Worldpay Group Limited

Annual report and financial statements
Registered company number 08762327
31 December 2020

Contents

Company information

Directors	KT Thompson AM Vasileff JM Warner
Secretary	Worldpay Governance Limited
Country of registration	England and Wales
Company number	08762327
Registered office	The Walbrook Building 25 Walbrook London EC4N 8AF

Strategic report

The Directors of Worldpay Group Limited ("the Company") present their Strategic report for the year ended 31 December 2020.

Business review

As a part of a programme for the FIS Group to simplify the group structure and reduce the number of undertakings in the group, the ownership of Payment Trust Limited was purchased by the Company on 22 August 2021. In addition, on 8 September 2021, the Company purchased the entire business and assets of Payment Trust Limited for £15,887,022.89.

Dividends

No dividend of was paid during the year ended 31 December 2020 (*2019: £229.9m*). During 2021, the Company has approved and paid first dividend of £76.0m on 28 May 2021 and second dividend of £88.0m on 29 November 2021.

Key performance indicators (KPIs)

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

Following receipt of inter-company dividends of £0.1m *(2019: £283.3m)*, loss after tax for the year was £74.2m *(2019: profit £244.4m)* and net assets of £ 2,608.0m *(2019: £1,579.9m)*.

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 9. The future objectives continue to be the growth and development of the business and the Directors consider it well positioned to take advantage of opportunities for further growth in the future.

Principal risks and uncertainties

Risk management

The Company seeks to minimise its exposure to external financial risks and is party to the Group 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 '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 Below is a list of the principal risks which the Company has identified. Further details can be found in Fidelity National Information Services, Inc.'s 10K document which can be obtained from 601 Riverside Avenue, Jacksonville, Florida 32204, USA.

Principal risks

Industry

Potential key risk: FIS Merchant Solutions' ("Worldpay") 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 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.

Strategic report *(continued)*

Principal risks and uncertainties *(continued)*

Risk management *(continued)*

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 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

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.

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 meets 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.

Strategic report *(continued)*

Principal risks and uncertainties *(continued)*

Credit *(continued)*

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 and 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

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.

Strategic report *(continued)*

Principal risks and uncertainties *(continued)*

Third parties *(continued)*

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's withdrawal from the European Union (Brexit) are considered in the Directors' report.

On behalf of the Board

DocuSigned by:
Kathleen T. Thompson
C40CAEE4DE8B42F

March 23, 2022 | 06:42 PDT

Kathleen T. Thompson
Director

March 2022

Directors' report

The Directors of Worldpay Group Limited ("the Company") present their report and the financial statements for the year ended 31 December 2020. The business review and principal risks and uncertainties which are required by law to be included in this report have been included instead in the Strategic report.

Directors & Secretary

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

Directors
JM Warner (Appointed 6 May 2021)
M Mayo (Resigned 6 May 2021)
KT Thompson
AM Vasileff

Secretary
Worldpay Governance Ltd

Dividends

No dividend was paid during the year ended 31 December 2020 (*2019: £229.9m*). During 2021, the Company has approved and paid first dividend of £76.0m on 28 May 2021 and second dividend of £88.0m on 29 November 2021.

Future developments

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

UK membership of the European Union

Following the UK's departure from the European Union (EU) in January 2020, we have continued to analyse what this could mean for our business. A possible effect on the Group continues to be macro-economic disruption, which may impact a proportion of the merchants served by the Group 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, in the longer term the 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.

In March 2019 EU customers served by the Group's UK regulated business were referred to our Dutch entity and have from that date been served by that Dutch entity in anticipation that the EU do not provide a reciprocal agreement with respect to payment processing upon the effective date the UK leaves the EU. We continue to monitor developments in the ongoing transition period.

Political contributions

The Company made no political donations during the year.

Going concern

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

Directors' report *(continued)*

COVID – 19

With regard to COVID-19, the Group has modelled financial projections allowing for the immediate market impact of the COVID-19 pandemic and a number of scenario analysis exercises have been applied to Group and its subsidiaries. The outcome of these demonstrate that both the Group and the Company is expected to maintain sufficient resources to remain viable for the foreseeable future and notably, for the purposes of these accounts, in line with the going concern assessment as outlined in the Directors' Report. The Group continually monitors liquidity as a matter of course and has a variety of cash management initiatives to ensure adequate liquidity across the Group's and its subsidiary entities.

Auditor

For the year ended 31 December 2020, the company was entitled to the exemption from an audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

By order of the Board

DocuSigned by:
Kathleen T. Thompson
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March 23, 2022 | 06:42 PDT

Kathleen T. Thompson
Director
Registered office: The Walbrook Building, 25 Walbrook, London, EC4N 8AF, United Kingdom

March 2022

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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

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

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

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

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

Profit and loss account
for the year ended 31 December 2020

	Notes	**2020** **£m**	2019 £m
Administrative expenses		**(15.7)**	(36.0)
Operating loss	*2*	**(15.7)**	(36.0)
Income from shares in Group undertakings		**0.1**	283.3
Interest receivable and similar income	*5*	**6.1**	23.0
Interest payable and similar charges	*6*	**(68.3)**	(30.0)
(Loss)/Profit before taxation		**(77.8)**	240.3
Taxation	*7*	**3.6**	4.1
(Loss)/Profit for the year		**(74.2)**	244.4

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

The accompanying notes on pages 12 to 23 form an integral part of these financial statements.

Balance sheet
at 31 December 2020

	Notes	**2020 £m**	**2020 £m**	2019 £m	2019 £m
Non-current assets					
Investments	*9*	**3,084.3**		2,088.2	
Deferred tax assets	*13*	**10.5**		6.9	
			3,094.8		2,095.1
Current assets					
Debtors	*10*	**542.5**		405.1	
Other assets	*11*	**6.1**		3.1	
Cash at bank and in hand		-		7.4	
Cash at bank and in hand – held in relation to CVR holders	*4*	-		399.3	
		548.6		814.9	
Creditors: amounts falling due within one year	*12*	**(746.8)**		(653.2)	
Provisions for liabilities CVR liabilities	*4*	**(288.6)**		(676.9)	
Net current liabilities			**(486.8)**		(515.2)
Net assets			**2,608.0**		1,579.9
Capital and reserves					
Share capital	*14*		**167.9**		62.6
Share premium			**996.1**		-
Own shares			-		(0.8)
Capital contribution reserve			**31.4**		31.4
Profit and loss account			**1,412.6**		1,486.7
Shareholders' funds			**2,608.0**		1,579.9

The accompanying notes on pages 12 to 23 form an integral part of these financial statements.

For the year ending 31 December 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.
Directors' responsibilities:
- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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

DocuSigned by:
Kathleen T. Thompson
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March 23, 2022 | 06:42 PDT

Kathleen T. Thompson
Director
Company number: 0876232

March 2022

Statement of changes in equity
for the year ended 31 December 2020

	Share capital £m	Share premium £m	Own shares £m	Additional paid in capital £m	Capital contribution reserve £m	Profit & loss account £m	Total equity £m
At 1 January 2019	62.6	-	-	-	31.4	1,478.8	1,572.8
Profit for the year	-	-	-	-	-	244.4	244.4
Conversion to Worldpay, Inc. shares	-	-	-	-	-	-	-
Transferred to/(from) other assets	-	-	-	-	-	(6.6)	(6.6)
Share based payments	-	-	-	-	-	-	-
Dividends paid (note 8)	-	-	-	-	-	(229.9)	(229.9)
Own shares	-	-	(0.8)	-	-	-	(0.8)
At 31 December 2019	62.6	-	(0.8)	-	31.4	1,486.7	1,579.9
Loss for the year	-	-	-	-	-	(74.2)	(74.2)
Introduction of capital from Worldpay International Ltd	105.3	996.1	-	-	-	-	1,101.5
Transferred to/(from) current assets	-	-	0.8	-	-	-	0.8
Share based payments	-	-	-	-	-	-	-
Dividends paid (note 8)	-	-	-	-	-	-	-
At 31 December 2020	**167.9**	**996.1**	-	-	**31.4**	**1,412.6**	**2,608.0**

The accompanying notes on pages 12 to 23 form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

Basis of preparation

Worldpay Group Limited ("the Company") is a private company limited by shares and incorporated, domiciled and registered in England and Wales.

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 in 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 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's immediate parent company is Worldpay International Ltd. , The ultimate parent undertaking is Fidelity National Information Services, Inc. ("the Group"). The consolidated financial statements of the Group are available to the public and may be obtained from 601 Riverside Avenue, Jacksonville, Florida 32204, USA.

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

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

Going concern

The Directors have prepared forecasts for the Group by business unit, covering a period of more than 12 months from the date of signing of these financial statements. On the basis of their assessment of the Company's financial position, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for 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 2020 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)*

Critical judgements in applying the Company's accounting policies

- Fair value of Preference shares and related Contingent Value Rights (CVRs)

The Visa Europe asset was recognised in the Company'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 Company's balance sheet with the net gain on disposal recognised in interest receivable and similar income in the Company's profit and loss account.

The preference shares received on disposal of the interest in Visa Europe has been recognised as a financial asset within debtors under the 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 shares and movements on the CVR liability are recognised in the Company's profit and loss account.

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 Company uses observable market data as far as possible. In order to fair value the LSA liability as at 31 December 2020 the Directors have considered a range of potential outcomes, including the likely value of the potential level of Visa Europe liabilities that the Company may be liable for, and calculated a weighted average.

The CVR liability has been classified as a financial liability at amortised cost based on a re-estimation of future cash flows, with any changes being recognised in CVR finance costs in the profit and loss account.

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 4.

Key sources of estimation uncertainty

- Trade receivable impairment provisions

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

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

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

Accounting developments

New standards and interpretations not yet adopted

There are no standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Key accounting policies are set out below

1.1 Foreign exchange

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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Employee benefits

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

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

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

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

Cash-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the cash-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 and a corresponding liability will be recognised for that settlement. 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.

1.3 Taxation

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

Current tax

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

Deferred tax

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

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

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

1.4 Investments in subsidiary undertakings

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

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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Cash and cash equivalents

Cash and cash equivalents are comprised of 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.

1.6 Trading assets and liabilities

Debtors

Debtors are initially recognised at fair value in the period 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 receivable on the balance sheet. Trade receivables primarily include amounts due from merchants for services provided to process transactions between the cardholder and an acquiring bank.

Creditors

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

1.7 Provisions

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

1.8 Financial instruments

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- They include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- Where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.9 Capital contribution reserve

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

1.10 Own shares held in Employee Benefit Trust (EBT)

As at 31 December 2019, 142,749 shares were held in the EBT all of which were distributed in 2020 satisfying employee share plans that matured in March 2020. Further to this, the Group gave a direction to Estera Trust (Jersey) Limited (the "Trustee") to exercise its power under the Trust deed to terminate the Trust, by bringing forward the end of the trust period, as defined in the Trust deed. The Trustee agreed that the legacy Trust should be terminated. The Deed of Termination for the Trust was duly executed on 3 June 2020.

Notes *(continued)*

2 Employee numbers and costs

The average number of employees (including Directors) during the period was:	**2020**	2019
Staff	**4**	7

Their aggregate remuneration comprised:	**2020 £m**	2019 £m
Wages and salaries (including redundancy costs)	**1.4**	1.4
Social security costs	**2.0**	2.3
Pension costs	**0.1**	0.1
Share based payments	**13.7**	20.7
	17.2	24.5

3 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.

4 Visa Europe

Disposal of Visa Europe shares

On 21 June 2016, Worldpay 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 shares in Visa Inc. and €56.2m deferred cash which was received in 2019. €547.5m of the up-front cash consideration and all of the preferred shares 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, Worldpay 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 first set against the preferred shares, through adjusting the ratio of conversion to ordinary shares. A Loss Sharing Agreement (LSA) was also entered into by Worldpay, along with the ten other largest UK members of Visa Europe in respect of UK and RoI litigation losses only, capped at the €547.5m of up-front cash consideration.

Contingent Value Rights (CVRs)

The holder of the CVR (a separate class of share capital in the Company) is entitled to 90% of the net post-tax proceeds of the disposal in accordance with the terms of the CVR (subject to the Company's right of retention), with Worldpay retaining 10% of the net proceeds. The settlement of the CVR liability could take up to 12 years dependant on the settlement of the claims under the LMD.

The CVR is non-voting and is not convertible into ordinary shares. Given the nature of the CVR, it is classified as a financial liability recognised initially at fair value and subsequently at amortised cost, with the gain or loss recognised in 'Finance costs – CVR liabilities' in the Company's profit and loss account.

Notes *(continued)*

4 Visa Europe *(continued)*

Transactions in 2020

On 17 September 2020, the Group executed an amendment (the "amendment") with the CVR holder to pay approximately one-third of the cash consideration component of the CVR liability, or €156.5m and $7.9m, to the CVR holder upon amendment execution and to pay the remaining approximately two-thirds of the cash consideration on 12 October 2027, subject to reduction due to losses incurred by Visa Inc. relating to the litigation. The partial payment of the cash consideration was record as a reduction of the CVR liability. The amendment also removed the segregated cash requirement resulting in no restricted cash recorded at 31 December 2020, as compared to £399.3m recorded at 31 December 2019. Additionally, as Visa Inc. releases preferred stock for conversion into common stock, over time and subject to any losses incurred by Visa Inc. relating to the litigation, 90% of the net-of tax proceeds from the sale of the common stock will be paid to the CVR holder in accordance with the amendment.

In October 2020 Visa Inc. released a portion of the aforementioned preferred stock that was converted into common stock. The group sold the common stock for $552.0m and paid 90% of the net-of-tax proceeds of $403.0m to the CVR holder. The sale of stock and related payment to the CVR holder was recorded as a reduction of the CVR related assets and CVR liability, respectively, for the year ended 31 December 2020.

Accounting treatment

Consideration from disposal of Visa Europe shares

All balances have been revalued to period end rates in the Company's balance sheet as at 31 December 2020.

The preference shares received on disposal of the interest in Visa Europe has been recognised as a financial asset in debtors. 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 shares are recognised in interest receivable and similar income and the movement on the CVR liability is recognised in interest payable and similar charges in the Company's profit and loss account. 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 potential losses from Visa Europe interchange litigation under the LSA has been included in provisions.

When measuring the fair values of the financial asset – Visa Inc. preference shares as well as the LSA liability, the Company 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 2020, the Directors have considered all new information available to them since the 2019 Annual report and financial statements was published including public announcements and disclosures made by Visa Inc. 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 Company 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 liability

The CVR liability has been classified as a financial liability recognised initially at fair value and subsequently at amortised cost based on a re-estimation of future cash-flows, with any changes being recognised in interest payable and similar charges in the profit and loss account.

Notes *(continued)*

4 Visa Europe *(continued)*

Conclusion

Based on the above, the following has been recognised in the Company's financial statements:

Balance sheet	**2020**	2019
	£m	£m
Assets		
Cash at bank and in hand – held in relation to CVR holders	-	399.3
Amounts owed from Group companies	**43.4**	365.4
Liabilities		
Financial liabilities – CVR liabilities	**(288.6)**	(676.9)
Net (liabilities)/assets	**(245.2)**	87.8

Profit and loss account	**2020**	2019
	£m	£m
Interest receivable and similar income		
Foreign exchange gains	**2.5**	22.2
Interest payable and similar charges		
CVR finance costs	**(64.2)**	(20.0)
(Loss)/Profit before taxation	**(61.7)**	2.2
Taxation	-	-
(Loss)/Profit after taxation	**(61.7)**	2.2

Sensitivity analysis

At the reporting date a 5% swing in the valuation of the LSA, one of the significant unobservable inputs, holding other inputs constant, would result in a change in the valuation of the disposal of £23.6m and an impact on profit after tax of £2.4m (after adjusting for the change in the intra-Group debt due to the underlying CVR liability of £21.3m in a fellow Group company).

5 Interest receivable and similar income

	2020	2019
	£m	£m
Interest receivable from other Group companies	**1.3**	0.8
Foreign exchange gain/(loss)	**4.8**	22.2
	6.1	23.0

6 Interest payable and similar charges

	2020	2019
	£m	£m
Interest payable to other Group companies	**4.1**	7.3
Foreign exchange losses	-	2.7
CVR finance costs (note 4)	**64.2**	20.0
	68.3	30.0

Notes *(continued)*

7 Taxation

Recognised in the profit and loss account

	2020 £m	2019 £m
Current tax		
UK corporation tax charge for the year	-	-
Total current tax charge	-	-
Deferred tax		
Credit for the year	**(2.8)**	(4.6)
Effect of change in tax rates	**(0.8)**	0.5
Total deferred tax credit	**(3.6)**	(4.1)
Tax on profit/(loss)	**(3.6)**	(4.1)

Reconciliation of effective tax rate

	2020 £m	2019 £m
Profit/(loss)	**(77.8)**	240.3
Tax charge using the UK corporation tax rate of 19.00% *(2019: 19.00%)*	**(14.7)**	45.7
Non-taxable income	**(1.5)**	(57.6)
Non-deductible expenses	-	(6.1)
Group relief surrendered from other Group companies for nil consideration	-	13.4
Effect of change in tax rates	**(0.8)**	0.5
Share Options	**0.6**	-
VISA Europe	**12.8**	-
Total tax credit for the year	**(3.6)**	(4.1)

Factors affecting future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The UK deferred tax asset as at 31 December 2020 has been calculated at 19% (2019: 17%). An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly.

8 Dividends

The following dividends were paid:

	2020 £m	2019 £m
Dividend on ordinary £0.03 shares of £Nil per share (*2019: £0.1103*)	-	229.9
	-	229.9

Notes *(continued)*

9 Investments

	Investments in Group undertakings
	£m
Cost and net book value	
At 1 January 2020	2,088.2
Additions	996.1
At 31 December 2020	**3,084.3**

In May 2020, the Company has made additional investment in Ship Luxco 2 SARL.

Legal entity rationalisation

As part of the Worldpay Group-wide legal entity rationalisation exercise begun in previous years, the Company dissolved its interests in two of its direct subsidiaries, Enviado Transacciones SL (incorporated in Spain) and Envoy Services OU (incorporated in Estonia).

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

Company name	Country of Incorporation /registration	Registered place of business	Ordinary shares held
Worldpay Governance Ltd [4, 8]	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Worldpay (UK) Ltd [3, 8]	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Worldpay Ltd [3, 8]	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Worldpay AP Ltd [3, 8]	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Payment Trust Ltd [3, 8]	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Ship Holdco Ltd [1, 8]	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Ship Midco Ltd [1, 8]	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Worldpay Finance Ltd [2, 8]	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Worldpay eCommerce Ltd [1, 8]	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
YESpay International Ltd [3, 8]	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Tayvin 346 Ltd [1, 8]	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Yes-Secure.com Ltd [5, 8]	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Worldpay Latin America Ltd [7, 8]	England and Wales	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	100%
Worldpay Argentina SRL [3, 8]	Argentina	c/o Bourel & Paris Laplace, Suipacha 1380, 2nd floor, (1011) City of Buenos Aires, Argentina	100%
Worldpay Pty Ltd [3, 8]	Australia	c/- TMF Corporate Services (Aust) Pty Limited Suite 1, Level 11, 66 Goulburn Street, Sydney NSW 2000, Australia	100%
Envoy Services Pty Ltd [5*, 8]	Australia	c/- TMF Corporate Services (Aust) Pty Limited Suite 1, Level 11, 66 Goulburn Street, Sydney NSW 2000, Australia	100%
Worldpay Holdings Brasil Participacoes Ltda [1]	Brazil	Avenida Maria Coelho Aguiar, 215, bloco D4, Andar Jardim São Luis, São Paulo, 05805-000	100%

Notes *(continued)*

9 Investments *(continued)*

Company name	Country of Incorporation /registration	Registered place of business	Ordinary shares held
Worldpay do Brasil Instituição de Pagamento Ltda[3]	Brazil	Avenida Maria Coelho Aguiar, 215, bloco D4, Andar Jardim São Luis, São Paulo, 05805-000, Brazil	**100%**
Envoy Services Bulgaria Ltd [5*, 8]	Bulgaria	c/o Vistra Corporate Services EOOD, San Stefano Plaza, 2nd Floor, 22 San Stefano str., Sofia, 1504, Bulgaria2	**100%**
Canadian Envoy Technology Services Ltd [5, 8]	Canada	c/o TMF Canada Payroll Inc., 204-275 Fell Avenue, North Vancouver, BC, V7P 3RS, Canada	**100%**
Worldpay Canada Corporation [6]	Canada	1134 Grande Allee Ouest, Suite 600, Ville de Québec, QC, G1S 1E5, Canada	**100%**
Worldpay Marketing Consulting (Shanghai) Co Ltd [7, 8]	China	10/F, Building 2, 36 and 38 Haiqu Road Shanghai, JS201203, China	**100%**
Worldpay SARL [7, 8]	France	52 Rue de la Victoire, TMF Pole, 75009, Paris, France	**100%**
Worldpay (HK) Ltd [3, 8]	Hong Kong	31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong	**100%**
Worldpay India Private Ltd [6, 8]	India	05 (LGF), Greater Kailash Part II, New Delhi 110048, India	**100%**
Bibit Payments KK [5*, 8]	Japan	JA Building 12F, 1-3-1 Otemachi, Chiyoda-ku Tokyo, Japan	**100%**
Worldpay KK [3]	Japan	JA Building 12F, 1-3-1 Otemachi, Chiyoda-ku Tokyo, Japan	**100%**
Worldpay Jersey Ltd [1, 8]	Jersey	IFC 1, Level 1, Esplanade, St Helier, Jersey, JE2 3BX	**100%**
Ship Luxco 2 SARL [1]	Luxembourg	4 Rue Jean-Pierre Probst, L-2352, Luxembourg	**100%**
Ship Luxco 3 SARL [1, 8]	Luxembourg	4 Rue Jean-Pierre Probst, L-2352, Luxembourg	**100%**
Worldpay BV [3, 8]	Netherlands	De Entree 248, 1101 EE, Amsterdam, Netherlands	**100%**
Worldpay (NZ) Ltd [3]	New Zealand	c/o TMF Group, Level 12, 55 Shortland Street, Auckland 1010, New Zealand	**100%**
Worldpay Technology Bucharest SRL [6]	Romania	Floors 3 & 4, AFI Park 4 & 5 offices building, 4A Timisoara Blvd. District 6 Bucharest, Romania	**100%**
Worldpay Pte Ltd [3, 8]	Singapore	8 Marina View, #31-01, Asia Square Tower 1, 018960, Singapore	**100%**
Envoy Services South Africa (Pty) Ltd [5, 8] *(in voluntary liquidation)*	South Africa	3rd Floor, 200 on Main, Cnr Bowwood and Mains Road, Claremont, Cape Town, 7708, South Africa	**100%**
Bibit Spain SL [5, 8]	Spain	Jorge Juan 30, 28001, Madrid, Spain	**100%**

Nature of business

1 Holding company
2 Holding company servicing Group debt
3 Payments service provider
4 Corporate secretary of UK subsidiaries
5 Non-trading company
6 Technology testing and support
7 Business development and customer support services
8 Indirect holding
* Entity has been liquidated since the date of this balance sheet (31 December 2020)

Notes *(continued)*

10 Debtors

	2020 £m	2019 £m
Amounts owed from Group companies	**542.3**	405.0
Other debtors	**0.2**	0.1
	542.5	405.1

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

11 Other assets

	2020 £m	2019 £m
Other assets	**6.1**	3.1
	6.1	3.1

Prior to acquisition by the FIS Group, the Company had entered into a trust deed to constitute an offshore employee benefit trust ('EBT') which was used to purchase Worldpay shares for the benefit of legacy Worldpay employees, including satisfying outstanding awards made under its legacy employee share plans.142,749 shares were held in the EBT all of which were distributed in satisfying employee share plans that matured in March 2020.

Further to this, the FIS Group gave a direction to Estera Trust (Jersey) Limited (the "Trustee") to exercise its power under the Trust deed to terminate the Trust, by bringing forward the end of the trust period, as defined in the Trust deed. The Trustee agreed that the legacy Trust should be terminated. The Deed of Termination for the Trust was duly executed on 3 June 2020.

12 Creditors: amounts falling due within one year

	2020 £m	2019 £m
Amounts owed to Group companies	**745.8**	648.4
Other creditors	-	4.3
Accruals and deferred income	**1.0**	0.5
	746.8	653.2

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

13 Deferred tax assets

	£m
At 1 January 2020	6.9
Adjustments in respect of prior years	-
Credit to the profit & loss account	3.6
At 31 December 2020	**10.5**

Notes *(continued)*

14 Share capital

	Total £m
Allotted, called up and fully paid ordinary shares of £0.03	
5,596,685,713 (2019: 2,085,345,120) ordinary shares of £0.03	**167.9**

During the year, board of directors of the company passed resolutions dated 24 April 2020 and 28 September 2020 respectively for the total issue of 3,511,340,593 ordinary shares of £0.03 each. 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.

At the balance sheet date, there were 574,200 CVR shares in issue with a nominal value of £1.8475 each. During the year, company redeemed 425,800 CVR shares issued with a nominal value of £1.8475 each.

These shares have the characteristics of a financial liability and are therefore not recognised within equity. They carry no voting rights unless with regard to matters relating to the winding up of the Company in which case the holders are entitled to one vote per share. These shares are redeemable.

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

Worldpay International Limited is the Company's immediate parent company.

Fidelity National Information Services, Inc., a company incorporated in the United States of America, is the undertaking that heads the smallest and largest group of companies for which consolidated financial statements are prepared. The Directors consider Fidelity National Information Services, Inc. to be the ultimate controlling party and ultimate parent company.

Copies of the financial statements of Fidelity National Information Services, Inc. can be obtained from 601 Riverside Avenue, Jacksonville, Florida 32204, USA.

17 Post Balance Sheet Events

Visa Europe

On 30 September 2021, Visa reached a confidential settlement with Sainsbury's. The details of this settlement have not been disclosed and the Directors consider this to be a non-adjusting subsequent event.

VAT PESM 2018

On 5 March 2021, HMRC updated their guidance and published an information sheet on the operation of the Specified Supplies Order (SSO), which covers payment services. The SSO governs how UK taxpayers can recover input tax which relates to exempt supplies made to non-UK (previously non-EU) counterparties. HMRC clarified it will not challenge the 2018 partial exemption special method recovery rate and, and as at the date of the signing of these accounts, no special method override notice has been issued, therefore this mitigates the liability position held at 31 December 2020.