

Ship Midco Limited

Annual report and financial statements
Registered company number 7330127
31 December 2018



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Company information

Directors

RM Kalifa
JM Warner

Secretary

Worldpay Governance Limited

Country of registration

England and Wales

Company number

7330127

Registered office

The Walbrook Building
25 Walbrook
London
EC4N 8AF

Auditors

Deloitte LLP
Hill House
1 Little New Street
London
EC4A 3TR

Strategic report

The Directors of Ship Midco Limited ("the Company") present their Strategic report for the year ended 31 December 2018.

Change of control

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

Business review

The principal purpose of the Company is to act as an intermediate investment holding company for the Group and it does not undertake any trading activity of its own.

As a consequence, the Company might expect to make a profit or loss in any given period dependent on the timing of the approval of dividends.

During the year, the Company issued 2 ordinary shares of £1 each for a total consideration of £833.4m giving rise to a share premium of £833.4m.

Investments

The Group-wide legal entity rationalisation exercise continued, with the Company dissolving its interests in a number of indirect subsidiaries; this is detailed further in note 11 of the financial statements.

Key performance indicators (KPIs)

The Company is part of a group that monitors performance at a level defined by the principal markets in which the Group operates. As the Company itself does not trade, there are no KPIs measured on an individual company basis. A more complete understanding of the Company's performance as part of the Group can be found in the financial statements of Worldpay Group Limited.

The Company reported a loss after tax for the year of £8.2m (2017: £28.3m) and had net assets of £1,131.1m (2017: £305.8m) at the balance sheet date.

Future developments

The Directors of the Company are satisfied with the Company's performance in the year which is presented in the profit and loss account on page 11. The directors expect the general level of activity to remain consistent with 2018 in the forthcoming year.

Principal risks and uncertainties

Risk management

The Company seeks to minimise its exposure to external financial risks and is party to the Worldpay Enterprise Risk Management Framework (ERMF) which drives the Group 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 in the Company, the Company expects every employee to be responsible for the management of risk. To facilitate this, the Company operates within Worldpay's '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 our 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.

Below is a list of the principal risks which Worldpay have identified. Further details can be found in Worldpay, Inc.'s 10K document which can be found on the Group's website at www.worldpay.com.

Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

Principle risks

Industry

Potential key risk: Worldpay's acquiring business model is dependent on licencees/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 the loss of licences or sponsors or the 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 prevented from doing so by its system infrastructure. Where this is the case, Worldpay will apply for specific waivers pending full compliance.

Potential impacts

- Failure to meet 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 license 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

Potential key risk: 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

Potential key risk: Worldpay breaches regulation 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

Potential key risk: Failure to settle with merchants due to lack of available 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.

Strategic Report (*continued*)

Principal risks and uncertainties (*continued*)

Credit

Potential key risk: 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 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

Potential key risk: Significant financial loss and reputational damage due to data 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

Potential key risk: 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 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

Potential key risk: 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.

Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

Third parties

Potential key risk: 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

Potential key risk: 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

Potential key risk: 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.

UK membership of the European Union

Risks and uncertainties associated with the UK withdrawal from the European Union (Brexit) are considered in the Directors' report.

On behalf of the Board



RM Kalifa
Director

8th July 2019

Directors' report

The Directors of the Company present their report and the audited financial statements for the year ended 31 December 2018. Certain items required by law to be included in this report have been included instead in the Strategic report.

Directors

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

Directors

RM Kalifa	
PER Jansen	(Resigned 31 December 2018)
CRK Medlock	(Resigned 31 July 2018)
JM Warner	(Appointed 31 July 2018)

Secretary

Worldpay Governance Limited

Dividends

No dividends were paid in the year (2017: £nil) and there have been no dividends approved since 31 December 2018 to the date of approval of these financial statements.

Share capital

During the year, the Company issued 2 ordinary shares of £1 each for a total consideration of £833.4m giving rise to a share premium of £833.4m.

Future developments

Details of the future development of the business are set out in the Strategic Report.

Change of control

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

Post balance sheet event

On 18 March 2019, Fidelity National Information Services, Inc. ("FIS"), a global leader in financial services technology, and the ultimate parent company of the Worldpay Group, Worldpay, Inc., announced that they had entered into a definitive merger agreement. Upon closing, which is expected to be during Q3 2019, this proposed business combination will enable the combined company to be positioned to offer best-in-class enterprise banking, payments, capital markets, and global eCommerce capabilities empowering financial institutions and businesses worldwide.

UK membership of the European Union

The June 2016 referendum supporting the exit of the UK from the European Union ("Brexit") specifically is causing significant political uncertainty in both the UK and the European Union. The impact of Brexit and the resulting effect on the political and economic future of the UK and the European Union is uncertain, and our business may be adversely affected in ways we do not currently anticipate. Brexit may result in a significant change in the British regulatory environment, which may likely increase our compliance costs. We may find it more difficult to conduct business in the UK and the European Union, as Brexit may result in increased restrictions on the movement of capital, goods, services and personnel. Depending on the ultimate terms of the UK's proposed withdrawal from the European Union, we may decide to relocate or otherwise alter our European operations to respond to the new business, legal, regulatory, tax and trade environments that may result.

As with any political instability or adverse political developments in or around any of the major countries in which we do business, developments related to Brexit may materially and adversely affect with customers, suppliers and employees and could harm our business, results of operations and financial condition. Worldpay have addressed the risks associated. In preparation for Brexit, Worldpay have commenced a variety of initiatives to ensure that both Worldpay's internal business and its customers are prepared for any associated change.

Directors' report (*continued*)

Employees

The Company has no employees.

Political contributions

The Company made no political donations during the year.

Going concern

The Directors have prepared forecasts for the Group by business unit, covering a period of more than 12 months from the date of signing of these financial statements. Although the Company had net current liabilities of £373.4m (2017: £1,198.7m), on the basis of their assessment of the Company's financial position, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for a minimum period of 12 months from the date of signing and therefore the financial statements have been prepared on the going concern basis.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the period and remain in force at the date of this report.

Disclosure of information to auditor

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

During the year, the Directors appointed Deloitte LLP as auditors. A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the next Directors' meeting.

By order of the Board



RM Kalifa

8th July 2019

Director

Registered office: The Walbrook Building, 25 Walbrook, London, EC4N 8AF

Statement of Directors' responsibilities

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

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

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Independent auditor's report to the members of Ship Midco Limited *(continued)*

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Ship Midco Limited. (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Ship Midco Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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


We have nothing to report in respect of these matters.

Other matter

As the company was exempt from audit under section 479A of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for that year

Use of our report

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.


Alastair Morley FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK

9 July 2019

Profit and loss account
for the year ended 31 December 2018

	<i>Notes</i>	2018 £000	2017 £000 unaudited
Net operating income		1	665
Interest receivable and similar income	<i>5</i>	7	-
Interest payable and similar charges	<i>6</i>	(8,160)	(29,086)
Loss on ordinary activities before taxation		(8,152)	(28,421)
Taxation credit	<i>7</i>	-	95
Loss for the year		(8,152)	(28,326)

All results relate to continuing operations and represent the Company's comprehensive income for the year.
The accompanying notes on pages 14 to 21 form an integral part of these financial statements.

Balance sheet
at 31 December 2018

	Notes	2018 £000	2018 £000	2017 £000 unaudited	2017 £000 unaudited
Fixed assets					
Tangible assets	9	-		-	
Investments	10	1,504,441		1,504,441	
			1,504,441		1,504,441
Current assets					
Debtors	11	29,839		6,409	
Cash at bank and in hand		252		252	
		30,091		6,661	
Creditors: amounts falling due within one year	12	(403,474)		(1,205,329)	
Net current liabilities			(373,383)		(1,198,668)
Net assets			1,131,058		305,773
Capital and reserves					
Called up share capital	13		210,986		210,986
Share premium	14		833,437		-
Profit and loss account			86,635		94,787
Shareholders' funds			1,131,058		305,773

The accompanying notes on pages 14 to 21 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and signed on its behalf by:



RM Kalifa
Director
Company number: 7330127

8th July 2019

Statement of changes in equity
for the year ended 31 December 2018

	Called up share capital	Share premium	Profit & loss account	Total equity
	£000	£000	£000	£000
At 1 January 2017	210,986	-	123,113	334,099
Loss for the year	-	-	(28,326)	(28,326)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017 unaudited	210,986	-	94,787	305,773
Issue of share capital	-	833,437	-	833,437
Loss for the year	-	-	(8,152)	(8,152)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	<u>210,986</u>	<u>833,437</u>	<u>86,635</u>	<u>1,131,058</u>

The accompanying notes on pages 14 to 21 form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

Basis of preparation

Ship Midco Limited ("the Company") is a private company limited by shares and incorporated and domiciled in the UK.

The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out on the Strategic Report.

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

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

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

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

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

The Company's immediate parent company is Ship Holdco Ltd. The ultimate parent undertaking, Worldpay Inc. ("the Group"), includes the Company in its consolidated financial statements. The consolidated financial statements of the Group are available to the public and may be obtained from the Company's website at www.worldpay.com or contact: Nathan Rozof, CFA, Investor Relations +1.866.254.4811, ir@worldpay.com.

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

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

Going concern

The Directors have prepared forecasts for the Group by business unit, covering a period of more than 12 months from the date of signing of these financial statements. Although the Company had net current liabilities of £373.4m (2017: £1,198.7m), on the basis of their assessment of the Company's financial position, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for a minimum period of 12 months from the date of signing and therefore the financial statements have been prepared on the going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

The reported results of the Company for the financial year ended 31 December 2018 are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The judgements and assumptions involved in the Company's accounting policies that are considered by the Directors to be the most important to the portrayal of its financial condition are discussed below. The use of estimates, assumptions or models that differ from those adopted by the Company would affect its reported results.

Notes (continued)

1 Accounting policies (continued)

Key sources of estimation uncertainty

Impairment of investments in subsidiaries and of intra Group debt

Given the nature of the Company, it relies heavily on the satisfactory performance of other companies within the Group such that sufficient cash flows are returned both from its investments and from the settlement of amounts loaned. Accordingly, the Company assesses its investments in subsidiary undertakings and balances due from other Group companies for indicators of impairment at least annually.

If such indicators exist, the recoverable amount of the investment is estimated and the carrying value of the asset reduced to that level. Any impairment loss resulting from these reviews is recognised in separately disclosed items in the profit and loss account.

Key accounting policies are set out below

1.1 Foreign exchange

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

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

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

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

1.2 Taxation

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

Current tax

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

Deferred tax

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

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

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

Notes (continued)

1 Accounting policies (continued)

1.3 Tangible assets

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

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

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

The useful lives applied by the Company are as follows:

- Motor vehicles 3 years

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

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

1.4 Impairment of tangible assets

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

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

1.5 Investments in subsidiary undertakings

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

The Company assesses its investments in subsidiary undertakings for indicators of impairment at least annually. If such indicators exist, the recoverable amount of the investment is estimated.

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

1.6 Cash and cash equivalents

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

1.7 Trade and other receivables

Trade and other receivables are initially recognised at fair value in the period to which they relate. They are held at amortised cost, less any provision for bad or doubtful debts. Provisions for bad or doubtful debts are presented net with the related receivable on the balance sheet.

1.8 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.

Notes (continued)

2 Auditor's remuneration

Auditor's remuneration of £6,000 has been borne by another Group company.

3 Employee numbers and costs

The Company has no employees (2017: none).

4 Directors' remuneration

The Directors of the Company do not receive specific remuneration for services to this Company nor is it possible to accurately apportion the total remuneration paid to the Directors of the Worldpay Group among the companies of the Group.

The aggregate remuneration paid to Directors who served during the period was £48,132,000 (2017: £5,485,000). The highest paid director received £23,910,000 (2017: £2,754,000).

5 Interest receivable and similar income

	2018 £000	2017 £000 unaudited
Interest receivable from other Group companies	7	-
	<u>7</u>	<u>-</u>

6 Interest payable and similar charges

	2018 £000	2017 £000 unaudited
Interest payable to other Group companies	8,036	28,781
Foreign exchange losses	124	305
Other finance costs	-	-
	<u>8,160</u>	<u>29,086</u>

7 Taxation

Recognised in the profit and loss account

	2018 £000	2018 £000	2017 £000 unaudited	2017 £000 unaudited
<i>Current tax</i>				
UK corporation tax credit for the year	-	-	-	-
Adjustments in respect of prior periods	-	-	(95)	(95)
	<u>-</u>	<u>-</u>	<u>(95)</u>	<u>(95)</u>
Total current tax credit		-		(95)
		<u>-</u>		<u>(95)</u>
Tax on loss on ordinary activities		-		(95)
		<u>-</u>		<u>(95)</u>

Notes (continued)

7 Taxation (continued)

Reconciliation of effective tax rate

	2018 £000	2017 £000 unaudited
Loss on ordinary activities before taxation	(8,152)	(28,421)
Tax charge using the UK corporation tax rate of 19.00% (2017: 19.25%)	(1,549)	(5,471)
Non-deductible expenses	-	8
Adjustments in respect of prior periods	-	(95)
Group relief surrendered to other Group companies for nil consideration	1,549	5,463
	<hr/>	<hr/>
Total tax credit for the year	-	(95)
	<hr/>	<hr/>

Factors affecting future tax charges

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

8 Dividends

No dividends were paid on the ordinary shares in 2018 (2017: £nil).

9 Tangible assets

	Motor vehicles £000
Cost	
At 1 January 2018 and 31 December 2018	69
	<hr/>
Depreciation & impairment	
At 1 January 2018 and 31 December 2018	(69)
	<hr/>
Net book value	
At 31 December 2017	-
	<hr/>
At 31 December 2018	-
	<hr/>

Notes (continued)

10 Investments

	Investments in Group companies £000
Cost and net book value	
At beginning and end of the year	1,504,441

Legal entity rationalisation

As part of the ongoing Group-wide legal entity rationalisation exercise, the Company continued its programme of dissolution of certain entities.

Two indirect subsidiaries were dissolved subsequent to the balance sheet date: Enviado Transacciones Sociedad Ltda (incorporated in Spain) in January 2018 and Envoy Services OU (incorporated in Estonia) in May 2018. In addition a third indirect subsidiary, EBOT IT Services (India) Private Limited (incorporated in India), received court approval to amalgamate with a fellow Indian subsidiary entity, YESpay IT Services (India) Private Limited in May 2018.

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

Company name	Country of incorporation	Registered place of business	Ordinary shares held
Worldpay (UK) Ltd ³	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Worldpay Ltd ³	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Worldpay AP Ltd ³	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Payment Trust Ltd ³	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Worldpay Finance plc ²	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Worldpay eCommerce Ltd ¹	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
YESpay International Ltd ³	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Tayvin 346 Ltd ¹	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Yes-Secure.com Ltd ⁴	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Worldpay Latin America Ltd ⁶	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Worldpay Argentina SRL ³	Argentina	c/o Bourel & Paris Laplace, Suipacha 1380, 2 nd floor, (1011) City of Buenos Aires, Argentina	100%
Worldpay Pty Ltd ³	Australia	c/o TMF Corporate Services (Aust) Pty Ltd, Level 11, 50 Queen Street, Melbourne, Victoria 3000, Australia	100%
Envoy Services Pty Ltd ⁴	Australia	c/o TMF Corporate Services (Aust) Pty Ltd, Level 16, 201 Elizabeth Street, Sydney, NSW 2000, Australia	100%
Envoy Services Bulgaria EOOD ⁴	Bulgaria	c/o Vistra Corporate Services EOOD, San Stefano Plaza, Entrance via Training Centre, 2nd floor, 22 San Stefano str., Sofia, 1504, Bulgaria	100%
Canadian Envoy Technology Services Ltd ⁴	Canada	c/o TMF Canada Payroll Inc., 204-275 Fell Avenue, North Vancouver, BC, V7P 3RS, Canada	100%
Worldpay Canada Corporation ⁵	Canada	1134 Grande Allée Ouest, Suite 600, Ville de Québec, QC, G1S 1E5, Canada	100%
Worldpay Marketing Consulting (Shanghai) Co Ltd ⁶	China	Suite 3601-3605, 36F, Shanghai International Center, Tower 2, No.8 Century Avenue, Pudong, Shanghai PRC, China.	100%
Envoy Services Denmark APS ⁴	Denmark	c/o Beierholm, Gribskovvej 2, 2100 København Ø, Denmark	100%

Notes (continued)

10 Investments (continued)

Company name	Country of incorporation	Registered place of business	Ordinary shares held
Worldpay SARL ⁶	France	TMF Pôle, 3-5 rue Saint Georges, 75009, Paris, France	100%
Worldpay (HK) Ltd ³	Hong Kong	31 F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong	100%
Worldpay India Private Ltd ^{5 **}	India	L-2A Hauz Khas Enclave, New Delhi, 110016, India	100%
Bibit Payments KK ⁴	Japan	3rd Floor, Sanno Park Tower, 11-1, Nagatacho 2-chome, Chiyoda-ku, Tokyo, Japan	100%
Worldpay KK ³	Japan	3rd Floor, Sanno Park Tower, 11-1, Nagatacho 2-chome, Chiyoda-ku, Tokyo, Japan	100%
Worldpay Jersey Ltd ^{1 *}	Jersey	IFC 1, Level 1, Esplanade, St Helier, Jersey, JE2 3BX	100%
Worldpay BV ³	Netherlands	Claude Debussylaan 16, 1082 MD, Amsterdam, Netherlands	100%
Worldpay (NZ) Ltd ³	New Zealand	c/o TMF Group, Level 11, 41 Shortland Street, Auckland 1010, New Zealand	100%
Worldpay Pte Ltd ³	Singapore	80 Raffles Place, #28-03, UOB Plaza, Singapore, 48624, Singapore	100%
Envoy Services South Africa (Pty) Ltd ⁵	South Africa	3rd Floor, 200 on Main, Cnr Bowwood and Mains Road, Claremont, Cape Town, 7708, South Africa	100%
Bibit Spain SL ⁵	Spain	Jorge Juan 30, 28001, Madrid, Spain	100%

* Worldpay Limited, a company incorporated in Jersey, was renamed Worldpay Jersey Limited in August 2018.

** YESpay IT Services (India) Private Ltd, a company incorporated in India, was renamed Worldpay India Private Ltd in August 2018.

Nature of business

- 1 Holding company
- 2 Holding company servicing Group debt
- 3 Payments service provider
- 4 Non-trading company
- 5 Technology testing and support
- 6 Business development and customer support services

11 Debtors

	2018 £000	2017 £000 unaudited
Amounts owed from Group companies	29,839	6,167
Other debtors	-	207
Prepayments and accrued income	-	35
	<u>29,839</u>	<u>6,409</u>

Amounts owed from Group companies are unsecured and repayable on demand.

Notes (continued)

12 Creditors: amounts falling due within one year

	2018 £000	2017 £000 unaudited
Trade payables	-	49
Amounts owed to Group companies	403,351	1,205,278
Accruals	123	2
	<hr/> 403,474 <hr/>	<hr/> 1,205,329 <hr/>

Amounts owed to Group companies are unsecured and repayable on demand.

13 Share capital

	2018 £000	2017 £000 unaudited
Allotted, called up and fully paid 210,985,613 ordinary shares of £1 (2017: 210,985,611 ordinary shares of £1)	<hr/> 210,986 <hr/>	<hr/> 210,986 <hr/>

During the year, 2 ordinary shares of £1 each were issued to Ship Holdco Ltd for a total consideration of £833,436,989.

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

14 Share premium

	£000
At 1 January 2018	-
Premium arising on issue of shares in the year	833,437
	<hr/>
At 31 December 2018	833,437 <hr/>

15 Related parties

Transactions between the Company and other wholly owned members of the same Group have not been disclosed, in accordance with the provisions of FRS 101. There were no transactions with other related parties.

16 Ultimate parent company and controlling party

Ship Holdco Ltd is the Company's immediate parent company and until 15 January 2018, the Company was a subsidiary undertaking of Worldpay Group plc (re-registered on 16 January 2018 as Worldpay Group Limited) which was both the ultimate parent company and the ultimate controlling party and which is incorporated in England and Wales. From 16 January 2018, following the change of control, Worldpay Inc., a US domiciled corporation under the laws of the State of Delaware, became the ultimate parent company and controlling party.

Worldpay Inc. includes the Company within its consolidated financial statements which are available to the public and may be obtained from the Company's website at www.worldpay.com or contact: Nathan Rozof, CFA, Investor Relations 866.254.4811, ir@worldpay.com.