purpose is to assist the Board of Directors in fulfilling its oversight responsibility by ensuring that our 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 the ET 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.

Advisors
Deloitte LLP were appointed as advisors to the Remuneration Committee on 8 December 2015 following the listing of the Company and remained advisors to the Committee during 2017. Deloitte LLP is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the Code of Conduct in relation to Executive Directors' remuneration consulting in the UK. Fees paid to Deloitte as advisors to the Remuneration Committee for the year ending 31 December 2017 amounted to £24,253.

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 2017 and 2016. The values of each element of remuneration are based on the actual value delivered, where known.

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

Name	Base salary	Taxable benefits[1]	Annual bonus[2]	LTIP	Pension benefit[3]	Total
Philip Jansen						
2017	£865,750	£30,385	£1,684,300	n/a	£173,150	£2,753,585
2016	£850,000	£30,381	£1,554,400	n/a	£170,000	£2,604,781
Rick Medlock						
2017	£509,000	£4,232	£802,400	n/a	£101,800	£1,417,432
2016	£500,000	£4,234	£731,500	n/a	£100,000	£1,335,734
Ron Kalifa						
2017	£483,250	£11,237	£722,700	n/a	£96,650	£1,313,837
2016	£475,000	£10,653	£695,000	n/a	£95,000	£1,275,653

1 Taxable benefits consist primarily of car allowance, private medical insurance, life assurance and private health insurance where applicable
2 Payment for performance during the year, includes cash and deferred elements See Table 2 on the next page for details
3 Pension benefits in the year comprised of 20% of base salary

Incentive outcomes for the year ended 31 December 2017 (audited)
Annual bonus in respect of 2017 performance

The CEO had a target bonus opportunity of 100% of base salary and the other Executive Directors a target bonus opportunity of 80% of salary. If maximum performance is achieved, twice the target bonus opportunity may be received. The payments under the annual bonus for 2017 will be made in March 2018.

For 2017, the annual bonus was assessed taking into account both financial and personal performance on an additive basis. Financial performance was assessed against Underlying EBITDA and Cash performance targets, each with a 37.5% weighting. Personal performance, as assessed by the Committee against key strategic objectives, had a 25% weighting. The precise targets set and details of the personal objectives are considered commercially sensitive.

The annual bonus payments for each Executive Director have been calculated as shown in Table 2 below.

Table 2: Annual bonus payments for Executive Directors (audited)

Executive	Maximum bonus opportunity (% salary)	Financial (75%)			Personal (25%)			Actual bonus (% salary as at 31 Dec 2017)
		Maximum (% of salary)	Outcome (% of maximum)	Outcome (% of salary)	Maximum (% of salary)	Outcome (% of maximum)	Outcome (% of salary)	
Philip Jansen	200%	150%	97 2%	145.8%	50%	95%	47 5%	193.3%
Rick Medlock	160%	120%	97 2%	116.6%	40%	100%	40 0%	156.6%
Ron Kalifa	160%	120%	97.2%	116 6%	40%	80%	32.0%	148.6%

Single total figure of remuneration for Non-Executive Directors (audited)
Table 3 below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 December 2017.

Table 3: Single total figure of remuneration for Non-Executive Directors (audited)

Non-Executive Director	2017 fees	2016 fees
Sir Michael Rake	£425,000	£425,000
John Allan	£130,000	£130,000
Martin Scicluna	£160,000	£160,000
Deanna Oppenheimer[1,3]	£140,000	£121,667
Karen Richardson[2,3]	£120,000	£57,500

1 Deanna Oppenheimer was appointed as a Non-Executive Director and Chairman of the Group Risk Committee on 1 January 2016 She was then appointed a member of the Remuneration Committee from 29 January 2016 and a member of the Nomination Committee from 1 October 2016
2 Karen Richardson was appointed as a Non-Executive Director and a member of the Nomination and Audit Committees on 1 July 2016 She was then appointed a member of the Group Risk Committee from 1 October 2016
3 Inclusive of the disturbance allowance, which was introduced effective 1 July 2016

Awards were made under the Worldpay PSP and DBSP in March 2017 as set out in Table 4 below:

Table 4: Share interests granted during the year (audited)

Executive	Date of grant	Number of shares awarded	Share price[1]	Face value of award	End of Performance Period
Philip Jansen					
PSP	20/03/2017	589,663	£2.883	£1,700,000	20/03/2020
DBSP	20/03/2017	179,720	£2.883	£518,134	n/a
Rick Medlock					
PSP	20/03/2017	260,145	£2.883	£750,000	20/03/2020
DBSP	20/03/2017	84,576	£2.883	£243,834	n/a
Ron Kalifa					
PSP	20/03/2017	247,138	£2.883	£712,500	20/03/2020
DBSP	20/03/2017	80,356	£2.883	£231,667	n/a

1 The average of the closing prices on 15, 16 and 17 March 2017 was used to determine the number of shares awarded

The 2017 PSP awards are subject to the following performance conditions:

Measure	Weighting	Threshold Target (25% vesting)	Maximum Target (100% vesting)
Cumulative EPS	37.5%	32 0p	38 0p
Underlying EBITDA growth	37 5%	8 5% p a.	12 5% p a
Strategic measures:			
Customer: Net Promoter Score	15 0%	For reasons of commercial sensitivity neither the customer or employee targets will be disclosed.	
Colleague Engagement	10 0%		

To provide further alignment with shareholders over the longer term, any awards that vest will normally 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.

DBSP awards were granted to defer a portion of 2016 annual bonus awards into Worldpay shares for a three year deferral period.

Performance graph and table of CEO pay

Table 5: Chief Executive Officer's historic pay

Remuneration element	Year ended 31 December 2017	Year ended 31 December 2016	3 July 2015 to 31 December 2015
CEO single figure of remuneration	£2,753,585	£2,604,781	£3,108,103
Annual bonus award against maximum opportunity	97%	91%	75%
PSP award against maximum opportunity	n/a	n/a	n/a

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 2017. The index was selected on the basis that the Company is a member of the FTSE 100 Index.

The graph below shows the growth in the value of a hypothetical holding of £100 invested at admission to 31 December 2017.

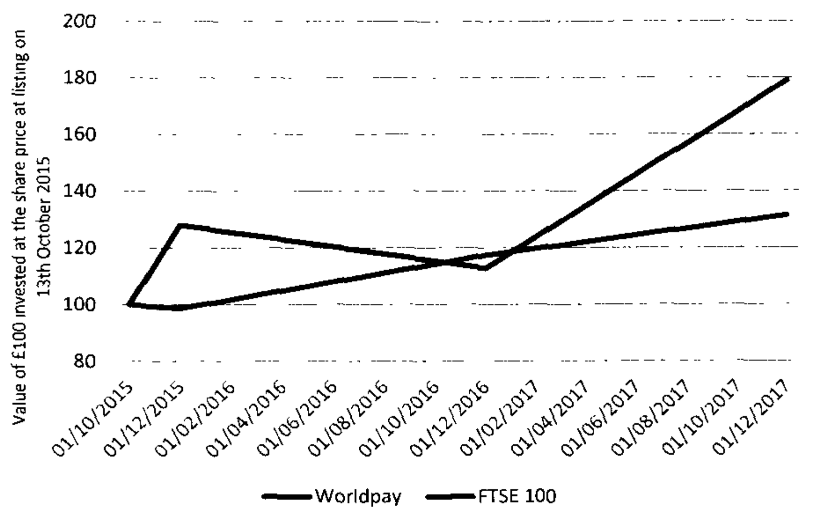


Table 6 below provides a summary of the percentage change in remuneration during 2017 of the CEO in comparison to UK colleagues.

Table 6: Percentage change in CEO remuneration.

Remuneration element	CEO	Other employees
Salary	1.9%	2.5%
Benefits	1.6%	2 5%
Bonus	8.4%	10.7%

Relative importance of spend on pay

There were no share buybacks implemented in 2017. The dividends paid in 2017 were £42.7m. For comparison, the total employee expenditure is £352.4m as set out in Note 2c to the financial statements.

Exit payments made in the year (audited)

No exit payments were made during the year (2016: None).

Payments to past Directors (audited)

No payments were made to past Directors in the year (2016: None).

Implementation of Executive Director remuneration policy for 2018

The Committee operated executive remuneration in accordance with the approved remuneration policy until the Effective Date of the Merger. After the Merger, executive remuneration will be determined by the remuneration policy of the new group.

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 normally have five years over which to reach this shareholding requirement.

Table 7 below shows the shareholding of each Executive Director, and any relevant connected persons, against their respective shareholding requirement as at 31 December 2017.

Table 7: Executive Directors' shareholding at 31 December 2017 (audited)

Executive	Shares owned outright or vested	Unvested shares not subject to performance	Unvested shares subject to performance	Current shareholding (% salary)[1]	Shareholding guideline (% salary)
Philip Jansen[2]	7,543,122	1,020,584	1,192,072	3689%	300%
Rick Medlock[2]	5,424,599	508,773	525,913	4513%	200%
Ron Kalifa[2]	5,764,822	504,553	499,618	5053%	200%

1 Based on a year-end share price of £4 26

2 The CEO, CFO and Vice Chairman and Executive Director respectively hold 823,255, 384,185 and 557,750 Contingent Value Rights (CVRs) in Ship Luxco Holding & Cy SCA, which indirectly owns the CVR shares in Worldpay Group plc

Non-Executive Directors' shareholding (audited)

Table 8 below shows the shareholdings of each Non-Executive Director and their connected persons as at 31 December 2017.

Table 8: Non-Executive Directors' shareholding (audited)

Non-Executive Director	Total number of shares owned as at 31 December 2017	Total number of shares owned as at 31 December 2016
Sir Michael Rake	83,333	83,333
John Allan	1,923,141	1,910,913
Martin Scicluna	304,903	304,099
Deanna Oppenheimer	30,000	30,000
Karen Richardson	None	None

Table 9 below shows how shareholders voted in respect of the Remuneration report at the AGM held on 10 May 2017 and the Remuneration policy at the AGM held on 10 May 2016.

Table 9: Summary of Shareholder voting on remuneration resolutions

Non-Executive Director	Votes for (%)	Votes against (%)	Votes withheld
Approve the Remuneration Policy (10 May 2016 AGM)	99 7%	0.3%	17,890,546
Approve the 2016 Remuneration Report (10 May 2017 AGM)	98.6%	1.4%	11,087,225

Other corporate disclosures

As permitted by legislation, some of the matters normally included in the Directors report have instead been included in the Strategic report on pages 3 to 17 as the Board considers them to be of strategic importance. Specifically, these relate to the Company's business model and strategy, future business developments, risk management, employees and research and development.

Merger with Vantiv Inc.

On 16 January 2018, the Company became a wholly owned subsidiary of Vantiv Inc. following a merger with that company and its subsidiary carried out by way of a Court - sanctioned scheme of arrangement. Throughout 2017, and prior to the Merger, the Company's ordinary shares were listed on the premium segment of the Official List and traded on the London Stock Exchange's main market. Further details of the Merger can be found on page 3 of this report and on the new Group's website at www.investor.worldpay.com.

The Board

Throughout the year, the Board comprised the following Directors:

Chairman

Sir Michael Rake – also Chair of the Nomination Committee

Executive Directors

Philip Jansen – Chief Executive Officer
Rick Medlock – Chief Financial Officer
Ron Kalifa – Vice Chairman and Executive Director

Independent Non-Executive Directors

John Allan – Chair of the Remuneration Committee
Martin Scicluna – Senior Independent Director and Chair of the Audit Committee
Deanna Oppenheimer – Chair of the Group Risk Committee
Karen Richardson

Board changes

On 16 January 2018, each of the above Directors, other than Rick Medlock, resigned from office and Nelson Greene and Jared Warner were appointed to the Board.

Qualifying Third Party Indemnity and Directors' & Officers' Liability Insurance

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' & Officers' liability insurance.*

UK Corporate Governance Code

Throughout the year, the Company applied the Principles and complied with the Provisions of the UK Corporate Governance Code, other than in respect of Code requirement for the Board to conduct an annual evaluation of its own performance and that of its committees and individual Directors. The decision not to conduct an evaluation was taken because of the impending Merger.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Dividends

The Group's dividend policy prior to the Merger was 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.

In line with that policy, the following dividends were paid to shareholders in 2017:

- 1 35p per share final dividend in respect of 2016 paid on 27 June 2017
- 0.8p per share interim dividend in respect of 2017 paid on 23 October 2017

In connection with, and conditional upon the Merger, the Company paid a special dividend of 4.2p per share on 29 January 2018. The Board is not recommending a final dividend in respect of 2017.

Employees

Disclosures relating to the Group's colleagues, including the employment of people with disabilities, are included in the Strategic report on page 6.

Research and development

Disclosures relating to the Group's research and development activity are included in the Strategic report on page 7.

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

As part of our Corporate Responsibility initiatives, we are proud to dedicate our scale, infrastructure and capabilities to support initiatives and charities at both a national and local level. We also commit our skills and time as mentors through partnerships with a focus on enterprise.

Climate change impact
The table below shows our emissions performance for the year ended 31 December 2017 compared with 2016.

GHG Source	Total emissions 2017	Total emissions 2016
Scope 1 – Combustion of fuel and operation of facilities (tCO_2e)	1,127	835
Scope 2 (Location-based) – electricity (tCO_2)	3,659	4,985
Total Scope 1 and 2 emissions (location-based) (tCO_2e)	4,786	5,820
tCO_2e per FTE employee (Scope 1 and 2 location-based) (tCO_2e)	1.00	1.23

Notes:
- *We consolidate our organisational boundary according to the operational control approach and have adopted a materiality threshold of 5% for GHG reporting purposes.*
- *Emissions from the consumption of electricity are reported in tCO_2 rather than tCO_2e since the International Energy Agency emission factors for electricity currently account for carbon dioxide emissions only.*
- *The full time equivalent (FTE) employee figures used to calculate the reported intensity metric cover the sites for which emissions data was provided rather than the total FTE figure for the organisation as a whole.*
- *Where we have received more accurate data for 2016, we have restated our emissions. The restated emissions are 3% higher than the 2016 reported emissions.*
- *We used the 2016 fugitive emissions data as a proxy for 2017.*
- *For the sites where we have been unable to obtain data (Montreal, Shanghai, Edinburgh, Argentina and Tokyo), we extrapolated based on headcount. These sites represent 3% of headcount.*
- *We have extrapolated data to cover the full year where we were unable to obtain complete data.*

Absolute Scope 1 and 2 emissions have decreased by 18% (1,034 tCO_2e). Our Atlanta office (Morgan Falls) closed in early 2017 and in 2016 this site was responsible for 1,049 tCO_2e; the closure of this site is therefore a large contributor of the overall emissions reductions. We did see an increase in emissions from vehicles by 79% (302 tCO_2e) but this increase was offset by a reduction in electricity grid emission factors, particularly in the UK and the US.

Share capital and related matters
Share capital
The structure of the issued share capital of the Company at 31 December 2017 (unchanged since 31 December 2016) is 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 and except 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. As at 31 December 2017, 12,278,997 shares were held in the EBT representing approximately 0.61% of the Company's issued share capital. Further details regarding the EBT are contained in Note 1a and 5h to the financial statements.

Restrictions on the transfer of ordinary shares

From 15 October 2015, being the date of admission of the Company's securities on the Main Market of the London Stock Exchange, the Company's Directors entered into a lock-up period in respect of the shares they then held, consisting of three tranches with one-third expiring on each of 16 October 2016, 16 October 2017 and 16 October 2018. Upon the Merger, the final lock up period expired and consequently, there are no further restrictions on the transfer of the ordinary shares of the Company. Further information in respect of the Directors' shareholdings during the year is disclosed in the Remuneration report on page 23.

The transfer of ordinary shares is governed by the general provisions of the Company's Articles of Association and prevailing legislation.

Notifiable interests in share capital

At 31 December 2017, the interests in voting rights over the issued share capital of the Company had been notified, as shown in the table below.

	As at 31 December 2017	
Shareholder	Number of shares	% interest in shares
BlackRock, Inc.	166,715,102	8.32%
J.P. Morgan Securities Plc	157,108,776	7.86%
UBS AG London Branch	121,343,104	6.07%
Select Equity Group, L.P.	65,942,751	3.30%

On 8 January 2018, the Company received a disclosure from Davidson Kempner European Partners, LLP notifying a holding of 100,821,199 shares equivalent to 5.04% interest in voting rights.

On 12 January 2018, the Company received a further disclosure from BlackRock, Inc., notifying a holding less of than 5% interest in voting rights.

As at 16 January 2018, 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

As at 16 January 2018, *there were no Directors or their connected persons who had an interest in 3% or more of the voting rights of the Company.*

Amendment of Articles of Association

The Company's Articles of Association were amended by special resolution of shareholders at a General Meeting of Shareholders held on 8 January 2018. Details of the amendment to the Articles were set out in the notice of meeting contained within the Scheme Document, which can be found on http://investor.worldpay.com/.

Provisions of change of control

In connection with the merger, the Company's senior facilities agreement (comprising the Term Facility 1, Term Facility 2 and the revolving credit facility) was prepaid and cancelled. The senior unsecured loan notes issued by Worldpay Finance plc on 10 November 2015 and guaranteed by the Company continue to contain a repurchase provision at 101% of the par value of the notes plus interest accrued but unpaid that may be exercised by holder on certain change of control and related rating events. In connection with merger, the repurchase provision in the notes was not triggered and all of the notes remain outstanding.

Statement of Directors' responsibilities

The directors are responsible for preparing the annual report and accounts 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 have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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, relevant reliable and prudent;
- 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 financial statements; assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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 3 to 27 have been approved and are signed by order of the Board by:

Nelson Greene
Director
27 February 2018

Registered office
The Walbrook Building
25 Walbrook
London
EC4N 8AF

Registered number
08762327

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

Opinion

We have audited the financial statements of Worldpay Group Limited ("the company") for the year ended 31 December 2017 which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated statement of changes in equity, Consolidated cash flow statement, Company balance sheet, Company statement of changes in equity and related notes, including the basis of preparation in note 1.

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 2017 and of the group's profit 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 (IFRSs as adopted by the EU);
- 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.

Basis for opinion

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

Going concern

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

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information:

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

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 27, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

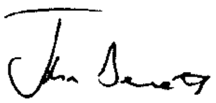
Auditor's responsibilities

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

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

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



John Bennett (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
28 February 2018

Consolidated income statement

For the year ended 31 December 2017

	Notes	**Year ended 31 December 2017 £m**	Year ended 31 December 2016 £m
Revenue	2a	**5,070.9**	4,540.8
Interchange and scheme fees		**(3,849.7)**	(3,416.6)
Net revenue	2a	**1,221.2**	1,124.2
Other cost of sales		**(154.7)**	(139.0)
Gross profit		**1,066.5**	985.2
Personnel expenses	2c	**(352.4)**	(340.0)
General, selling and administrative expenses	2d	**(255.1)**	(240.0)
EBITDA[1]		**459.0**	405.2
Depreciation and amortisation	3b,3c	**(168.0)**	(128.7)
Operating profit		**291.0**	276.5
Finance income – Visa Europe	5a	**100.8**	271.6
Finance costs – CVR liabilities	5a	**(77.0)**	(161.7)
Finance costs – other	5a	**(67.8)**	(120.8)
Share of results of joint venture and associate	6b	**(1.0)**	(1.5)
Gain on disposal of investment and subsidiary	6b	**6.9**	-
Profit before tax	2f	**252.9**	264.1
Tax charge	2g	**(63.7)**	(132.6)
Profit for the year		**189.2**	131.5

1 *EBITDA is defined as earnings before interest, tax, depreciation and amortisation*

The accompanying notes on pages 35 to 69 form an integral part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2017

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Profit for the year	**189.2**	131.5
Items that are or may subsequently be reclassified to profit or loss.		
Currency translation movement on net investment in subsidiary undertakings	**(19.4)**	63.6
Currency translation movement due to net investment hedging	**(7.0)**	(21.8)
Total comprehensive income for the year	**162.8**	173.3

The accompanying notes on pages 35 to 69 form an integral part of these financial statements.

Consolidated balance sheet

As at 31 December 2017

	Notes	2017 £m	2016 £m
Non-current assets			
Goodwill	3a	**1,305.8**	1,336.8
Other intangible assets	3b	**828.6**	813.6
Property, plant and equipment	3c	**97.6**	124.7
Investment in joint venture and associate	6b	**4.6**	4.3
Investment	6b	**8.4**	3.3
Deferred consideration – Visa Europe	5i	**49.8**	48.0
Financial assets – Visa Inc. preference shares	5i	**279.5**	192.1
Deferred tax assets	2i	**5.2**	4.6
		2,579.5	2,527.4
Current assets			
Inventory		**0.7**	2.7
Trade and other receivables	4b	**517.2**	473.8
Scheme debtors	4a	**3,107.9**	1,821.8
Current tax assets	2h	**16.9**	10.5
Merchant float	4a	**1,152.7**	1,012.1
Own cash and cash equivalents	5b	**767.7**	714.4
		5,563.1	4,035.3
Current liabilities			
Trade and other payables	4c	**(425.8)**	(432.5)
Merchant creditors	4a	**(4,260.6)**	(2,833.9)
Current tax liabilities	2h	**(49.6)**	(94.5)
Financial liabilities – CVR liabilities	5i	**(379.5)**	(302.5)
Borrowings	5c	**(255.7)**	(11.2)
Finance leases	5d	**(15.7)**	(13.8)
Provisions	4d	**(280.1)**	(272.8)
		(5,667.0)	(3,961.2)
Non-current liabilities			
Borrowings	5c	**(1,374.8)**	(1,637.5)
Finance leases	5d	**(11.4)**	(18.5)
Provisions	4d	**(1.7)**	(1.3)
Deferred tax liabilities	2i	**(127.2)**	(112.3)
		(1,515.1)	(1,769.6)
Net assets		**960.5**	831.9
Equity			
Called-up share capital	5f	**60.0**	60.0
Share premium		**883.8**	883.8
Own shares	5h	**(30.4)**	(30.6)
Capital contribution reserve	5h	**38.1**	38.1
Merger reserve	5h	**(374.5)**	(374.5)
Foreign exchange reserve		**6.1**	32.5
Retained earnings		**377.4**	222.6
Total equity		**960.5**	831.9

The accompanying notes on pages 35 to 69 form an integral part of these financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 27 February 2018. They were signed on its behalf by:

Rick Medlock
Director

Consolidated statement of changes in equity

For the year ended 31 December 2017

	Notes	Called-up share capital £m	Share premium £m	Own shares £m	Capital contribution reserve £m	Merger reserve £m	Foreign exchange reserve £m	Retained earnings/ (deficit) £m	Total £m
At 1 January 2016		**60.0**	**883.8**	**(23.7)**	**38.1**	**(374.5)**	**(9.3)**	**96.7**	**671.1**
Profit for the year		–	–	–	–	–	–	131.5	131.5
Share-based payments		–	–	–	–	–	–	7.3	7.3
Dividend paid		–	–	–	–	–	–	(12 9)	(12.9)
Investment in own shares	5h	–	–	(6.9)	–	–	–	–	(6.9)
Foreign currency translation		–	–	–	–	–	63.6	–	63.6
Foreign currency translation – net investment hedging		–	–	–	–	–	(21.8)	–	(21.8)
At 31 December 2016		**60.0**	**883.8**	**(30.6)**	**38.1**	**(374.5)**	**32.5**	**222.6**	**831.9**
Profit for the year		–	–	–	–	–	–	**189.2**	**189.2**
Share-based payments		–	–	–	–	–	–	**8.5**	**8.5**
Dividend paid		–	–	–	–	–	–	**(42.7)**	**(42.7)**
Distribution of own shares	5h	–	–	**0.2**	–	–	–	**(0.2)**	–
Foreign currency translation		–	–	–	–	–	**(19.4)**	–	**(19.4)**
Foreign currency translation – net investment hedging		–	–	–	–	–	**(7.0)**	–	**(7.0)**
At 31 December 2017		**60.0**	**883.8**	**(30.4)**	**38.1**	**(374.5)**	**6.1**	**377.4**	**960.5**

The accompanying notes on pages 35 to 69 form an integral part of these financial statements.

Consolidated cash flow statement

For the year ended 31 December 2017

	Notes	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Cash flows from operating activities			
Cash generated by operations	4e	**442.1**	392.4
Tax paid		**(99.6)**	(73.8)
Net cash inflow from operating activities		**342.5**	318.6
Investing activities			
Cash received from sale of Visa Europe		**–**	452.8
Purchase of intangible assets		**(155.1)**	(124.6)
Purchases of property, plant and equipment		**(35.2)**	(36.2)
Proceeds from sale of investment and subsidiary and property	4e	**9.6**	–
Acquisitions	4e	**(8.9)**	**(4.1)**
Net cash (outflow)/inflow from investing activities		**(189.6)**	287.9
Financing activities			
Finance costs paid		**(56.4)**	(55.5)
New finance leases		**12.1**	25.0
Repayment of finance lease obligations		**(17.3)**	(21.9)
Dividend Income		**0.9**	–
Repayment of borrowings		**–**	(40 0)
Payment of borrowing fees		**(1.2)**	(2.2)
Investment in own shares		**–**	(6.9)
Payment of dividend		**(42.7)**	(12.9)
Net cash used in financing activities		**(104.6)**	(114.4)
Net increase in own cash and cash equivalents		**48.3**	492.1
Own cash and cash equivalents at beginning of the year		**714.4**	165.3
Effect of foreign exchange rate changes		**5.0**	57.0
Own cash and cash equivalents at end of the year	5b,5e	**767.7**	714.4

The accompanying notes on pages 35 to 69 form an integral part of these financial statements.

Notes to the consolidated financial statements

Section 1 – Basis of preparation

This section sets out the accounting policies of Worldpay Group Limited (the 'Company') and its subsidiaries (the 'Group' and the 'Worldpay Group') that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

This section also details new accounting standards that have been endorsed in the year and have either become effective in 2017 or will become effective in later periods.

Note 1a

The consolidated financial statements for all periods have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

The financial statements are presented in Sterling which is the Company's functional currency. All information is given to the nearest one hundred thousand pounds.

The financial statements are prepared on the historical cost basis except for the derivative financial instruments and certain items arising from the Visa Europe transaction, which are stated at their fair value.

Net revenue, which is defined as revenue less interchange and scheme fees, is presented on the face of the income statement as the Directors believe that this best reflects the relationship between revenue and profitability.

The Directors believe that due to the size and nature of the segments that comprise the Group it is appropriate to voluntarily report IFRS 8 Operating Segments, in Note 2a, to provide a better understanding of the operating performance.

The Group's cash flow statement is presented excluding merchant float. Merchant float represents surplus cash balances that the Group holds on behalf of its customers when the incoming amount from the card networks precedes when the funding to customers falls due.

The funds are held in a fiduciary capacity and cannot be utilised by the Group to fund its own cash requirements. The merchant float is also subject to significant period by period fluctuations depending on the day of the week a period end falls. For these reasons, the Directors have excluded the merchant float from the cash flow statement to allow a better understanding of the Group's underlying own cash flows.

Going concern

The Group has made a profit of £189.2m in 2017 (2016: 131.5m). As at year end, the Group was in a net asset position of £960.5m (2016: £831.9m).

In considering the going concern basis for preparing the financial statements, the Directors have reviewed the Group's trading forecasts for the 12 months from the date of approval of these accounts. These forecasts, which include detailed cash flow projections, comprise assumptions as to sales and profit performance by business unit and by month. It demonstrates the Group's ability to operate within its current borrowing facilities.

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 Directors are 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, a period of not less than 12 months from the date of this report.

Following the Merger with Vantiv, the Directors do not consider that there will be a material change in the trading forecasts and cash flows used as a basis to consider whether 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.

Accounting policies

Foreign exchange

The consolidated financial statements of the Worldpay Group are presented in Sterling, which is the functional currency of the Company and the presentational currency of the Group.

The net assets of foreign subsidiaries are translated to Sterling as follows:

- The assets and liabilities of the entity (including goodwill and fair value adjustments on acquisition) are translated at the rate prevailing at the end of the reporting period;
- Income and expenses are translated at the rate ruling on the date of the transaction or an appropriate average rate; and
- Equity elements are translated at the date of the transaction and not retranslated in subsequent periods.

All exchange differences arising on consolidation are taken through other comprehensive income to the foreign currency reserve.

Note 1a (continued)
Foreign currency transactions are initially recorded at the rate ruling on the date of the transaction. At the end of each reporting period, foreign currency items on the balance sheet are translated as follows:

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

Foreign exchange gains and losses arising from the retranslation of foreign currency transactions are recognised in the income statement.

Netting
The Group is party to a number of arrangements, including master netting agreements that give it the right to offset financial assets and financial liabilities.

Where it does not intend to settle the amounts net or simultaneously, the assets and liabilities concerned are presented gross.

Own shares held in Employee Benefit Trust (EBT)
The consideration for any ordinary shares of the Company held by the EBT is deducted from equity attributable to the owners of the Company until the shares are cancelled or reissued.

On the sale or reissue of these shares, the consideration received is credited to equity, net of any directly attributable incremental costs and related tax.

The EBT purchases the Group's shares in order to hedge the cash outflow upon the exercise of a share option or a share award.

Accounting developments
Impact of new accounting standards
The following standards are new, revised or include changes to existing standards which have been adopted by the Group in the year ended 31 December 2017. These have not impacted the balance sheet or reported results for the year, nor any previously reported results, but may have impacted how such results are disclosed:

- Amendments to IAS 12 'Income taxes' – clarifies how to account for deferred tax assets related to debt instruments measured at fair value;
- Amendments to IAS 7 'Statement of Cash Flow' – requires disclosures that enable evaluation of changes in liabilities arising from financing activities, including both changes arising from the cash flow and non-cash movements.

New standards and interpretations not yet adopted

- The following standards are in issue but not yet effective and have not yet been adopted by the Group. The Group is in the process of completing its final assessment of the impact of these standards following the Merger with Vantiv, Inc..
- IFRS 9 'Financial Instruments' (2009 and 2010) – will replace IAS 39 but currently only details the requirements for recognition and measurement of financial assets. The effective date for the Group is 1 January 2018.
- IFRS 15 'Revenue from Contracts with Customer' – replaces IAS 18, 'Revenues', and introduces a five step approach to revenue recognition based on performance obligations in customer contracts. The effective date for the Group is 1 January 2018.
- Clarifications to IFRS 15 'Revenue from Contracts with Customers' - provides further clarification on a number of points including recognition of licence revenue; application of the control principle to assess whether a company is a principal or an agent; and transition options. The effective date for the Group is 1 January 2018.
- IFRS 16 'Leases' – eliminates the distinction between on-balance sheet finance leases and off-balance sheet operating leases and introduces a single, on-balance sheet accounting model that is similar to current finance lease accounting. The effective date is no later than 1 January 2019, although earlier adoption is permitted only if IFRS 15 'Revenue from Contracts with Customers' is also adopted.
- Amendments to IFRS 2 'Share-based payment' – improves consistency in the measurement of cash-settled share-based payments and the classification of share-based payments settled net of tax withholdings. It also includes a modification to a share-based payment from cash-settled to equity-settled. The effective date for implementation is subject to European Union endorsement.
- Annual improvement of IFRSs: 2014- 2016 cycle and 2015-2017 cycle

Note 1b
Critical accounting estimates and judgements
The reported results of the Group for the financial year ended 31 December 2017 are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements.

The judgements and assumptions involved in the Group's accounting policies that are considered by the Directors to be the most important to the portrayal of its financial condition are discussed below.

The use of estimates, assumptions or models that differ from those adopted by the Group would affect its reported results.

Fair value of Visa Europe transaction and related Contingent Value Rights (CVRs)
The Visa Europe asset was recognised in the Group's balance sheet at 31 December 2015 as a fair value through profit and loss financial asset. On disposal on 21 June 2016, it has been derecognised from the Group's balance sheet with the net gain on disposal recognised in 'Finance income - Visa Europe' in the Group's income statement.

Note 1b

Critical accounting estimates and judgements (continued)

The preference stock received on disposal of our interest in Visa Europe has been recognised as a financial asset under the non-current 'Financial assets – Visa Inc. preference shares' category. It has been recognised at fair value initially and has been classified as fair value through profit and loss Subsequent movements on the fair value of the preferred stock are recognised in 'Finance income – Visa Europe' and the movement on the CVR liabilities is recognised in 'Finance costs – CVR liabilities' in the Group's income statement. The value of the Visa Inc. preference shares is based on the expected conversion ratio, which will be adjusted by Visa Inc. based on the potential losses from Visa Europe interchange litigation under the Litigation Management Deed ('LMD'). Any excess of potential losses from Visa Europe interchange litigation under a Loss Sharing Agreement ('LSA') has been included in 'Provisions' within current liabilities.

When measuring the fair values of the financial asset – Visa Inc. preference shares as well as the LSA liability, the Group uses observable market data as far as possible. In order to fair value the LSA liability as at 31 December 2017, the Directors have considered a range of potential outcomes, including the likely value of the potential level of Visa Europe liabilities that the Group may be liable for, and calculated a weighted average.

The CVR liabilities have been classified as financial liabilities at amortised cost based on a re-estimation of future cash flows, with any changes being recognised in 'Finance costs – CVR liabilities' in the income statement.

Further details on the key assumptions made in valuing the consideration received and the CVR and LSA liabilities, together with sensitivity analysis, are provided in Note 5i.

Income and deferred taxes

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges calculated by reference to the legal requirements applying to each jurisdiction in which the Group operates.

As an integral part of this process, the Group applies its judgement in order to determine the tax charge applying to those matters for which the final tax treatment is considered by the Group to be uncertain.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences are recognised in the period in which such determination is made.

Based on the Group's current tax position, a material change in estimates for tax purposes is not expected to occur over the next 12 month period.

Trade receivable impairment provisions

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

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

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

See Notes 4b and 4d for further information.

Section 2 – Results for the year

This section focuses on the results and performance of the Group in the financial year ended 31 December 2017.

Accounting policies

Revenue recognition

Revenue represents the consideration received or receivable from merchants for services provided. Key revenue streams that the Group reports are:

Transaction service charges relate to services provided to process transactions between the customer and an acquiring bank, which is a bank that accepts card payments from the card-issuing banks. Revenue is recognised when the transactions are successfully processed and is recognised per transaction.

Terminal rental fees are due from terminal lessees. Revenue is recognised on a straight-line basis over the term of the lease agreements.

Income from treasury management and foreign exchange services is generated from settling foreign currency transactions on behalf of customers. Revenue is recognised when the Group's obligation in relation to the transaction is fulfilled.

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. Local and alternative payment services allow merchants to accept payments worldwide which do not directly involve a credit or debit card. Revenue is recognised when the transactions are successfully processed.

Cost of sales primarily consist of fees charged by card networks (e.g. Mastercard and Visa) to provide the functionality necessary to allow the processing of transactions (scheme fees) and fees from cardholder banks for the provision of services to accept card-based transactions (interchange fees). These fees arise and are recognised on each transaction processed, and as a consequence in the same period as the related revenue (being the transaction service charge).

Net revenue is revenue after deducting scheme fees and interchange fees. Other cost of sales, which mainly comprises third party commission costs and alternative payment bank fees, are recognised in the period to which they relate.

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

Note 2a

Segmental information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker (the Executive Team) to allocate resources and assess performance. For each identified operating segment, the Group has disclosed information for the key performance indicators that are assessed internally to review and steer performance in the Operating and Financial review included in the Strategic report.

The Group reports four segments: Global eCom, WPUK, WPUS and Corporate. Further details about the three trading segments can be found in the Operating and Financial review on pages 12 to 17. Corporate principally contains central personnel costs and Group strategy and head office costs.

Year ended 31 December 2017	Global eCom £m	WPUK £m	WPUS £m	Corporate £m	Total £m
Income statement					
Revenue	**1,485.7**	**1,097.8**	**2,487.4**	**–**	**5,070.9**
Net revenue	**458.1**	**442.8**	**320.3**	**–**	**1,221.2**
Underlying EBITDA	**263.4**	**195.9**	**84.4**	**(23.6)**	**520.1**

Year ended 31 December 2016	Global eCom £m	WPUK £m	WPUS £m	Corporate £m	Total £m
Income statement					
Revenue	1,174.6	1,027.7	2,338.5	–	4,540.8
Net revenue	386.6	438.6	299.0	–	1,124.2
Underlying EBITDA	216.9	198.3	77.4	(25.0)	467.6

Note 2a
Segmental information (continued)

Reconciliation of profit for the year to Underlying EBITDA

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Profit for year	**189.2**	131.5
Tax charge	**63.7**	132.6
Profit before tax	**252.9**	**264.1**
Total finance costs	**44.0**	10.9
Gain on investments	**(6.9)**	–
Share of results of joint venture and associate	**1.0**	1.5
Operating profit	**291.0**	**276.5**
Depreciation and amortisation	**168.0**	128.7
Separately disclosed Items (see Note 2b)	**61.1**	62.4
Underlying EBITDA	**520.1**	467.6

Segmental information by revenue streams

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Transaction service charges	**4,501.9**	4,037.7
Terminal rental fees	**64.0**	65.1
Treasury management and foreign exchange services	**194.7**	158.6
Ancillary income	**310.3**	279.4
Revenue	**5,070.9**	4,540.8

The Group's revenue is generally consistent with the geographical locations of the operating segments, with the exception of the Global eCom business, whose revenue is derived from worldwide sources. No individual customer accounts for more than 10% of Group revenue.

Note 2b
Separately disclosed items
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. They are presented in their relevant income statement category, but highlighted through separate disclosure. The following table gives further details of the items included.

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Affecting EBITDA		
Merger costs	**(22.1)**	–
Separation – platform costs	**(15.2)**	(30.2)
Separation – other costs	**(12.1)**	(17.5)
Costs of IPO	**(1.5)**	(4.9)
Reorganisation and restructuring costs	**(3.4)**	(6.0)
Other costs	**(6.8)**	(3.8)
Total affecting EBITDA	**(61.1)**	(62.4)

Merger costs are mainly advisor costs incurred to date in relation to the merger and integration of Worldpay and Vantiv. Platform-related separation costs are non-capitalised costs associated with the upgrade and migration of the Group's core systems from RBS. They are principally staff and maintenance costs and decommissioning costs payable to RBS. Other costs related to the separation from RBS principally relate to the costs of interim staff required to test and double-run systems as we ramp up to full platform launch. The IPO-related costs largely comprise the costs of the one-off share awards granted to management as part of the IPO. Reorganisation and restructuring costs are largely costs incurred in the turnaround of our WPUS business. These include consultancy fees, redundancy costs and other staff-related costs. Other costs include the costs incurred in relation to a number of M&A projects, litigation expenses and a reserve for a potential historic US compliance breach.

Note 2c

Personnel expenses

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

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

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

Share-based payments

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

The Group recognised a charge of £8.5m in 2017 (2016: £7.3m) for equity-settled share-based payments. Details of each of the equity-settled share-based payment plans are set out below.

Transitional award

On the date of the IPO, the Group granted a transitional share award plan to certain members of the senior management team. Shares will be given to eligible employees three years after the date of grant, subject to satisfaction of the minimum shareholding requirement and continued employment. The value of any dividends earned on the vested shares during the three years will be paid on vesting. As at 31 December 2017, 4.9m (2016: 5.9m) shares were outstanding under the scheme and a charge of £3.2m (2016: £5.6m) was made to the income statement. Given the one-off nature of these share awards, the costs have been classified as separately disclosed items.

Long-term incentive plans

In March 2016 and 2017, the Group issued awards under a Performance Share Plan (PSP) and a Conditional Share Plan (CSP). Both the PSP and the CSP mature three years from the grant date.

The vesting of the PSP shares is subject to satisfaction of non-market-based performance conditions and include having an additional holding period of up to two years following the end of the three year performance period. The CSP shares have no performance conditions other than continued employment within the Group. Under both plans the value of any dividends earned on the vested shares during the three years will be paid on vesting. As at 31 December 2017, the PSP had 6.8m (2016: 3.8m) and the CSP had 1.7m (2016: 0.7m) shares outstanding.

All employee share plans

Save As You Earn scheme (SAYE) and Employee Stock Purchase Plan (ESPP)

In 2016, the Group introduced a SAYE plan in the UK and an ESPP in the US. These two plans cover approximately 90% of our employee base and offer the opportunity for colleagues to save monthly in order to buy Worldpay Group Limited shares at a discount. The SAYE plan runs for a period of either three or five years depending on the length of contract chosen by the employee and the ESPP is run bi-annually for a six month plan period. In September 2017 the ESPP was closed. As at 31 December 2017, the SAYE scheme had 4.8m (2016: 5.5m) options outstanding and the ESPP had no options outstanding (2016: 0.2m).

The Black-Scholes option model has been used to determine the fair value of the options issued. There are no inputs which are sufficiently sensitive to there being a reasonable possibility of a material adjustment in a future period.

Employee numbers

The average number of employees during the year was:

	Year ended 31 December 2017	Year ended 31 December 2016
Global eCom	**491**	467
WPUK	**1,216**	1,223
WPUS	**1,219**	1,276
Technology	**1,365**	1,307
Corporate	**920**	822
Total	**5,211**	5,095

Note 2c
Personnel expenses (continued)

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Total underlying personnel expenses	**325.8**	313.6
Merger costs	**3.8**	–
Separation – platform costs	**3.6**	8.7
Separation – other costs	**10.8**	10.2
Costs of IPO	**4.6**	5.6
Reorganisation and restructuring costs	**3.4**	1.9
Other costs	**0.4**	–
Total personnel expenses in separately disclosed items	**26.6**	26.4
Total personnel expenses	**352.4**	340.0
Wages and salaries including redundancy costs	**308.0**	298.3
Pensions	**17.8**	17.5
Social security costs	**26.6**	24.2
Total personnel expenses	**352.4**	340.0

Directors' emoluments
The Directors' emoluments, pension contributions and share options are disclosed in the Remuneration report on pages 18 to 23.

Note 2d
General, selling and administrative expenses

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Selling costs	**14.6**	14.5
Operating costs	**75.3**	60.4
Office costs	**38.4**	36.9
Administrative costs	**30.0**	34.0
Professional fees	**30.0**	28.6
Bad debt	**20.7**	20.8
Other	**11.6**	8.8
Total underlying general, selling and administrative expenses	**220.6**	204.0

Merger costs	**18.3**	–
Separation – platform costs	**11.6**	21.5
Separation – other costs	**1.3**	7.4
Costs of IPO	**(3.1)**	(0.8)
Reorganisation and restructuring costs	–	4.1
Other costs	**6.4**	3.8
Total general, selling and administrative expenses in separately disclosed items	**34.5**	36.0
Total general, selling and administrative expenses	**255.1**	240.0

Note 2e
Auditor remuneration

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Fees payable to the Group's auditor for the audit of the Group's Annual Report and Accounts	**1.1**	0.9
Fees payable to the Group's auditor and its associates for other services:		
Review of Half Year financial statements	**0.1**	0.1
Other assurance services	**0.8**	0.2
Other non-audit services	**0.8**	0.4
Total	**2.8**	1.6

Note 2f
Profit before tax
Profit before tax is stated after charging:

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Interchange and scheme fees	**(3,849.7)**	(3,416.6)
Other cost of sales	**(154.7)**	(139.0)
Amortisation of business combination intangibles	**(46.9)**	(50.3)
Amortisation of other intangibles	**(79.7)**	(43.4)
Depreciation of property, plant and equipment	**(41.4)**	(35.0)
Operating lease costs	**(20.4)**	(20.0)
Foreign exchange losses	**(6.6)**	(60.5)

Research and development expenditure recognised in the year ended 31 December 2017 was £35.4m (2016: £30.2m). This represents the amount charged to the profit and loss account in relation to the new acquiring platform.

Note 2g
Tax
Tax on the profit or loss for the year comprises current and deferred tax. Current tax, including all applicable UK and foreign taxes, is the expected tax payable on the taxable income for the year, using tax rates and bases of calculation which have been enacted or substantively enacted in the applicable jurisdiction for the current accounting year, together with any necessary adjustments to tax payable in respect of previous accounting periods. Current tax is recognised in the income statement unless it arises from a transaction recognised directly in equity, in which case the associated tax is also recognised directly in equity. Relief for foreign taxation in calculating UK taxation liabilities is taken into account where appropriate.

Note 2g
Tax (continued)

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Current taxation		
UK corporation tax charge for the year	**67.4**	137.3
Adjustments in respect of prior periods	**(23.3)**	1.7
Foreign corporation tax charges	**3.8**	5.2
	47.9	144.2
Deferred taxation		
Charge/(credit) for the year	**15.1**	(1.5)
Adjustments in respect of prior periods	**9.3**	2.2
Effect of rate changes	**(8.6)**	(12.3)
	15.8	(11.6)
Tax charge for the year	**63.7**	132.6

The current tax adjustments in respect of prior periods primarily comprises differences arising from the assumptions made in prior year tax accounting compared to the submitted tax returns, principally in respect of R&D claims for the Group which were larger than initially expected and tax relief for capital expenditure not eligible for R&D relief. The deferred tax adjustments in respect of prior periods primarily relates to an election made on submission of tax returns to change the tax treatment of software included within intangible fixed assets.

The Group is mainly exposed to tax in the UK, US and Netherlands. The actual tax charge differs from the expected tax charge computed by applying the average UK corporation tax of 19.25% (2016: 20.00%) as follows:

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Expected tax charge at UK corporation tax rate of 19.25% (2016: 20.00%)	**48.7**	52.8
Non-deductible items	**14.6**	11.3
Visa Europe non-deductible CVR obligations (see Note 5i)	**19.7**	75 3
Adjustments in respect of prior periods	**(23.3)**	1.7
Non-taxable income	**(0.3)**	(0.8)
Effect of different statutory tax rates of foreign jurisdictions	**2.6**	1.9
Effect of current year changes in statutory tax rates	**(8.6)**	(12.3)
Deferred tax adjustments in respect of prior periods	**9.3**	2.2
Deferred tax assets not recognised	**1.0**	0.5
Actual tax charge for the year	**63.7**	132.6

The underlying effective tax rate (ETR) has decreased from the prior year to 21.6% (2016: 25.1%). This decrease in ETR represents the continued fall in tax rate for the UK, where the majority of the Group's profits are generated. The ETR remains higher than the UK statutory rate of 19.25% due to profits in overseas territories with higher taxation rates, mainly US (35%) and the Netherlands (25%), along with non-deductible costs, and uncertain tax provisions relating primarily to transfer pricing uncertainties and estimates. The ETR is expected to continue to reduce in future years as a result of the decrease in the UK and US statutory rate.

The effect of different statutory tax rates of foreign jurisdictions includes credit amounts related primarily to the submission of tax returns in material jurisdictions. These submitted tax returns include updated transfer pricing methodology not reflected in the tax provisions previously recorded.

Provisions established for uncertain items are made using a best estimate of the tax expected to be paid, based on a qualitative assessment of all relevant information and management's judgement. The Group reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances.

Note 2h
Current tax assets/(liabilities)

	31 December 2017 £m	31 December 2016 £m
Current tax assets	**16.9**	10.5
Current tax liabilities	**(49.6)**	(94.5)
	(32.7)	(84.0)

Note 2i
Deferred tax
Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax charges and credits are recognised in the income statement unless they arise from a transaction recognised directly in equity, in which case the associated deferred tax is also recognised directly in equity.

Deferred tax assets and liabilities are analysed in the consolidated balance sheet, after offset of balances within entities and tax jurisdictions, as follows:

	31 December 2017 £m	31 December 2016 £m
Deferred tax assets	**5.2**	4.6
Deferred tax liabilities	**(127.2)**	(112.3)
	(122.0)	(107.7)

The Group has an unrecognised deferred tax asset of £9.6m (2016: £8.1m) which relates to losses carried forward. The deferred tax asset on the tax losses has not been recognised due to uncertainty over future utilisation.

There is also an unrecognised deferred tax asset of £47.3m (2016: £45.6m) in relation to the Loss Share Agreement with respect to the Visa Europe transaction. The deferred tax asset has not been recognised as, depending on the timing of the final resolution on the indemnity position, the availability of tax relief will be conditional on HMRC accepting a concessionary treatment.

Note 2i

Deferred tax (continued)

Deferred tax assets and liabilities, before offset of balances within entities and tax jurisdictions, are as follows:

	Accelerated capital allowances £m	Provisions/ other £m	Intangibles £m	Losses £m	Visa Europe £m	Total £m
At 1 January 2016	(8.3)	(24.4)	(99.5)	–	–	(132.2)
Reclassification of deferred tax balances	(10.2)	16.6	18.3	14.5	(39.2)	–
Reclassification to current tax	–	15.1	0.1	(3.5)	–	11.7
Credit/(charge) to income statement	3.8	4.1	7.8	(10.7)	6.6	11.6
Foreign exchange rate impact	(2.5)	(0.1)	(1.5)	5.3	–	1.2
At 31 December 2016	**(17.2)**	**11.3**	**(74.8)**	**5.6**	**(32.6)**	**(107.7)**
Credit/(charge) to income statement	**2.0**	**(14.2)**	**12.8**	**(1.5)**	**(14.9)**	**(15.8)**
Foreign exchange rate impact	**0.8**	**(0.6)**	**0.8**	**0.5**	–	**1.5**
At 31 December 2017	**(14.4)**	**(3.5)**	**(61.2)**	**4.6**	**(47.5)**	**(122.0)**

The deferred tax balance is analysed as follows:

Deferred tax asset	**0.8**	**12.6**	–	**4.6**	–	**18.0**
Deferred tax liability	**(15.2)**	**(16.1)**	**(61.2)**	–	**(47.5)**	**(140.0)**
At 31 December 2017	**(14.4)**	**(3.5)**	**(61.2)**	**4.6**	**(47.5)**	**(122.0)**

The deferred tax assets in relation to the Visa Europe disposal and the losses have been presented in separate categories from 2016 onwards, resulting in a reclassification of deferred tax balances in the table above.

Factors affecting future tax charges

The main rate of UK corporation tax will reduce from 19% to 17% on 1 April 2020. In addition, reductions in the US corporation tax rate were enacted in 2017 and the main rate of US corporation tax was reduced from 35% to 21% effective from 1 January 2018. Deferred tax on temporary differences and tax losses as at the balance sheet date is calculated at the substantively enacted rates at which the temporary differences and tax losses are expected to reverse.

Section 3 – Non-current assets

This section shows assets used by the Group to generate revenue and profits. These assets include customer relationships, brands, computer software and goodwill. The Group's physical assets are also shown in this section.

Note 3a
Goodwill
Goodwill arising on the acquisition of a business represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, less any non-controlling interest. Goodwill is carried at the cost established at the date of acquisition of the business less accumulated impairment losses, if any, and is not amortised.

	£m
Cost	
At 1 January 2016	1,275.3
Foreign exchange impact	61.5
At 31 December 2016	**1,336.8**
Foreign exchange impact	**(31.0)**
At 31 December 2017	**1,305.8**
Net book value	
At 31 December 2017	**1,305.8**
At 31 December 2016	1,336.8

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units (CGU) to which goodwill has been allocated. The value in use calculations are performed at least annually and require the Directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

The corporate planning process includes the preparation of the annual budget as well as the Group's long-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 including management's view on the future achievable growth in market share and the capital expenditure required to achieve it. The cash flows included in the strategic plan are used for the value in use calculations.

Key assumptions used in the value in use calculation are:

	CAGR in sales	CAGR in costs	Terminal growth rate	Discount rate
31 December 2017	**7.1-16.4%**	**3.4-6.9%**	**2.0%**	**8.0-10.0%**
31 December 2016	6.1-16.5%	4.6-8.3%	2.0%	8.0-10.0%

The growth rates and discount rates for the WPUK and WPUS CGUs are at the lower end of the ranges, with the Global eCom growth rate and discount rate being at the upper end of the ranges. CAGR is the compound annual growth rate.

The sensitivity of goodwill carrying values to reasonably possible changes in key assumptions has been performed. No changes produce a significant movement in the carrying value of goodwill allocated to a CGU and therefore no sensitivity analysis is presented. Given the low risk of impairment and significant headroom available, the Directors do not believe that the key assumptions by CGU are material to the financial statements and therefore deem it appropriate to disclose the key assumptions at a summary level only.

Should the value in use be lower than the carrying value, the resultant impairment loss is first allocated to goodwill, then to the remaining assets of the CGU pro rata based on their carrying amount. No asset is impaired below its own recoverable amount. The impairment loss is recognised immediately in separately disclosed items in the income statement. Impairment losses on goodwill cannot be reversed in subsequent periods.

The carrying value of goodwill allocated to cash-generating units is as follows:

	31 December 2017 £m	31 December 2016 £m
Global eCom	**268.5**	269.2
WPUK	**716.7**	716.8
WPUS	**320.6**	350.8
	1,305.8	1,336.8

Note 3b

Other intangible assets

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

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

The useful lives applied by the Group are:

Customer relationships	3 to 20 years
Brands	7 to 10 years
Computer software	3 to 10 years

The weighted average useful life of customer relationships and brands are 13 years and 8 years respectively.

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

	Business combination intangibles			
	Customer relationships £m	Brands £m	Computer software £m	Total £m
Cost				
At 1 January 2016	*760.3*	*25.6*	*480.7*	1,266.6
Additions	–	–	161.6	161.6
Transfer from property, plant and equipment	–	–	8.5	8.5
Disposals	–	–	(1.5)	(1.5)
Foreign exchange impact	31.1	2.6	20.3	54.0
At 31 December 2016	**791.4**	**28.2**	**669.6**	**1,489.2**
Additions	–	–	**134.3**	**134.3**
Transfer from property, plant and equipment	–	–	**15.1**	**15.1**
Disposals	**(15.8)**	–	–	**(15.8)**
Foreign exchange impact	**(5.7)**	**(1.4)**	**(13.0)**	**(20.1)**
At 31 December 2017	**769.9**	**26.8**	**806.0**	**1,602.7**
Accumulated amortisation				
At 1 January 2016	(361.9)	(13.1)	(172.2)	(547.2)
Charge for the year	(47.5)	(2.8)	(43.4)	(93.7)
Disposals	–	–	1.3	1.3
Foreign exchange impact	(25.7)	(0.9)	(9.4)	(36.0)
At 31 December 2016	**(435.1)**	**(16.8)**	**(223.7)**	**(675.6)**
Charge for the year	**(44.7)**	**(2.2)**	**(79.7)**	**(126.6)**
Disposals	**15.8**	–	–	**15.8**
Foreign exchange impact	**4.1**	**0.2**	**8.0**	**12.3**
At 31 December 2017	**(459.9)**	**(18.8)**	**(295.4)**	**(774.1)**
Net book value				
At 31 December 2017	**310.0**	**8.0**	**510.6**	**828.6**
At 31 December 2016	356 3	11 4	445.9	813.6

At 31 December 2017, £103.5m (2016: £291.5m) of intangible assets under the course of construction are shown within computer software. These assets are not yet being amortised.

Note 3c
Property, plant and equipment
Property, plant and equipment includes terminals, leasehold improvements and computers and office equipment.

Property, plant and equipment is initially recognised at cost. Cost includes all expenditure directly attributable to bringing the asset to the location and working condition for its intended use. Subsequent measurement of property, plant and equipment is at cost less accumulated depreciation and impairment losses.

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

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

Depreciation rates for each category of property, plant and equipment are as follows:

Terminals	3 to 5 years
Leasehold improvements	5 to 20 years
Computers and office equipment	3 to 5 years

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

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

Note 3c
Property, plant and equipment (continued)

	Terminals £m	Leasehold improvements £m	Computers and office equipment £m	Total £m
Cost				
At 1 January 2016	87.9	10.3	140 5	238.7
Transfer to intangible fixed assets	–	–	(8.5)	(8.5)
Additions	23.1	0.9	18.3	42.3
Disposals	(9.2)	–	(3.1)	(12.3)
Foreign exchange impact	0.2	0.1	7.6	7.9
At 31 December 2016	**102.0**	**11.3**	**154.8**	**268.1**
Transfer to intangible fixed assets	**–**	**–**	**(15.1)**	**(15.1)**
Additions	**17.0**	**1.6**	**14.9**	**33.5**
Disposals	**–**	**(0.6)**	**(1.8)**	**(2.4)**
Foreign exchange impact	**–**	**(0.2)**	**(3.8)**	**(4.0)**
At 31 December 2017	**119.0**	**12.1**	**149.0**	**280.1**
Accumulated depreciation				
At 1 January 2016	(56.8)	(4.0)	(55.6)	(116.4)
Charge for the year	(15.4)	(0.9)	(18.7)	(35.0)
Disposals	9.2	–	2.9	12.1
Foreign exchange impact	(0.2)	–	(3 9)	(4 1)
At 31 December 2016	**(63.2)**	**(4.9)**	**(75.3)**	**(143.4)**
Charge for the year	**(19.5)**	**(0.6)**	**(21.3)**	**(41.4)**
Disposals	**–**	**0.4**	**1.5**	**1.9**
Foreign exchange impact	**–**	**–**	**0.4**	**0.4**
At 31 December 2017	**(82.7)**	**(5.1)**	**(94.7)**	**(182.5)**
Net book value				
At 31 December 2017	**36.3**	**7.0**	**54.3**	**97.6**
At 31 December 2016	38.8	6.4	79.5	124.7

When assets under the course of construction become available for use, they are analysed as to whether the initial classification as either computers and office equipment within property, plant and equipment, or computer software within intangible assets remains most appropriate. For assets brought into use in 2017, it was determined that the most appropriate classification was computer software for £15.1m of such assets (2016: £8.5m) and these have been allocated accordingly.

At 31 December 2017, £10.4m (2016: £49.8m) of assets under the course of construction are shown within computers and office equipment. These assets are not yet being depreciated.

The net book value of assets held under finance leases at 31 December 2017 for terminals is £27.2m (2016: £28.4m) and for computers and office equipment is £4.0m (2016: £9.5m).

Terminals are leased by the Group to third-party merchants under operating leases. The future minimum lease rental receivables from operating leases are as follows:

Terminal rentals due in:	31 December 2017 £m	31 December 2016 £m
Less than one year	**24.0**	25.2
One to five years	**4.2**	5.9
Total	**28.2**	31.1

Note 3c
Property, plant and equipment *(continued)*
Impairment of non-current assets
The Group assesses its other intangible assets and property, plant and equipment for indicators of impairment at least annually. If such indicators exist, the recoverable amount of the asset or its CGU when the asset does not generate largely independent cash flows, is estimated. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows from the asset or the CGU, discounted at the appropriate pre-tax rate.

The Group recognises any impairment loss resulting from these reviews in separately disclosed items in the income statement. Impairment losses, except those arising on goodwill, may be reversed in subsequent periods. However, the revised carrying value of the asset may not exceed the carrying value had the original impairment not arisen. An exercise was undertaken to ascertain whether there were any indicators of impairment of the intangible assets and property, plant and equipment. This review determined that there were no indicators of impairment in the year ended 31 December 2017 (the assessment in 2016 also determined no indicators of impairment).

Note 3d
Capital commitments
As at 31 December 2017, there were commitments for capital expenditure contracted for, but not incurred, of £0.5m (2016: nil), principally relating to computer software.

Section 4 – Trading assets and liabilities

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result.

Note 4a

Merchant float, scheme debtors and merchant creditors

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

Merchant float represents surplus cash balances that the Group holds on behalf of its customers, when the incoming amount from the card networks precedes when the funding to customers falls due. The funds are held in a fiduciary capacity. They are excluded from the Group cash flow statement to provide greater clarity over the Group's own cash movements.

Scheme debtors consist primarily of:

- The Group's receivables from the card networks for transactions processed on behalf of customers, where it is a member of that particular network;
- The Group's receivables from the card networks for transactions where it has (by exception) funded customers in advance of receipt of card association funding; and
- Other net receivables from the card networks.

Merchant creditors consist primarily of:

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

Note 4b

Trade and other receivables

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

	31 December 2017 £m	31 December 2016 £m
Trade receivables	**381.2**	352.5
Accrued income	**80.5**	70.9
Prepayments	**33.5**	33.7
Other receivables	**22.0**	16.7
Total	**517.2**	473.8

The trade receivables balance can be further analysed as follows:

	31 December 2017 £m	31 December 2016 £m
Gross trade receivables	**434.8**	387.4
Impairment provisions	**(53.6)**	(34.9)
Net trade receivables	**381.2**	352.5

The movement in the impairment provision can be further analysed as follows:

	31 December 2017 £m	31 December 2016 £m
At 1 January	**(34.9)**	(38.0)
Additional provision in the year	**(23.6)**	(21.4)
Released	**2.9**	0.6
Utilised in the year	**2.1**	24.2
Foreign exchange	**(0.1)**	(0.3)
At 31 December	**(53.6)**	(34 9)

Impaired receivables are analysed as follows:

	31 December 2017 £m	31 December 2016 £m
Cost of impaired receivables	**58.3**	38.2
Impairment provision	**(53.6)**	(34.9)
Net impaired receivables	**4.7**	3.3

Trade receivables of £58.1m (2016: £55.1m) were between zero and three months past due at the balance sheet date but not considered impaired.

Note 4c

Trade and other payables

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

	31 December 2017 £m	31 December 2016 £m
Trade payables	**149.8**	160.4
Accruals	**196.7**	174.5
Other liabilities	**71.7**	92.0
Deferred income	**7.6**	5.6
Total	**425.8**	432.5

Note 4d
Provisions
The Group recognises a provision for a present obligation resulting from a past event when it is probable that it will be required to transfer economic benefits to settle the obligation, and the amount of the obligation can be estimated reliably.

Onerous contracts are recognised immediately as a provision. The amount recognised is the excess of the unavoidable costs of the contract over any expected economic benefits arising from the contract. Dilapidation provisions represent the liabilities incurred to date in order to restore the leased properties to their original state at the end of the lease terms.

Restructuring provisions are only recognised when there is a detailed plan of the restructure that has been communicated to those impacted and the proposed restructure is sufficiently imminent to mean that it is unlikely any significant changes will be made to the plan. The provision recognised includes costs that are directly attributable to the restructure and excludes any costs on ongoing activities, such as relocation or training of staff and marketing costs.

	Loss Share Agreement £m	Merchant potential liabilities £m	Reorganisation and restructuring £m	Deferred and contingent consideration £m	Onerous lease provision and dilapidations £m	Other £m	Total £m
At 1 January 2016	–	(0 1)	(1.2)	(2.6)	(0.8)	(4.0)	(8.7)
Utilised in the year	–	–	0.9	2.5	–	4.4	7.8
Released	–	–	0.1	–	0.1	1.1	1.3
Additions	(241.4)	(2.9)	–	–	(0.6)	(0.9)	(245.8)
Foreign exchange	(27.1)	–	(0.2)	(0.5)	(0.1)	(0.8)	(28.7)
At 31 December 2016	**(268.5)**	**(3.0)**	**(0.4)**	**(0.6)**	**(1.4)**	**(0.2)**	**(274.1)**
Utilised in the year	–	**9.6**	**1.2**	**0.1**	–	**0.2**	**11.1**
Additions	–	**(7.6)**	**(0.7)**	–	**(0.4)**	–	**(8.7)**
Foreign exchange	**(10.0)**	–	**(0.1)**	–	–	–	**(10.1)**
At 31 December 2017	**(278.5)**	**(1.0)**	–	**(0.5)**	**(1.8)**	–	**(281.8)**

	31 December 2017 £m	31 December 2016 £m
Current	**(280.1)**	(272.8)
Non-current	**(1.7)**	(1.3)
Total	**(281.8)**	(274.1)

The provision for Loss Share Agreement relates to the Visa Europe transaction. Details can be found in Note 5i.

Merchant potential liabilities are projected chargebacks anticipated to be incurred in future periods in relation to merchant accounts where any related trade receivable balance has already been fully provided (Note 4b). Whilst there is uncertainty over the timing to settle the provision of £1.0m, it is anticipated this will be substantially resolved within the next 12 months.

Contingent consideration is recognised when relevant criteria in the purchase agreements are met. The utilisation of the deferred and contingent consideration provision in the year relates to payments for the acquisition of Cobre Bem.

Note 4e

Note to cash flow statement

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

The table below reconciles the profit for the year before tax to cash generated by operations.

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Operating activities		
Profit before tax	252.9	264.1
Adjustments for:		
Amortisation of intangible assets (see Note 3b)	126.6	93.7
Depreciation of property, plant and equipment (see Note 3c)	41.4	35.0
Foreign exchange losses	11.7	5.5
Gain on disposal of investment and subsidiary	(6.9)	–
Share of results of joint venture and associate (see Note 6b)	1.0	1.5
Finance costs	44.0	10.9
Net cash inflow from operating activities before movements in working capital	470.7	410.7
Increase in trade and other receivables	(53.8)	(50.7)
Increase in trade and other payables	27.5	33.8
Decrease in provisions	(2.3)	(1.4)
Cash generated by operations	442.1	392.4

Proceeds from sale of investment and subsidiary and property

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Proceeds from sale of investment and subsidiary (see Note 6b)	9.0	–
Proceeds from sale of property	0.6	–
Proceeds from sale of investment and subsidiary and property	9.6	–

Acquisitions

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Investment in joint venture (see Note 6b)	(1.9)	(2.0)
Payment for contingent consideration	(0.3)	(2.1)
Investment in equity securities (see Note 6b)	(6.7)	–
Acquisitions	(8.9)	(4.1)

Section 5 – Financing and equity

This section details the Group's debt and the related financing costs. It also shows the Group's capital.

Note 5a
Finance income/(costs)

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Finance income – Visa Europe		
Net gain on disposal of financial assets – Visa Europe	–	207.0
Fair value gain on Visa Inc. preference shares	**129.0**	4.3
Dividend income on Visa Inc. preference shares	**3.0**	1.7
Foreign exchange (losses)/gains	**(31.2)**	58.6
Finance income – Visa Europe (see Note 5i)	**100.8**	271.6
Finance costs – CVR liabilities (see Note 5i)	**(77.0)**	(161.7)
Finance costs – Other		
Effective interest on borrowings	**(47.5)**	(51.9)
Effective interest on finance leases	**(2.0)**	(1.7)
Amortisation of banking facility fees	**(5.0)**	(4.7)
Fair value gains	–	2.1
Foreign exchange losses	**(6.6)**	(60 5)
Other finance costs	**(6.7)**	(4.1)
Finance costs	**(67.8)**	(120.8)

Note 5b
Net debt

	Own cash and cash equivalents[1] £m	Senior bank borrowings £m	Senior unsecured notes £m	Finance leases £m	Total £m
At 1 January 2016	165.3	(1,195.8)	(365.6)	(29.2)	(1,425.3)
Cash flows	492.1	75.2	15.7	(1 4)	581.6
Finance costs	–	(36.5)	(15.4)	(1.7)	(53.6)
Fair value gains	–	1.9	0.2	–	2.1
Other non-cash flows	–	(3.9)	(0 8)	–	(4.7)
Exchange movements	57.0	(65.4)	(58.3)	–	(66.7)
At 31 December 2016	**714.4**	**(1,224.5)**	**(424.2)**	**(32.3)**	**(966.6)**
Cash flows	**48.3**	**35.1**	**16.3**	**7.2**	**106.9**
Finance costs	–	**(31.2)**	**(16.3)**	**(2.0)**	**(49.5)**
Other non-cash flows	–	**(4.1)**	**(0.9)**	–	**(5.0)**
Exchange movements	**5.0**	**35.0**	**(15.7)**	–	**24.3**
At 31 December 2017	**767.7**	**(1,189.7)**	**(440.8)**	**(27.1)**	**(889.9)**

1 Own cash and cash equivalents at 31 December 2017 includes £368 5m (2016 £401 4m) held in relation to the CVR holders.

Note 5c
Borrowings
The Group classifies its borrowings between senior bank borrowings and senior unsecured notes. Both are held at amortised cost using the effective interest method.

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised to form part of the cost of that asset. Capitalisation starts when the asset is actively being built or prepared for use and suspended when developed activities stop.

Interest accruals and other costs related to borrowings are shown as finance costs in the income statement. The effective interest calculation on senior and subordinated borrowings includes capitalised finance costs

The Group's borrowings at 31 December 2017 comprised a £248.4m three-year Term Facility (Facility 1), a £900m five-year Term Facility (Facility 2) and €500m 3.75% senior unsecured notes due in 2022. The rates of interest on the term facilities are LIBOR based plus a margin dependent on leverage. The maximum margin for Facility 1 is 2.00% and 2.50% for Facility 2. The Group also has access to a £500m revolving credit facility (RCF) which was increased from £200m in May 2017

Following the Merger with Vantiv, Inc. the Facility 1 and both Facility 2 debt facilities were both repaid on 16 January 2018 and replaced with unsecured internal loan notes with repayment due in 2025 and interest accruing at 4.58%. The RCF was cancelled and replaced with access to the new combined group RCF.

	Senior bank borrowings £m	*Senior unsecured* notes £m	Total £m
Current	(9.1)	(2.1)	(11.2)
Non-current	(1,215 4)	(422.1)	(1,637.5)
At 31 December 2016	(1,224.5)	(424 2)	(1,648.7)
Current	**(253.6)**	**(2.1)**	**(255.7)**
Non-current	**(936.1)**	**(438.7)**	**(1,374.8)**
At 31 December 2017	**(1,189.7)**	**(440.8)**	**(1,630.5)**

The key terms on the Group's senior bank borrowings are as follows:

Facility	GBP £m	CCY	Repayment type	Coupon rate
Facility 1	**248.2**	GBP	Bullet	LIBOR + 1.50%
Facility 2	**573.7**	GBP	Bullet	LIBOR + 2.00%
Facility 2	**370.2**	USD	Bullet	LIBOR + 2.00%
RCF	**(2.4)**	GBP	Revolver	LIBOR + 2.00%
Senior unsecured notes	**440.8**	EUR	Bullet	3.75%
Total	**1,630.5**			

Undiscounted cash outflow to repay the Group's borrowings, including future interest payments to the relevant maturity dates, are disclosed below.

Cash outflow due in:	£m
2018	290.8
2019	45.9
2020	1,033.0
2021	16.6
2022	443.8
Total	**1,830.1**

Note 5d

Lease arrangements

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

Finance leases

Where the Group is the lessee of a finance lease, it recognises both the leased asset and a finance lease liability. The asset is amortised or depreciated over its useful life or the lease term, whichever is the shorter. The finance lease liability is unwound over the life of the lease at the rate implicit in the lease.

A sale and leaseback transaction is one where an asset is sold to a third party and immediately leased back. Where the leaseback is a financial lease, the gain or loss is deferred and recognised over the life of the lease on a straight-line basis. For operating leasebacks, profit or loss is recognised either immediately or over the life of the lease, depending on the values of the sale and lease relative to fair value

Finance lease liabilities are payable as follows:

	2017			2016		
	Future minimum lease payments £m	**Interest £m**	**Present value of minimum lease payments £m**	Future minimum lease payments £m	Interest £m	Present value of minimum lease payments £m
Less than one year	**16.5**	**(0.8)**	**15.7**	14.9	(1.1)	13.8
One to five years	**11.8**	**(0.4)**	**11.4**	19.1	(0.6)	18.5
	28.3	**(1.2)**	**27.1**	34.0	(1.7)	32.3

The Group enters into leasing arrangements for certain tangible fixed assets, with the majority of finance leases have a lease term of three years.

For the current financial period the average effective borrowing rate was 3.9% (2016: 4.9%).

Interest rates are fixed at the contract date and all finance lease obligations are denominated in Sterling. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' rights over the leased assets.

Operating lease arrangements

Operating lease income/expense is taken to the income statement on a straight-line basis. Any lease incentives are spread over the life of the lease.

At 31 December 2017, the Group had obligations to make non-cancellable operating lease payments as follows:

	2017		2016	
	Land and buildings £m	**Office equipment £m**	Land and buildings £m	Office equipment £m
Less than one year	**19.9**	**0.1**	19.6	0 1
One to five years	**60.4**	**0.2**	61.3	–
After five years	**55.5**	–	69.2	–
Total	**135.8**	**0.3**	150.1	0.1

Note 5e

Financial instruments

On initial recognition, financial assets and liabilities are classified into the relevant category and recognised at fair value. Their subsequent measurement, at either fair value or amortised cost, is dependent upon their initial classification.

Amortised cost is calculated using the effective interest rate method. Individual non-derivatives and their treatment are explained in their separate notes.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, there is a legally enforceable right to set off the recognised amounts. Financial assets are derecognised when the Group transfers the financial asset, or the contractual rights expire. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Note 5e

Financial instruments (continued)

The Group operates net investment hedges, using foreign currency borrowings. The effective portion of the foreign exchange gain or loss on retranslation of the hedging instrument is taken to the foreign currency translation reserve. Any ineffective portion is recognised immediately in the income statement. If the hedged investment is disposed of then any balance held in reserves is recycled to the income statement.

In the current year, a loss of £7.0m (2016: £21.8m) was taken to the foreign exchange reserve in relation to net investment hedging.

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross-currency swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship.

The Group's financial assets and liabilities are as follows:

Financial assets

	31 December 2017 £m	31 December 2016 £m
Trade receivables	**381.2**	352.5
Other receivables	**22.0**	16.7
Own cash and cash equivalents	**767.7**	714.4
Financial assets – Visa Inc. preference shares (see Note 5i)	**279.5**	192.1
Deferred consideration – Visa Europe (see Note 5i)	**49.8**	48.0
Total	**1,500.2**	1,323.7

Financial liabilities

	31 December 2017 £m	31 December 2016 £m
Trade payables	**(149.8)**	(160.4)
Other liabilities	**(71.7)**	(92.0)
Finance leases	**(27.1)**	(32.3)
Borrowings	**(1,630.5)**	(1,648.7)
Financial liabilities – CVR liabilities (see Note 5i)	**(379.5)**	(302.5)
Total	**(2,258.6)**	(2,235.9)

Market risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

Foreign currency risk management

The Group operates throughout the world, with major operations in the United Kingdom, Europe and the US.

Foreign currency risk is managed at a Group level, focusing on two distinct areas: Group assets and liabilities and customer transactions (relating to the Group's payment business).

Financial assets

	31 December 2017 £m	31 December 2016 £m
GBP	**303.6**	258.9
EUR	**570.2**	607.1
USD	**593.5**	411.5
Other	**32.9**	46.2
	1,500.2	1,323.7

Note 5e
Financial instruments (continued)
Financial liabilities

	31 December 2017 £m	31 December 2016 £m
GBP	**(899.4)**	(940.1)
EUR	**(823.4)**	(730.2)
USD	**(482.7)**	(520.3)
Other	**(53.1)**	(45.3)
	(2,258.6)	(2,235.9)

Customer transactions
Receipts from the card networks generally match merchant payments in each currency. Where there is a difference in settlement currency, the time between receipt and settlement is generally limited to a small number of days. Given the short-term nature of these balances there is no material gross credit, liquidity, foreign exchange or market risk associated with them. Therefore, these balances, i.e. merchant float, scheme debtors and merchant creditors, are excluded from this note.

Foreign currency sensitivity analysis
The sensitivity analysis below details the impact of a 1% strengthening in the Group's significant currencies against Sterling, applied to the net monetary assets or liabilities of the Group.

31 December 2017 (£m)	**EUR**	**USD**	**Other**
Monetary assets	**570.2**	**593.5**	**32.9**
Monetary liabilities	**(823.4)**	**(482.7)**	**(53.1)**
Net monetary (liabilities)/assets	**(253.2)**	**110.8**	**20.2**
Currency impact (£m)	**(2.5)**	**1.1**	**(0.2)**

31 December 2016 (£m)	EUR	USD	Other
Monetary assets	607.1	411.5	46.2
Monetary liabilities	(730.2)	(520.3)	(45.3)
Net monetary liabilities	(123.1)	(108.8)	0.9
Currency impact (£m)	(1.2)	(1.1)	0.0

The following significant exchange rates versus Sterling applied during the year and the prior year:

	Average		**Reporting date**	
	2017	2016	**2017**	2016
EUR	**1.14**	1.23	**1.13**	1.17
USD	**1.29**	1.36	**1.35**	1.23

Interest rate risk management
The Group is exposed to cash flow interest rate risk on borrowings and cash balances held at variable rates and mismatches on maturities between borrowings and cash, resulting in variable interest cash flows.

Cash held at variable rates offsets risk arising from changing interest rates on the Group's borrowings.

Note 5e
Financial instruments (continued)
Interest rate sensitivity analysis

	EUR		GBP		USD		Other	
	31 December 2017 £m	31 December 2016 £m	**31 December 2017 £m**	31 December 2016 £m	**31 December 2017 £m**	31 December 2016 £m	**31 December 2017 £m**	31 December 2016 £m
Own cash and cash equivalents	**546.3**	576.8	**42.6**	36.5	**144.9**	64.8	**33.9**	36.3
Merchant float	**208.0**	223.4	**754.4**	575.8	**108.7**	(39.4)	**81.6**	252.3
Borrowings	**(440.8)**	(424.2)	**(819.4)**	(819.7)	**(370.3)**	(404.8)	**–**	–
Net variable rate assets/(liabilities)	**313.5**	376.0	**(22.4)**	(207.4)	**(116.7)**	(379.4)	**115.5**	288.6

A 1% increase in interest rates would result in:

- An incremental increase of 0.73% (2016: 0.74%) on debt costs, as the senior unsecured notes have a fixed interest rate of 3.75%.
- An increase of 1.00% in float income arising from cash balances receiving floating rate interest.

The net impacts of the above would be increased costs of £7.4m (2016: £8.3m increase in costs).

The Group's Sterling senior bank debt at 31 December 2017 does not have a floor rate (no floor rate as at 31 December 2016).

Credit risk management
Credit risk arises from the failure of a merchant or partner bank or alternative payments provider to meet its obligations in accordance with agreed terms.

The Group does not believe it has a material credit risk in relation to amounts owed to us by the card networks as our contracts state we are only liable to settle to merchants on our receipt of those funds.

In circumstances where funds to merchants have been settled prior to receipt of those funds from the card networks a credit risk would arise. This risk is deemed to be extremely remote as these funds are generally settled within two days and thus it would require the sudden collapse of at least one significant card issuer without any State intervention.

The Group regularly monitors and assesses counterparty and non-performance risk and our most significant network and bank partners are either State owned or have investment grade ratings.

Further information is included in the Principal risks and uncertainties section of this report on page 9.

Liquidity risk management
The Group's liquidity risk management focuses on two distinct areas; own cash and settlement cash for customers (relating to the Group's payment business).

Own cash
The Group is committed to ensuring it has sufficient liquidity to meet its payables as they fall due.

This is achieved by holding significant cash balances and maintaining sufficient committed headroom. As at 31 December 2017, the Group had own cash balances of £767.7m (2016: £714.4m) of which £368.5m (2016: £401.4m) is held in relation to CVR holders. Available headroom under its revolving credit facility is £500.0m (2016: £200.0m).

Settlement cycle
The Group has a short-term settlement cycle where card networks (predominantly Visa and Mastercard) remit cash and the Group pays merchants from these remittances within three days.

The majority of funds are received prior to remittance to the merchant, resulting in significant cash balances relating to the settlement cycle. The Group has an Intra-Day Agreement Facility of £1.6bn to ensure payments can be processed whilst awaiting card network remittances.

Note 5f
Share capital

	Nominal value £	Number of shares	Par value £m
Total ordinary shares in issue at 31 December 2016 and at 31 December 2017	**0.03**	**2,000,000,000**	**60.0**

At 31 December 2017, all ordinary shares are fully paid up at par.

The holders of ordinary shares are entitled to dividends and one vote per share at meetings of the Company.

Note 5g
Capital resources
The Group's capital consists of equity, comprising issued share capital, share premium, capital contribution and retained earnings. The regulated entities within the Group are required to maintain minimum regulatory capital. This ensures the Company has sufficient capital resources for the activities required to undertake payment services.

The capital employed in the Company, together with the reserves, ensure that a buffer to the minimum regulatory capital requirement is achieved.

During the IPO process, £38.1m was received from the former parent companies to fund various share award schemes the Group granted.

The acquisition of Ship Luxco 2 S.à r.l. and its subsidiaries was accounted for using the principles of reverse acquisition accounting. The Merger reserve was calculated as the difference between the cash paid by the Company to acquire Ship Luxco 2 S.à r.l. and its group and the capital of Ship Luxco 2 S.à r.l..

Note 5h
Other equity
The Group introduced a number of share based award schemes in 2017 and 2016 with details of the awards found in Note 2c. In 2017 the Group has started to distribute shares as part of these awards after purchasing its own shares in 2016 in order to hedge the cash outflow upon the vesting of the schemes.

The movement in own shares can be analysed as follows:

	2017 Number	2016 Number	2017 £m	2016 £m
At 1 January	**12,364,808**	9,866,475	**30.6**	23.7
Distribution of own shares	**(85,811)**	-	**(0.2)**	-
Additions	-	2,498,333	-	6.9
At 31 December	**12,278,997**	12,364,808	**30.4**	30.6

Note 5i
Visa Europe
Disposal of Visa Europe shares
On 21 June 2016, the Group disposed of its interest in Visa Europe to Visa Inc. and received a mixture of cash and non-cash consideration valued at €1,051.3m The consideration is made up of €589.7m up-front cash, €405.4m of Series B preferred stock in Visa Inc and €56.2m deferred cash which will be paid in three years. €547.5m of the up-front cash consideration and all of the preferred stock may be reduced by any final settlement of potential liabilities relating to ongoing interchange-related litigation involving Visa Europe. On disposal of the Visa Europe shares, the Group, along with the other former members of Visa Europe, entered into a Litigation Management Deed (LMD). Under this arrangement, potential losses from Visa Europe interchange litigation will be set against the preferred stock, through adjusting the ratio of conversion to ordinary stock. A Loss Sharing Agreement (LSA) 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 €547.5m of up-front cash consideration.

Contingent Value Rights (CVRs)
The holders of the CVRs (a separate class of shares in the Company) are 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. The settlement of the CVR liabilities could take up to 12 years depending on the settlement of the claims under the LSA.

The CVRs are non-voting and are not convertible into ordinary shares. Given the nature of the CVRs, they are classified as financial liabilities recognised initially at fair value and subsequently at amortised cost, with the gain or loss recognised in 'Finance costs – CVR liabilities' in the Group's income statement.

Note 5i
Visa Europe (continued)
Accounting treatment
Consideration from disposal of Visa Europe shares
'Own cash and cash equivalents', includes £368.5m (2016: £401.4m) in relation to the CVR holders. The deferred cash consideration has been included in non-current 'Deferred consideration – Visa Europe'. All balances have been revalued to period end rates in the Group balance sheet as at 31 December 2017.

The preference stock received on disposal of our interest in Visa Europe has been recognised as a financial asset under the non-current 'Financial assets – Visa Inc. preference shares' category. It has been recognised at fair value initially and has been classified as fair value through profit and loss. Subsequent movements on the fair value of the preferred stock are recognised in 'Finance income – Visa Europe' and the movement on the CVR liabilities is recognised in 'Finance costs – CVR liabilities' in the Group's income statement. The value of the Visa Inc. preference shares is based on the expected conversion ratio, which will be adjusted by Visa Inc. based on the potential losses from Visa Europe interchange litigation under the LMD. Any excess of the potential losses from Visa Europe interchange litigation under the LSA has been included in 'Provisions' within current liabilities

When measuring the fair values of the financial asset – Visa Inc. preference shares as well as the LSA liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Visa Inc. preference shares are classified as Level 3 as the valuation is dependent upon both the value of Visa Inc. ordinary shares, which have a quoted price, and the conversion ratio which will be adjusted for potential losses from Visa Europe interchange litigation under the LMD, for which there are no identical transactions with regularly available market prices. The LSA liability is classified as Level 3 due to the lack of identical transactions with regularly available market prices.

In order to fair value the Visa Inc. preference shares and the LSA liability as at 31 December 2017, the Directors have considered all new information available to them since the 2016 Annual Report and Accounts was published including public announcements and disclosures made by Visa Inc. The Visa Inc. 10Q for the year ended 30 September 2017 stated that they do not expect the total damages sought in the outstanding claims that have been issued to be less than one billion dollars. The Directors have considered a range of potential outcomes, including the likely value of the potential level of losses from Visa Europe interchange litigation that the Group may be liable for, and calculated a weighted average and have concluded that the estimates and assumptions applied to the LMD and LSA should remain consistent with the prior year.

It is reasonably possible that, if the Visa Europe interchange litigation progresses within the next financial year and more information becomes available about the likely value of the potential losses, changes in assumptions determining the fair value could require a material adjustment to the carrying amount of the Visa Inc. preference shares and the LSA liability. The uncertainties inherent in the determination of the fair value of the Visa Inc. preference shares and the LSA liability will not be resolved until the obligations under the LMD and LSA are extinguished which is dependent upon final resolution of all related claims.

CVR liabilities
The CVR liabilities have been classified as financial liabilities at amortised cost based on a re-estimation of future cash flows, with any changes being recognised in 'Finance costs – CVR liabilities' in the income statement.

Note 5i
Visa Europe (continued)
Conclusion
Based on the above, the following has been recognised in the Group's financial statements:

	31 December 2017 £m	31 December 2016 £m
Balance sheet		
Non-current assets		
Deferred consideration – Visa Europe	**49.8**	48.0
Financial assets – Visa Inc. preference shares	**279.5**	192.1
Current assets		
Dividend receivable	**1.1**	–
Own cash and cash equivalents*	**418.0**	446 5
Current liabilities		
Current tax liabilities	**(0.7)**	(49.4)
Provisions	**(278.5)**	(268.5)
Financial liabilities – CVR liabilities	**(379.5)**	(302.5)
Deferred tax liabilities	**(47.5)**	(32.6)
Net assets	**42.2**	33.6

* Includes £368 5m of cash in relation to the CVR holders (2016 £401.4m)

	31 December 2017 £m	31 December 2016 £m
Income statement		
Net gain on disposal of financial assets – Visa Europe	–	207.0
Fair value gain on Visa Inc. preference shares	**129.0**	4.3
Foreign exchange (losses)/gains	**(31.2)**	58.6
Dividend income on Visa Inc. preference shares	**3.0**	1.7
Finance costs – CVR liabilities	**(77.0)**	(161.7)
Profit before tax	**23.8**	109.9
Tax	**(15.2)**	(91.9)
Profit after tax	**8.6**	18.0

Sensitivity analysis
The fair value of the 'Financial assets – Visa Inc preference shares' and the LSA provisions are sensitive to the significant unobservable inputs. At the reporting date a 5% swing in the valuation of the potential losses from Visa Europe interchange litigation under the LMD and the LSA, one of the significant unobservable inputs, holding other inputs constant would result in a change in the valuation of the disposal of £22.5m and an impact on profit after tax of £2.5m (after adjusting for the change in the CVR liabilities of £20.2m).

Section 6 – Group composition – subsidiaries, acquisitions and disposals

This section shows the Group's subsidiaries, details about subsidiaries the Group has acquired during the year and prior years and details about any subsidiaries that have been disposed of during the year and prior years.

Consolidation
The consolidated financial statements incorporate the financial statements of Worldpay Group Limited and entities controlled by it (its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Total comprehensive income of subsidiaries is attributed to the owners of Worldpay Group Limited and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The year-end assets and liabilities of the entities are consolidated with those of Worldpay Group Limited and presented in the consolidated balance sheet.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the IFRS policies used by the Group and for any fair value adjustments required on consolidation.

All intra-Group balances, income and expenses and the effect of any intra-Group profits on the balance sheet are eliminated in full on consolidation.

Note 6a
Investments in subsidiaries
An entity is classified as a subsidiary of the Group when the Group has control over that entity, either through majority shareholding or other means.

Acquisitions
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value; it includes cash, other assets transferred and any contingent consideration due to the former owners of the acquiree. Acquisition-related costs are recognised in the income statement as incurred. The identifiable assets acquired and the liabilities assumed are recognised at their fair value as at the acquisition date.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and any non-controlling interest over the fair value of the net identifiable assets acquired, liabilities assumed plus any existing interest in the business acquired. If the consideration transferred is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised immediately in profit or loss as a gain on a bargain purchase.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the following reporting period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Disposals
When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

On 31 May 2017 100% of the share capital of Worldpay Sweden AB with net assets of £0.6m was sold to GVC holdings plc for £1.

Non-controlling interests
Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Note 6a
Investments in subsidiaries (continued)

The Group has the following subsidiaries:

	Country of incorporation	Nature of business	Registration numbers for UK companies	Ordinary shares held %
UK subsidiaries				
Worldpay (UK) Limited[1]	England	Provision of terminal card payment clearing services	07316500	100
Worldpay Limited[1]	England	Provision of online card payment clearing services	03424752	100
Payment Trust Limited*[1]	England	Online payments clearing	03447368	100
Ship Midco Limited*[1]	England	Holding company servicing Group debt	07330127	100
Ship Holdco Limited*[1]	England	Holding company	07329558	100
Worldpay Finance plc*[1]	England	Holding company	07392739	100
Worldpay eCommerce Limited*[1]	England	Holding company servicing Group debt	07357615	100
Worldpay AP Limited[1]	England	Provision of alternative card payment clearing services	05593466	100
YESPay International Limited*[1]	England	Provision of innovative all in one solutions for payment processing	04509853	100
Tayvin 346 Limited*[1]	England	Support YESpay International Limited	05671088	100
Yes-Secure.com Limited*[1]	England	Support YESpay International Limited	06785381	100
Worldpay Latin America Limited*[1]	England	Provision of approval technology and other card payment services to merchants	09086632	100
Worldpay Governance Limited*[1]	England	Corporate secretary of UK subsidiaries	10809085	100
Overseas subsidiaries				
Worldpay Limited[2]	Jersey	Holding company		100
Ship Luxco 2 S.à r.l.[3]	Luxembourg	Holding company		100
Ship Luxco 3 S.à r.l.[3]	Luxembourg	Holding company		100
WorldPay US, Inc.[4]	USA	Provision of terminal card payment clearing services and ATM services		100
Worldpay US Holdco Inc.[5]	USA	Holding company		100
Worldpay Inc.[5]	USA	Holding company		100
Ship US Holdco, Inc.[4]	USA	Holding company		100
Worldpay (HK) Limited[6]	Hong Kong	Provision of approval technology and other card payment services to merchants		100
Worldpay B.V.[7]	The Netherlands	Provision of terminal and online card payment clearing services		100
YESpay IT services (India) Private Limited8	India	Support YESpay International Limited		100
EBOT IT Services Private Limited9	India	Support YESpay International Limited		100
Enviado Transacciones Sociedad Limitada10	Spain	Support Worldpay AP Limited		100

Note 6a

Investments in subsidiaries (continued)

	Country of incorporation	Nature of business	Registration numbers for UK companies	Ordinary shares held %
Envoy Services Bulgaria Limited[11]	Bulgaria	Support Worldpay AP Limited		100
Envoy Services South Africa (Pty) Limited[12]	South Africa	Support Worldpay AP Limited		100
Envoy Services Denmark APS[13]	Denmark	Support Worldpay AP Limited		100
Envoy Services Pty Limited[14]	Australia	Support Worldpay AP Limited		100
Canadian Envoy Technology Services Limited[15]	Canada	Support Worldpay AP Limited		100
Envoy Services OU[16]	Estonia	Support Worldpay AP Limited		100
Worldpay Canada Corporation[17]	Canada	Research and development		100
Worldpay Pte[18]	Singapore	Distribution of Worldpay TM e-commerce solutions		100
Worldpay K.K.[19]	Japan	Provision of card payment clearing services		100
Bibit Payments K.K.[20]	Japan	Provision of approval technology and other card payment services to merchants		100
Bibit Secure Internet Payments Inc.[21]	USA	Provision of approval technology and other card payment services to merchants		100
Worldpay S.A.R.L.[22]	France	Provision of approval technology and other card payment services to merchants		100
Bibit Spain S.L.[23]	Spain	Provision of approval technology and other card payment services to merchants		100
Worldpay do Brasil Processamento de Pagamentos Ltda[24]	Brazil	Provision of alternative card payment clearing services		100
Worldpay Pty Ltd[25]	Australia	Provision of terminal card payment clearing services		100
Worldpay Holdings Brasil Participacoes Ltda[24]	Brazil	Holding company		100
Worldpay Marketing Consulting (Shanghai) Co. Limited[26]	China	Sales organisation		100

Registered office:

1 The Walbrook Building, 25 Walbrook, London EC4N 8AF
2 44 Esplanade, St Helier, Jersey, JE4 9WG
3 4 Rue Jean-Pierre Probst, L-2352, Luxembourg
4 201 17TH Street NW, Suite 1000, Atlanta GA 30363, USA
5 450 Sansome Street, 14 Floor, San Francisco CA 94111, USA
6 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
7 Claude Debussylaan 16, 1082 MD, Amsterdam, Netherlands
8 L-2A Hauz Khas Enclave, New Delhi, 110016, India
9 9th Floor, STP-I, Crystal IT Park-1, Khandwa Road, Indore (M.P.), 452001, India
10 Paseo de la Castellana 8, 5° Dcha, 28046, Madrid, Spain
11 2 Tsar Osvoboditel Blvd., 1000 Sofia, Bulgaria
12 Block B, Bradford House, 12 Bradford Road, Bedfordview, South Africa
13 c/o Beierholn, Gribskovvej 2, 2100 København Ø, Denmark
14 c/o TMF Corporate Services (Aust) Pty Limited, Level 16, 201 Elizabeth Street, Sydney NSW 2000, Australia
15 c/o TMF CANADA PAYROLL INC., 204-275 Fell Avenue, North Vancouver BC V7P3RS, Canada
16 Ahtri tn 6a, T allinna linn, Harju maakond, 10151, Estonia
17 1134, Grande Allée Ouest, bureau 600, Québec G1S 1E5, Canada
18 80 Raffles Place, #28-03, UOB Plaza, Singapore, 48624, Singapore
19 3rd Floor, Sanno Park Tower, 11-1, Nagatacho 2-chome, Chiyoda-ku, Tokyo, Japan
20 2579-16 Morigane, Hitachiomiya-shi, Ibarakiken 319-3102, Japan
21 160 Greentree Drive Ste 101, Dover, Delaware, 19904, USA
22 52, rue de la Victoire – TMF Pôle, 75009 Paris, France
23 Jorge Juan 30, 28001, Madrid, Spain
24 Rua Fidêncio Ramos, 302, Conjunto 114, Torre B, Bairro Vila Olímpia, 04551-010, São Paulo, Brazil
25 c/o TMF Corporate Services (Aust) Pty Limited, Level 11, 50 Queen Street, Melbourne, Victoria 3000, Australia
26 Suite 3601-3605, 36F, Shanghai International Center, Tower 2, No.8 Century Avenue, Pudong, Shanghai PRC, China

* As permitted by s479A of the Companies Act 2006, the Group has taken the advantage of the audit exemption in relation to the individual accounts of these companies

All significant subsidiary undertakings have 31 December as their financial year ends and all the above companies have been included in the Group consolidation.

The Group also has a joint venture and an investment as disclosed in Note 6b.

Note 6b

Joint venture and associate and investments

Joint venture and associate

The joint venture and associate are accounted for using the equity method whereby the interest in the joint venture and associate is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets less any impairment in the value of individual investments. The Group's income statement includes the Group's share of the profit or loss of the joint venture and associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition is recognised as goodwill.

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment.

Pazien Inc. (incorporated in the USA, registered office Corporation Trust Center, 1209 Orange St., in the City of Wilmington, County of New Castle, DE 18801. State of Delaware) is an innovative start-up creating products using transaction data to enable more intelligent routing, automated optimisation and reconciliation for Global eCom merchants. In 2017, the Group increased its shareholding in Pazien Inc. to 63.75% (2016: 58.0%). As we only own 50% of the voting rights we do not have control and so Pazien Inc. is accounted for as a joint venture using the equity method in the Group's financial statements.

The table below sets out the aggregated amounts relating to the joint venture and associate:

	2017 £m	2016 £m
At 1 January	**4.3**	5.2
Additions	**1.9**	2.0
Share of loss	**(1.0)**	(1.5)
Reclassification to Investment	–	(2.7)
Foreign exchange (loss)/gain	**(0.6)**	1.3
At 31 December	**4.6**	4.3

Total assets	**1.7**	1.9
Total liabilities	**(0.2)**	–
Net assets	**1.5**	1.9
Group share of net asset	**1.0**	1 1
Joint venture and associate revenue	**0.6**	0.1
Loss for the year	**(2.0)**	(2.5)
Group share of joint venture and associate loss for the year	**(1.0)**	(1.5)

Blue Star Sports Holdings, Inc., formerly known as Spay, Inc., is a referral company specialising in the sports sector and was accounted for as an associate until an independent third party invested in this company in 2016. As a result, the Group's shareholding was reduced to 6.5% from 25.0% and our ability to appoint two Board members was replaced with the entitlement to nominate an observer to the Board. The holding in Blue Star Sports Holdings, Inc. was therefore reclassified to an investment.

Note 6b

Joint venture and associate and investments

Investment

Investments are designated as held for fair value through profit and loss. Cost is used in the limited circumstances where an appropriate fair value cannot be estimated for unquoted security investments.

The table below sets out the aggregated amounts relating to investments:

	2017 £m	2016 £m
At 1 January	**3.3**	–
Additions	**6.7**	–
Disposals	**(1.7)**	–
Reclassification from Joint Venture and Associate	–	2.7
Foreign exchange gain	**0.1**	0.6
At 31 December	**8.4**	3.3

During the year an additional investment of £1.7 million was made in Blue Star Sports Holdings Inc. to avoid dilution of the Group's holding. Subsequently, the Group then partially disposed of the investment realising cash of £9.0 million, reducing the investment from 6.5% to 1.47%, resulting in a gain of £7.5m. Tax of £2.8m was charged on the gain on disposal.

In addition, in September 2017, the Group purchased, for £5.0 million, a 9.5 percent interest in Featurespace Limited (which would be reduced to 7.5 percent upon the outstanding options and warrants being exercised), a leading machine learning fraud prevention company based in the UK.

At 31 December 2017 there is a £5.0m investment in Featurespace and £3.3m Blue Star Sports holdings Inc..

Section 7 – Other notes

This section includes disclosure on contingent liabilities and related parties.

Note 7a

Contingent liabilities

Contingent liabilities primarily comprise guarantees, letters of credit and other contingent liabilities, all of which arise in the Group's ordinary course of business. They are disclosed when the associated outflow of economic benefits is considered possible. The Group's maximum contractual exposure at 31 December 2017 was £60.5m (2016: £62.6m).

Note 7b

Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures, the Directors and any other entities over which the Directors have significant influence.

The related party transactions between the joint venture, associate and Investment all arose in the normal course of business and are conducted on an arm's length basis. A list of the Group's subsidiaries is in Note 6a and details of the joint venture, associate and investment are in Note 6b.

There are no related party transactions with the Directors outside of their employment by the Group.

Key management

The Group's policy is for its subsidiary undertakings to bear the costs of their full time staff. The Group also recharges subsidiaries for management fees which include an allocation of certain staff and administrative support costs.

Key management comprises the Directors of Worldpay Group Limited. The emoluments of the Directors are met by the Group.

Note 7c

Post balance sheet events

On 9 August 2017, the boards of Worldpay and Vantiv announced that they had reached agreement on the terms of a recommended merger of Worldpay with Vantiv and Bidco (a subsidiary of Vantiv) in the form of a recommended offer for the entire issued and to be issued ordinary share capital of Worldpay by Vantiv and Bidco (the "Merger"). As outlined in that announcement, the Merger was to be effected by means of a court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006 (the "Scheme").

On 16 January 2018, Worldpay and Vantiv announced that all the conditions set out in the scheme document dated 28 November 2017 had been satisfied or waived and, as such, on 16 January 2018, the Scheme became effective in accordance with its terms. This followed the court's sanction of the Scheme at a court hearing held on 11 January 2018.

As a result of the Merger, the listing of Worldpay shares on the premium listing segment of the Official List and the admission to trading of Worldpay shares on the London Stock Exchange's main market were suspended with effect from 7.30 am (London time) on 15 January 2018 and were cancelled *with effect from 8.00 am on 16 January 2018. Worldpay Group plc was also re-registered as Worldpay Group Limited on the same day.*
A special dividend of 4.2p per share was paid on 29 January 2018 to Worldpay shareholders who were on the register at the Scheme record date.

On 16 January 2018 100% of the shareholding in all US subsidiaries were sold for \$1.6bn to Vantiv UK Limited, generating a profit of £1bn, the proceeds of which were then distributed through the group to Vantiv UK Limited.

The Facility 1 and both Facility 2 debt facilities were both repaid on 16 January 2018 and replaced with unsecured internal loan notes with repayment due in 2025 with interest accruing at 4.58%.

Company balance sheet

As at 31 December 2017

	Notes	2017 £m	2016 £m
Fixed assets			
Investment in subsidiary undertakings	c3	**1,715.3**	1,709.3
		1,715.3	1,709.3
Current assets			
Debtors	c4	**28.2**	22.9
Own cash and cash equivalents		**0.4**	2.0
Own cash and cash equivalents – held in relation to CVR holders		**366.4**	353.3
		395.0	378.2
Total assets		**2,110.3**	2,087.5
Creditors: amounts falling due within one year			
Trade and other creditors	c5	**(23.6)**	(28.8)
Financial liabilities – CVR liabilities (see Note 5i)		**(379.5)**	(302.5)
		(403.1)	(331.3)
Net current (liabilities)/assets		**(8.1)**	46.9
Net assets		**1,707.2**	1,756.2
Capital and reserves			
Called-up share capital	c6	**60.0**	60.0
Share premium		**883.8**	883.8
Own shares		**(30.4)**	(30.6)
Capital contribution reserve		**31.4**	31.4
Retained earnings		**762.4**	811.6
Total shareholders' funds		**1,707.2**	1,756.2

The accompanying notes on pages 72 to 74 form an integral part of these financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 27 February 2018. They were signed on its behalf by:

Rick Medlock
Director

Company statement of changes in equity

For the year ended 31 December 2017

	Called-up share capital £m	Share premium £m	Own shares £m	Capital contribution reserve £m	Retained earnings/ (deficit) £m	Total £m
At 1 January 2016	60.0	883.8	(23.7)	31.4	756.0	1,707.5
Profit for the year	–	–	–	–	61.2	61.2
Share-based payments	–	–	–	–	7.3	7.3
Dividend paid	–	–	–	–	(12.9)	(12.9)
Investment in own shares	–	–	(6.9)	–	–	(6.9)
At 31 December 2016	**60.0**	**883.8**	**(30.6)**	**31.4**	**811.6**	**1,756.2**
Loss for the year	–	–	–	–	(14.8)	(14.8)
Distribution of own shares	–	–	0.2	–	(0.2)	–
Share-based payments	–	–	–	–	8.5	8.5
Dividend paid	–	–	–	–	(42.7)	(42.7)
At 31 December 2017	**60.0**	**883.8**	**(30.4)**	**31.4**	**762.4**	**1,707.2**

The accompanying notes on pages 72 to 74 form an integral part of these financial statements.

Notes to the Company financial statements

c1. Basis of preparation
Worldpay Group Limited is a company incorporated in the United Kingdom under the Companies Act.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

No profit and loss account is presented for the Company as permitted by section 408 of the Companies Act 2006. The loss after tax for the Company was £14.8m (2016: profit £61.2m). In 2016 a dividend was received of £92.9m in relation to the CVR shares held in Worldpay UK Limited.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement, standards not yet effective and related party transactions. Where relevant, equivalent disclosures have been given in the consolidated financial statements of Worldpay Group Limited, which the Company is consolidated in. We expect to continue to take advantage of this disclosure exemption for the foreseeable future.

The financial statements have been prepared on the historical cost basis, except for financial instruments and the Company's Contingent Value Right shares, which are measured at fair value.

Going concern
The Company acts as the ultimate holding company of the Worldpay Group. It made a loss of £14.8m (2016: profit £61.2m). The Company was in a net asset position of £1,707.2m (2016: £1,756.2m) and net current liabilities of £8.1m (2016: net current assets £46.9m).

The forecast for the 12 month period from the date of approval of these financial statements demonstrates the Company's ability to continue to operate with its current resources for the foreseeable future.

Following the Merger with Vantiv, the Directors do not consider that there will be a material change in the trading forecasts and cash flows used as a basis to consider whether the Group can meet its liabilities as they fall due for the foreseeable future. As a result, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further information is provided in Note 1a to the Group financial statements.

Significant accounting policies
Investment in subsidiaries
Investment in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Dividends
Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Dividends payable to the Company's shareholders are recognised as a liability and deducted from shareholders' equity in the period in which the shareholders' right to receive payment is established.

Own shares held in Employee Benefit Trust (EBT)
The consideration for any ordinary shares of the Company held by the EBT is deducted from equity attributable to the owners of the Company until the shares are cancelled or reissued.

On the sale or reissue of these shares, the consideration received is credited to equity, net of any directly attributable incremental costs and related tax.

The EBT purchases the Group's shares in order to hedge the cash outflow upon the exercise of a share option or a share award.

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

Contingent Value Rights (CVRs)
See Note 1b and Note 5i to the Group's consolidated financial statements for details on the accounting policy in respect of the CVR liabilities.

Share premium
Share premium is recorded at the proceeds received in excess of the shares' nominal value, net of direct issue costs.

Financial liabilities
On initial recognition financial liabilities are recognised at fair value and subsequently measured at amortised cost using the effective interest method.

c1. Basis of preparation (continued)

Taxation

Provision is made for taxation at current enacted rates on taxable profits, arising in income or in equity. Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c2. Critical accounting estimates and judgements

For the preparation of the Company's financial statements, the Directors are required to make judgements, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The most significant area of estimation uncertainty, and where critical judgements are made in applying accounting policies that have a material effect on the financial statements, is in relation to the fair value of the consideration received on disposal of Visa Europe and the related CVRs and litigation liabilities. Further details are contained in Note 1b and Note 5i to the Group's consolidated financial statements.

c3. Investment in subsidiary undertakings

Investments in subsidiary undertakings are carried at cost less impairment. Movements during the year were as follows:

	2017 £m	2016 £m
At 1 January	**1,709.3**	1,704.3
Additions	**6.0**	5.2
Disposal	**–**	(0.2)
At 31 December	**1,715.3**	1,709.3

A list of subsidiary undertakings of the Company are shown in Note 6a to the Group's financial statements.

c4. Debtors

	31 December 2017 £m	31 December 2016 £m
Amount due from Group undertakings	**27.8**	22.5
Other debtors	**0.4**	0.4
At 31 December	**28.2**	22.9

The amounts due from/to Group undertakings are payable immediately and relate to charges made for group services from/to the subsidiary undertakings on their behalf.

c5. Trade and other creditors

	31 December 2017 £m	31 December 2016 £m
Accruals and deferred income	**13.7**	2.5
Other payables	**5.8**	7.6
Amounts due to Group undertakings	**4.1**	18.7
At 31 December	**23.6**	28.8

The Directors consider that the carrying values for creditors approximate to their fair value.

The amounts due from/to Group undertakings are payable immediately and relate to charges made for group services from/to the subsidiary undertakings on their behalf.

c6. Share capital

	Nominal value £	Number of shares	Par value £m
Total ordinary shares in issue at 31 December 2017 and at 31 December 2016	**0.03**	**2,000,000,000**	**60.0**

c7. Contingent liabilities
Contingent liabilities are disclosed when the associated outflow of economic benefits is considered possible. Their nature and other pertinent details are disclosed, along with their expected value.

Certain subsidiaries within the Group have guaranteed the obligations and liabilities of each other under the facilities agreement dated 4 September 2015 between, among others, Worldpay Group Limited as parent and The Royal Bank of Scotland plc as agent. Worldpay Group Limited has granted such guarantees together with: Ship Holdco Limited, Ship Midco Limited, Worldpay Finance plc, Worldpay (UK) Limited, Worldpay eCommerce Limited, Worldpay Limited, Ship US Holdco, Inc., Worldpay US, Inc., Worldpay Limited (Jersey) and Worldpay B.V.. Worldpay Group Limited and these subsidiaries have not granted any security interests over their assets to secure the obligations and liabilities of members of the Group under the facilities agreement.

On 10 November 2015, Worldpay Finance plc issued €500m senior unsecured loan notes, which are guaranteed by Worldpay Group Limited together with: Ship Holdco Limited, Ship Midco Limited, Worldpay UK Limited, Worldpay eCommerce Limited, Worldpay Limited, Worldpay US, Inc., Ship US Holdco, Inc., Worldpay Limited (Jersey) and Worldpay B.V..

c8. Other equity
Details of movements in other equity are provided in Note 5h to the Group's consolidated financial statements.

c9. Immediate parent and ultimate parent
Following the Merger of Worldpay and Vantiv on 16 January 2018, the immediate parent of the company is Vantiv UK Limited and the ultimate parent company is Worldpay Inc. which is incorporated in Delaware U.S..