GPUK LLP

Annual report and financial statements for the year ended 31 May 2015

Registered number: OC337146

GPUK LLP

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GPUK LLP

General information

Registered number: OC337146

Members:	Global Payments UK Limited Global Payments UK 2 Limited
Registered address:	51 De Montfort Street Leicester LE1 7BB
Lawyers:	Eversheds LLP Eversheds House 70 Great Bridgewater St Manchester M1 5ES
Bankers:	HSBC Bank plc 8 Canada Square London E14 5HQ
Auditor:	Deloitte LLP Chartered Accountants and Statutory Auditor Four Brindley Place Birmingham United Kingdom B1 2HZ

GPUK LLP

Members' report for the year ending 31 May 2015

The members present their Annual Report and the audited financial statements for the year ended 31 May 2015.

Principal activity

As at the year end, GPUK LLP ("the Partnership" or "the LLP") is a joint venture between Global Payments UK Limited and Global Payments UK 2 Limited.

The Partnership's principal activity is merchant acquiring, which is the electronic transaction processing of point-of-sale payments on issued debit and credit cards.

Distribution policy

The Partnership's distribution policy is that distributable profits are distributed on a monthly basis. Distributions are made to members having rights to a share of profit, of which only Global Payments UK Limited qualifies, and distributed following the preparation of the month-end results. Distributable profits consist of statutory profit adjusted for the amortisation cost of non-software intangibles. Details of distributions made in the year are as per note 17 to the financial statements.

Designated members and Capital policy

The members of the LLP are Global Payments UK Limited and Global Payments UK 2 Limited (collectively, the "members"). Global Payments UK 2 Limited did not participate in the LLP's profit and holds no financial interest in the LLP. Members' capital in total is linked to the financial requirements of the LLP.

Financial position and performance

The profit for the year ended 31 May 2015 was £93.1m (2014: £80.5m), as detailed on the statement of comprehensive income on page 7. The increase is due to higher volume of credit card transactions and improved cost efficiency. The Partnership aims to continue the development of the business by recruiting further new merchants and leveraging HSBC Bank plc corporate relationships within the existing customer base.

Profit is not taxable within the Partnership. Taxation will be applied to the respective member companies.

Net assets as at 31 May 2015 were £328.4m (2014: £336.2m), as detailed on the balance sheet on page 9. This movement is due to distributions to members in excess of statutory profit.

Principal risks and uncertainties

The members consider that the principal area of risk is counterparty credit risk. The Partnership has counterparty credit risk management processes in place which are designed to prevent specific individual merchant loss. The Partnership's financial risk management objectives and policies are given in note 20 to the financial statements.

Going concern basis

After making enquiries, and considering the forecast that the Partnership is expected to remain profitable, the members have formed a judgement that there is a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. In forming this judgement, the members have considered the Partnership's ability to meet liabilities as they fall due and the letter of support provided by the ultimate parent company, Global Payments Inc. As such, the members continue to adopt the going concern basis in preparing the financial statements.

Members' report for the year ending 31 May 2015 (continued)

Auditor

Each of the members of the Partnership at the date of approval of this annual report confirms that:

- so far as the member is aware, there is no relevant audit information of which the Partnership's auditor is unaware; and
- the member has taken all the steps that it ought to have taken as a member in order to make itself aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies' Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor. A resolution to reappointment them will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the members

Christopher Davies, Global Payments UK Limited

18 February 2016

GPUK LLP

Members' responsibility statement

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The 'Limited Liability Partnerships (Accounts & Audit) (Application of Companies' Act 2006) Regulations 2008' require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). The financial statements are also required by law to be prepared in accordance with the Companies' Act 2006, as applicable to limited liability partnerships.

'International Accounting Standard 1' requires that financial statements present fairly, for each financial year, the firm's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, members are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the firm and enable them to ensure that the financial statements comply with the Companies' Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the Partnership's Board on behalf of the members.

GPUK LLP

Independent auditor's report to the Members of GPUK LLP
For the year ended 31 May 2015

We have audited the financial statements of GPUK LLP ("the LLP") for the year ended 31 May 2015 which comprise the Statement of Comprehensive Income, the Statement of Changes in Members' Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies' Act 2006, as applicable to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibility Statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the LLP's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the LLP's affairs as at 31 May 2015 and of the LLP's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies' Act 2006, as applicable to limited liability partnerships.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies' Act 2006, as applicable to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the Members of GPUK LLP (continued)
For the year ended 31 May 2015

Matthew Perkins

Matthew Perkins (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, England
19 February 2016

GPUK LLP

Statement of comprehensive income
For the year ended 31 May 2015

	Note	Year ended 31 May 2015 £ 000's	Year ended 31 May 2014 £ 000's
Continuing operations			
Commission income		543,108	512,519
Commission expense		(315,999)	(307,500)
Revenue	5	227,109	205,019
Administrative and other operating expenses		(134,058)	(124,629)
Operating profit	6	93,051	80,390
Interest and other income	9	67	86
Comprehensive income for the year	17	93,118	80,476
Attributable to the members		93,118	80,476

The accompanying notes form an integral part of the financial statements.

GPUK LLP

Statement of changes in members' equity
For the year ended 31 May 2015

	Note	Year ended 31 May 2015 £ 000's	Year ended 31 May 2014 £ 000's
Total comprehensive income for the year		93,118	80,476
Distributions from profit for the year		(93,118)	(80,476)
Returns of members' capital		(7,819)	(9,371)
Net movement in members' capital in the year	17	(7,819)	(9,371)
Members' equity at 1 June	17	336,205	345,576
Members' equity at 31 May	17	328,386	336,205

GPUK LLP
Registered number: OC337146

Balance sheet
As at 31 May 2015

	Note	2015 £ 000's	2014 £ 000's
Non-current assets			
Goodwill	10	291,220	291,220
Other intangible assets	11	30,525	37,953
Property, plant and equipment	12	4,974	6,689
		326,719	335,862
Current assets			
Inventories	13	1,310	1,304
Trade and other receivables	14	708,681	45,360
Prepayments		448	540
Cash and cash equivalents	14	99,958	40,037
		810,397	87,241
Total assets		1,137,116	423,103
Current liabilities			
Trade and other payables	15	(805,195)	(86,756)
Finance lease payable		(254)	-
Provision for liabilities	16	(2,741)	(142)
		(808,190)	(86,898)
Non-current liabilities			
Finance lease payable due after one year		(540)	-
Total liabilities		(808,730)	(86,898)
Net assets		328,386	336,205
Members' equity			
Capital account – Global Payments UK Limited	17	328,386	336,205
Total members' equity		328,386	336,205

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the members and authorised for issue on 18 February 2016. They were signed on their behalf by:

Christopher Davies, Global Payments UK Limited

Member

GPUK LLP

Cash flow statement
For the year ended 31 May 2015

	Note	Year ended 31 May 2015 £ 000's	Year ended 31 May 2014 £ 000's
Net cash from operating activities	18	165,069	87,997
Investing activities			
Interest received		67	86
Purchase of property, plant and equipment		(2,584)	(2,213)
Proceeds from sale of fixed assets		-	-
Purchase of intangible assets		(1,157)	(776)
Net used in investing activities		(3,674)	(2,903)
Financing activities			
Distributions and repayments of capital to members; paid and committed		(100,938)	(89,846)
(Decrease) / Increase in distributions payable		(536)	318
Net cash used in financing activities		(101,474)	(89,528)
Net increase / (decrease) in cash and cash equivalents		59,921	(4,434)
Cash and cash equivalents at beginning of year		40,037	44,471
Cash and cash equivalents at end of year		99,958	40,037

GPUK LLP

Notes to the financial statements
For the year ended 31 May 2015

1. General information

GPUK LLP is a limited liability partnership registered in England and Wales under the Companies' Act 2006. The address of the registered office is given on page 1. The nature of the Partnership's operations and its principal activities are set out on page 2.

These financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Partnership operates.

2. Adoption of new and revised Standards

The Partnership has elected to adopt IFRS as applied in the EU as at the balance sheet date of 31 May 2015.

At the date of authorisation of these financial statements the following standards, revisions and interpretations were in issue but not yet effective:

IFRS9	Financial Instruments
IFRS14	Regulatory Deferral Accounts
IFRS15	Revenue from Contracts with Customers
Amendment to IAS19	Defined Benefit Plans: Employee Contributions
Improvements to IFRSs (2013)	
Improvements to IFRSs (2014)	
Amendments to IAS16 & IAS38	Clarification of Acceptable Methods of Depreciation and Amortisation

The directors anticipate that the adoption of International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements but not yet effective will have no material impact on the financial statements of the Company in the period of initial application.

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with IFRSs adopted by the EU and therefore the financial statements comply with Article 4 of the EU International Accounting Standards ("IAS") regulation.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Going concern basis

After making enquiries, and considering the forecast that the Partnership is expected to remain profitable, the members have formed a judgement that there is a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. In forming this judgement, the members have considered the Partnership's ability to meet liabilities as they fall due and the letter of support provided by the ultimate parent company, Global Payments Inc. As such, the members continue to adopt the going concern basis in preparing the financial statements.

3. Significant accounting policies (continued)

Distribution policy

The Partnership's distribution policy is that distributable profits are distributed on a monthly basis. Distributions are made to members having rights to a share of profit, of which only Global Payments UK Limited qualifies, and distributed following the preparation of the month-end results. Distributable profits consist of statutory profit adjusted for the amortisation cost of non-software intangibles. Details of distributions made in the year are as per note 17 to the financial statements.

Goodwill

Goodwill represents the excess of the cost of acquisition over the Partnership's interest in the fair value of the identifiable assets and liabilities at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Further details on the method of review are given in note 10.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, commissions, Value Added Tax and other sales-related taxes.

Sales of services are recognised at month end on an accruals basis, whilst sales of goods are recognised when risks and rewards of ownership have passed to the buyer.

Gross merchant service income represents all fees levied upon merchants for the processing of transactions.

Commission payable is netted against gross merchant services income to arrive at net merchant services income. Net merchants services income is recorded as soon as transactions have completed.

Foreign currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, financial assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-financial assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. In the event that there are differences between amounts paid and payable they are recognised as accruals or prepayments in the balance sheet.

Property, plant and equipment

Fixtures and equipment are stated at historical cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Terminal Estate:	25% per year
Fixtures and equipment:	20% - 50% per year

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in administrative expenses.

3. Significant accounting policies (continued)

Intangible assets

Intangible assets are amortised over their estimated useful economic lives, and further impaired if necessary. The amortisation period for software and software development costs is 7-10 years, in line with the useful economic life. All other classes of intangible are amortised over their estimated useful lives which are between 4 and 13 years.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the LLP reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Partnership estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to a revised estimate of its recoverable amount, but so that this new estimate does not exceed the carrying amount that would have existed had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial Instruments

The Partnership has applied 'IAS 32, Financial instruments: Disclosure and presentation' and 'IAS 39 Financial instruments: Recognition and measurement' as outlined below:

Trade Receivables

Trade receivables do not carry interest and are stated at initial recognition at their fair value and subsequently at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

Trade and other payables

Trade and other payables are not interest bearing and are stated at initial recognition at their fair value and subsequently at amortised cost.

Operating profit

Operating profit is stated before interest and other income and finance costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Operating leases

When acting as lessor, the Partnership includes the assets subject to operating leases in 'Property, plant and equipment' and accounts for them accordingly. Impairment losses are recognised to the extent that residual values are not fully recoverable and the carrying value of the equipment is thereby impaired.

Rentals payable under operating leases in the Partnership's capacity as lessee are charged to income on a straight-line basis over the term of the relevant lease. Any benefits received and receivable as an incentive to enter an operating lease are also spread on a straight-line basis over the lease term.

3. Significant accounting policies (continued)

Inventories

Inventories comprise terminals used by the merchants in the processing of transactions which are yet to be leased to merchants. Upon being leased out to a merchant, these are transferred to the 'terminal estate' within 'Property, plant and equipment'. They are stated at the lower of cost and net realisable value. Cost is calculated using the first in first out method.

Provision for liabilities

Provisions are recognised when the Partnership has a present obligation as a result of a past event, and it is probable that the Partnership will be required to settle that obligation. Provisions are measured at the members' best estimate of the expenditure required to settle the obligation at the balance sheet date.

4. Critical accounting estimates

In the application of the Partnership's accounting policies, which are described in note 3, the members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The goodwill on acquisition reflected the market value of the business. The members consider the value to be upheld taking into account expected future cash flows of the business. Further details are given in note 10.

Likewise, the cost of intangible assets reflected the value to the business at acquisition. This is spread over the expected useful life of the underlying assets with further impairment made if necessary. At each balance sheet date, the LLP reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the LLP estimates the recoverable amount of the cash-generating unit to which the asset belongs to determine the extent of any impairment (if any).

A significant risk to the business arises from chargebacks. Mitigation is undertaken from the point a merchant is onboarded through credit checking, with varying degrees of due diligence dependent upon the level of chargeback exposure and the industry sector. All merchants continue to be monitored via merchant deposit monitoring and chargeback monitoring.

Notes to the financial statements (continued)
For the year ended 31 May 2015

5. Revenue

An analysis of the Partnership's revenue is as follows:

	Year ended 31 May 2015 £ 000's	Year ended 31 May 2014 £ 000's
Continuing operations		
Gross merchant services income	501,693	474,778
Less: interchange expense	(315,999)	(307,500)
Net merchant services income	185,694	167,278
Equipment leasing income	17,393	18,146
Other commission income	24,022	19,595
	227,109	205,019

6. Operating profit

Profit for the year has been arrived at after charging:

	Year ended 31 May 2015 £ 000's	Year ended 31 May 2014 £ 000's
Depreciation of property, plant and equipment	3,867	4,751
Loss on disposal of property, plant and equipment	432	321
Amortisation of intangible assets	8,586	10,108
Staff costs	19,555	18,978
Operating lease payments	1,461	1,604

7. Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	Year ended 31 May 2015 £ 000's	Year ended 31 May 2014 £ 000's
Fees payable to the LLP's auditor for the audit of the LLP's annual Financial Statements	202	195

Fee's payable to the LLP's auditor of £9,000 (£2014: £nil) were made in relation to other assurance services.

Notes to the financial statements (continued)
For the year ended 31 May 2015

8. Staff costs

The Partnership has no employees. All staff are employed by Global Payments UK Limited with the costs recharged to the Partnership on a monthly basis. The total recharge in relation to staff cost is £21,805,000 (2014: £18,674,000).

9. Interest and other income

	Year ended 31 May 2015 £ 000's	Year ended 31 May 2014 £ 000's
Interest on bank deposits	67	86

10. Goodwill

	2015 £ 000's
Cost and net realisable value	
At 31 May 2014 and 31 May 2015	291,220

Goodwill recognised relates to the acquisition of the trade and assets of the HSBC Merchant Services division from HSBC Bank plc on 1 July 2008.

The Partnership tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. No impairment was identified in the reporting year (2014: £nil).

The recoverable amounts of the cash generating units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates (2015: 10.5%, 2014: 12%), growth rates (2015: 5.7% - 6.0% per year, 2014: 5.7% - 6.9% per year) and years over which cash flows are considered (2015: 5 years, 2014: 5 years).

The LLP prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated growth rates.

GPUK LLP

Notes to the financial statements (continued)
For the year ended 31 May 2015

11. Other intangible assets

Prior Year

	Customer relationships £ 000's	Distribution channels £ 000's	Software £ 000's	Total £ 000's
Cost				
At 31 May 2013	115,056	12,746	3,877	131,679
Acquired during the year	-	-	776	776
Disposals	-	-	-	-
At 31 May 2014	115,056	12,746	4,653	132,455
Amortisation				
At 31 May 2013	70,866	12,366	1,162	84,394
Charge for the year	9,045	326	738	10,108
Disposals	-	-	-	-
At 31 May 2014	79,911	12,692	1,899	94,502
Carrying amount				
At 31 May 2013	44,190	380	2,715	47,285
At 31 May 2014	35,145	54	2,754	37,953

Current Year

	Customer relationships £ 000's	Distribution channels £ 000's	Software £ 000's	Total £ 000's
Cost				
At 31 May 2014	115,056	12,746	4,653	132,455
Acquired during the year	-	-	1,157	1,157
Disposals	-	-	-	-
At 31 May 2015	115,056	12,746	5,810	133,612
Amortisation				
At 31 May 2014	79,911	12,692	1,899	94,502
Charge for the year	7,766	54	766	8,586
Disposals	-	-	-	-
At 31 May 2015	87,677	12,746	2,665	103,088
Carrying amount				
At 31 May 2014	35,145	54	2,754	37,953
At 31 May 2015	27,379	-	3,145	30,525

Notes to the financial statements (continued)
For the year ended 31 May 2015

12. Property, plant and equipment

Prior Year

	Terminal estate £ 000's	Other fixtures and equipment £ 000's	Total £ 000's
Cost			
At 31 May 2013	19,979	1,685	21,664
Additions	2,208	5	2,213
Disposals	(1,471)	(364)	(1,835)
At 31 May 2014	20,716	1,326	22,042
Accumulated depreciation and impairment			
At 31 May 2013	11,090	1,026	12,116
Charge for the year	4,426	325	4,751
Disposals	(1,235)	(279)	(1,514)
At 31 May 2014	14,281	1,072	15,353
Carrying amount	8,889	659	9,548
At 31 May 2013			
At 31 May 2014	6,435	254	6,689

Current Year

	Terminal estate £ 000's	Other fixtures and equipment £ 000's	Total £ 000's
Cost			
At 31 May 2014	20,716	1,326	22,042
Additions	2,468	116	2,584
Disposals	(3,993)	(361)	(4,354)
At 31 May 2015	19,191	1,081	20,272
Accumulated depreciation and impairment			
At 31 May 2014	14,281	1,072	15,353
Charge for the year	3,699	168	3,867
Disposals	(3,582)	(340)	(3,922)
At 31 May 2015	14,398	900	15,298
Carrying amount			
At 31 May 2014	6,435	254	6,689
At 31 May 2015	4,793	181	4,974

Notes to the financial statements (continued)
For the year ended 31 May 2015

12. Property, plant and equipment (continued)

At 31 May 2015, the Partnership had no contractual commitments for the acquisition of equipment (2014: £nil).

In addition, the Partnerships' obligations under finance leases (see note 15) are secured by the lessors' title to the leased assets, which have a carrying amount of £0.67 million.

13. Inventories

	2015 £ 000's	2014 £ 000's
Terminals	1,310	1,304
	1,310	1,304

No inventories are impaired at the year end (2014: £nil).

14. Other financial assets

Trade and other receivables

	2015 £ 000's	2014 £ 000's
Amounts receivable for sale of goods and services		
Trade receivables	17,616	45,301
Due from Global Payments Group – trade receivables	2,434	-
Settlement Processing assets	688,586	-
Other receivables	45	59
	708,681	45,360

The directors consider that the carrying amount of trade receivables approximates to their fair value.

Total trade receivables held by the LLP at 31 May 2015 amounted to £17.6 million (2014: £45.3 million), none of which were impaired (2014: none). The members consider that the carrying amount of trade receivables approximates to their fair value.

Notes to the financial statements (continued)
For the year ended 31 May 2015

14. Other financial assets (continued)

Settlement processing assets

	2015 £ 000's	2014 £ 000's
Receivable from member	12,153	-
Receivable from network	676,433	-
	688,586	-

In the prior year the LLP followed a net settlement process whereby, the card scheme member's funding obligation to the merchant would precede the incoming amount from the card networks. The amount of the card scheme member's net receivable position would be satisfied by the card scheme member's own funds which represented a liability for the LLP.

In the current year the LLP obtained full principal membership of Visa Europe and MasterCard Worldwide allowing the business to process and fund transactions without third-party sponsorship.

Timing differences, interchange fees, Merchant Reserves and exception items cause differences between the amount received from the payment networks and the amount funded to the merchants. These intermediary balances arising in our settlement process for direct merchants are reflected as settlement processing assets and obligations on the balance sheet.

Cash and cash equivalents

	2015 £ 000's	2014 £ 000's
Cash and cash equivalents	99,958	40,037

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value. £30.7 million (2014: £27.1 million) is merchants' cash held as collateral.

15. Other financial liabilities

Trade and other payables

	2015 £ 000's	2014 £ 000's
Trade creditors and accruals	11,199	18,964
Other payables	40,321	-
Settlement processing obligations	732,871	30,953
Due to Global Payments Group – trade payables	14,430	2,843
Due to Global Payments UK Limited – distribution payable	6,374	6,911
	805,195	86,756

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Other payables comprise of amounts outstanding for the Groups line of credit facilities. The Partnership has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The members consider that the carrying amount of trade payables approximates to their fair value.

All financial liabilities in the above table are payable within three months of the balance sheet date, with the exception of customer deposits.

Notes to the financial statements (continued)
For the year ended 31 May 2015

15. Other financial liabilities (continued)

Settlement processing payables

	2015 £ 000's Group	2014 £ 000's Group
Liability to Merchants	717,962	-
Interchange reimbursement	(19,915)	(16,362)
Liability to card scheme member	-	44,903
Exception items	(744)	(334)
Fair value of guarantees of customer chargebacks	-	(421)
Merchant reserves	35,568	30,252
	732,871	58,038

In the prior year the LLP followed a net settlement process whereby, the card scheme member's funding obligation to the merchant would precede the incoming amount from the card networks. The amount of the card scheme member's net receivable position would be satisfied by the card scheme member's own funds which represented a liability for the LLP.

In the current year the LLP obtained full principal membership of Visa Europe and MasterCard Worldwide allowing the business to process and fund transactions without third-party sponsorship.

Timing differences, interchange fees, Merchant Reserves and exception items cause differences between the amount received from the payment networks and the amount funded to the merchants. These intermediary balances arising in our settlement process for direct merchants are reflected as settlement processing assets and obligations on the balance sheet and are disclosed above as liabilities to merchants.

Finance Lease Liabilities

	2015 £ 000's	2014 £ 000's
Amounts payable under finance leases:		
Within one year	254	-
In the second to fifth years inclusive	540	-
After five years	-	-
	794	-
Less future finance charges	-	-
Present value of lease obligations	794	-

It is the group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 4 years. For the year ended 31 May 2015, the interest rate was fixed at 0%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in sterling. The fair value of the group's lease obligations is approximately equal to their carrying amount. The group's obligations under finance leases are secured by the lessors' rights over the leased assets disclosed in note 12.

Notes to the financial statements (continued)
For the year ended 31 May 2015

16. Provisions for liabilities

	Chargeback provision £ 000's	Restructuring provision £ 000's	Total £ 000's
Provision as at 1 June 2013	430	430	860
Provision utilised during the year	(607)	(386)	(993)
Provision released during the year	(297)	(44)	(341)
Transactions provided against during the year	616	-	616
Provision as at 1 June 2014	142	-	142
Provision utilised during the year	(102)	-	(102)
Provision released during the year	(47)	-	(47)
Transactions provided against during the year	49	2,699	2,748
Provision as at 31 May 2015	42	2,699	2,741

The chargeback provision relates to the risk that the Partnership may be liable for the chargebacks of transactions involving merchants who are potentially unable to meet the chargeback demand themselves.

The restructuring provision relates to a re-organisation programme, and includes costs in relation to redundancies and exiting properties.

The majority of provisions are expected to be utilised within 6 months of the year end.

17. Members' interests

	Total £ 000's
Capital balance as at 31 May 2014	336,205
Statutory profit for the year	93,118
Distributions, paid and committed, of statutory profit for the year	(93,118)
Distributions, paid and committed, of equity during the year	(7,819)
Capital balance as at 31 May 2015	328,386

Global Payments UK 2 Limited is a non equity holding member of GPUK LLP. As such, it has no capital account and receives no distributions from the Partnership.

GPUK LLP

Notes to the financial statements (continued)
For the year ended 31 May 2015

18. Notes to the cash flow statement

	Year ended 31 May 2015 £ 000's	Year ended 31 May 2014 £ 000's
Operating profit	93,051	80,390
Adjustments for:		
Depreciation of property, plant and equipment	3,867	4,751
Loss on disposal of plant, property and equipment	432	321
Amortisation of intangible assets	8,586	10,108
Increase/(Decrease) in provisions	2,599	(718)
Operating cash flows before movements in working capital	108,535	94,852
(Increase)/Decrease in inventories	(6)	1,295
Increase in trade receivables	(663,321)	(1,270)
Increase in prepayments	93	201
Increase/(Decrease) in trade and other payables	719,228	(7,081)
Increase in long term liabilities	540	-
Net cash inflow generated from operating activities	165,069	87,997

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less.

19. Operating lease arrangements

The Partnership as lessee

	2015 £ 000's	2014 £ 000's
Minimum lease payments under operating leases recognised as an expense in the year	1,461	1,604

At the balance sheet date, the LLP had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £ 000's	2014 £ 000's
Within one year	474	952
In the second to fifth years inclusive	1,054	1,559
Due in more than five years	-	26
	1,528	2,537

Operating lease payments principally represent rentals payable for the leasing of office space and associated maintenance. Leases are negotiated for an average term of five years.

Notes to the financial statements (continued)
For the year ended 31 May 2015

19. Operating lease arrangements (continued)

The Partnership as lessor

At the balance sheet date, the Partnership had contracted with merchants for the following future minimum lease payments:

	2015 £ 000's	2014 £ 000's
Within one year	1,436	1,512

These leasing arrangements relate to the hire of point of sale terminals used in the processing of point-of-sale payments on issued debit and credit cards.

20. Risk management

The Partnership's risk management activities involve analysis, evaluation, acceptance and management of risks.

The most significant risks arising are credit risk, liquidity risk and market risk. Market risk comprises primarily foreign exchange risk.

The Partnership has fraud management policies in place throughout the organisation.

The management of these risks in relation to the merchant acquiring business is discussed below.

Credit risk management

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. With specific regard to merchant acquiring, it arises primarily from the risk of chargebacks. The Partnership has standards, policies and procedures dedicated to monitoring and managing risk.

The Partnership's credit risk is managed using the following methodology:

Task	Purpose
Identify	Investigate and understand the merchant's business, products and terms of trade.
Monitor	Monitor material changes in exposure for the extant book.
Assess	Calculate the card acquiring chargeback risk based upon the identified risks.
Address	Balance risk and reward, structure the facility and reach a credit decision.

The risk calculation is driven by the assessment of the proportion of the merchant's annual card turnover that relates to specific factors such as prepayments, continuing services and 'cardholder not present' transactions.

The maximum exposure to credit risk on financial assets at 31 May 2015 was £2,849 million (2014: £2,551 million).

Where appropriate the Partnership's credit and risk department works in conjunction with and alongside the HSBC Bank plc's credit and risk function to assess, address and manage merchant-related risk and monitor exposure as part of the Partnership's wider customer portfolio risk management.

Notes to the financial statements (continued)
For the year ended 31 May 2015

20. Risk management (continued)

Market risk management

The Partnership's balance sheet at 31 May 2015 primarily comprises assets and liabilities denominated in Pounds Sterling and, as such, it is not exposed significantly to currency risk.

The carrying amounts of the Partnership's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets 2015 £ 000's	Assets 2014 £ 000's
Foreign Currency	360	504

The Partnership is not exposed to any significant levels of interest rate risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the members, who have built an appropriate liquidity risk management framework for the management of short, medium and long-term funding. The Partnership manages liquidity risk by, firstly, maintaining adequate reserves, banking facilities and reserve borrowing facilities and, secondly, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

As at 31 May 2015 the partnership's balance sheet included the following financial instruments:

Financial Assets	Group cash and cash equivalents £ 000's	Group loans and receivables £ 000's	Group non-financial assets £ 000's	Total £ 000's
Cash and cash equivalents	99,958	-	-	99,958
Inventories and assets held for sale	-	-	1,310	1,310
Property, plant and equipment	-	-	4,974	4,974
Goodwill and other intangible assets	-	-	321,745	321,745
Trade receivables and other receivables	-	708,681	-	708,681
Prepayments and accrued income	-	-	448	448
	99,958	**708,681**	**328,477**	**1,137,116**

All liabilities are held on an amortised cost basis in at 31 May 2015 and 31 May 2014

Notes to the financial statements (continued)
For the year ended 31 May 2015

21. Related party transactions

Transactions between the Partnership and its associates are disclosed below.

The ultimate parent is Global Payments Inc., a company incorporated in the United States of America. The immediate parent undertaking is Global Payments UK Limited, a company incorporated in England and Wales.

The parent undertakings of the largest and smallest groups in which the Partnership is consolidated are Global Payments Inc. and Global Payments UK Limited respectively. Copies of these consolidated financial statements may be obtained from Global Payments, Inc., 10 Glenlake Parkway, North Tower, Atlanta, Georgia 30328 and Global Payments UK Limited, 51 De Montfort Street, Leicester, LE1 7BB, respectively.

Trading transactions

During the year, the Partnership entered into the following trading transactions with related parties:

	Purchase of goods and services		Amounts owed to related parties		Amounts owed by related parties	
	2015	2014	2015	2014	2015	2014
	£	£	£	£	£	£
Global Payments UK Limited	21,805	18,674	18,127	7,869	-	-
Global Payments Inc.	4,538	4,075	2,422	1,885		-
Global Payments Europe		-	-	-	2,434	-
Realex Payments	493	-	254	-	-	-
The UK Cards Association Limited	46	-	-	-	-	-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

The UK Cards Association Limited is a related party by virtue of Chris Davies being a director of both Global Payments UK Limited and The UK Cards Association Limited. All other related parties have a common ultimate controlling party.