

**Total System Services Sales Europe Ltd**

**Directors' report and financial  
statements**

**Year ended 31 December 2008**

**Registered number 5764714**



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## **Directors' report**

The directors present their directors' report and financial statements for the year ended 31 December 2008.

### **Principal activities**

The Company undertakes sales and business development activities on behalf of the TSYS Group of companies in Europe.

### **Business review**

For the year ended 31 December 2008 the Company generated a profit before tax of £574,953 (2007 £502,036), in line with management expectations.

On the 30 June 2009, as part of a group restructuring, the trade, business and assets of the Company were sold to TSYS Card Tech Limited, a fellow group company. The consideration received for the disposal was £164,052. On 1 July 2009 the Company ceased trading.

### **Proposed dividend**

The directors do not recommend the payment of a dividend. (2007: £nil)

### **Directors**

The directors who held office during the period were as follows:

Dorenda Kay Weaver (resigned 23 December 2008)

Gaylon Murrell Jowers Jr. (resigned 23 December 2008)

Kelley Craig Knutson

Bruce Lamar Bacon (resigned 23 December 2008)

David Leonard Chew

## **Directors' report** *(continued)*

### **Political and charitable contributions**

The Company made no charitable donations in the period (2007: £nil). The Company did not incur any political expenditure during the year. (2007: £Nil)

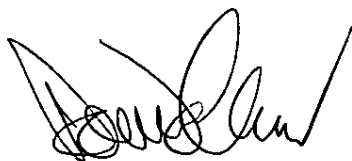
### **Disclosure of information to auditors**

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

### **Auditors**

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**David Chew**  
*Director*

Fulford Moor House  
Fulford Road  
York  
YO10 4EY

**28<sup>th</sup> October 2009**

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing 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).

The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **KPMG LLP**

1 The Embankment, Neville Street  
Leeds  
LS1 4DW  
United Kingdom

### **Independent auditors' report to the members of Total System Services Sales Europe Ltd**

We have audited the financial statements of Total System Services Sales Europe Ltd for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# **Independent auditors' report to the members of Total System Services Sales Europe Ltd (*continued*)**

## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG LLP.*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

28<sup>th</sup> October 2009

**Profit and Loss Account**  
*for the year ended 31 December 2008*

	<i>Note</i>	<b>Year ended 31 Dec 2008 £000</b>	<b>Year ended 31 Dec 2007 £000</b>
<b>Turnover</b>		<b>5,377</b>	<b>5,253</b>
Cost of sales		<b>(3,521)</b>	<b>(2,815)</b>
<b>Gross profit</b>		<b>1,856</b>	<b>2,438</b>
Administrative expenses		<b>(1,367)</b>	<b>(1,961)</b>
<b>Operating profit</b>		<b>489</b>	<b>477</b>
Other interest receivable and similar income	<i>5</i>	<b>86</b>	<b>34</b>
Other interest payable and similar charges	<i>6</i>	<b>-</b>	<b>(9)</b>
<b>Profit on ordinary activities before taxation</b>	<i>7</i>	<b>575</b>	<b>502</b>
Tax on profit on ordinary activities	<i>7</i>	<b>(199)</b>	<b>(179)</b>
<b>Profit for the financial period</b>		<b>376</b>	<b>323</b>

The results in the above profit and loss account relate entirely to continuing operations.

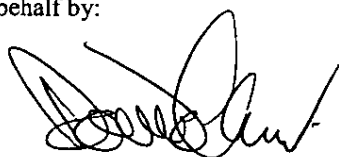
There are no recognised gains and losses other than the profit for the period shown above, accordingly no statement of recognised gains or losses is required.



**Balance Sheet**  
*at 31 December 2008*

	<i>Note</i>	<b>2008</b> <b>£000</b>	<b>2007</b> <b>£000</b>
<b>Current assets</b>			
Debtors	8	924	567
Cash at bank and in hand		926	964
		<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>	9	<b>1850</b> <b>(496)</b>	<b>1,531</b> <b>(615)</b>
		<hr/>	<hr/>
<b>Net current assets</b>		<b>1,354</b>	<b>916</b>
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>1,354</b>	<b>916</b>
		<hr/>	<hr/>
<b>Net assets</b>		<b>1,354</b>	<b>916</b>
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Share premium account	11	57	57
Profit and loss account	11	1,296	858
		<hr/>	<hr/>
<b>Shareholders' funds</b>		<b>1,354</b>	<b>916</b>
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 28<sup>th</sup> October 2009 and were signed on its behalf by:



**David Chew**  
*Director*

**Reconciliation of Movements in Shareholders' Funds**  
*for the year ended 31 December 2008*

	Year ended 31 Dec 2008 £000	Year ended 31 Dec 2007 £000
<b>Profit for the financial period</b>	<b>376</b>	<b>323</b>
Retained profit	376	323
Charge in relation to share based payments	62	51
<b>Net addition to shareholders' funds</b>	<b>438</b>	<b>374</b>
Opening shareholders' funds	916	542
<b>Closing shareholders' funds</b>	<b>1,354</b>	<b>916</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

As the Company is a wholly owned subsidiary of Total System Services Holding Europe LP, 100% of the Company's voting rights are controlled within the group headed by Total System Services, Inc., the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Total System Services, Inc., within which this Company is included, can be obtained from TSYS Investor Relations, P.O Box 120, Columbus, GA 31902-0120, United States.

#### *Cash flow*

Under FRS 1 (Revised 1996) the company is exempt from the requirement to prepare a cash flow statement, on the grounds that it is a wholly owned subsidiary undertaking and its cash flows appear in a consolidated cash flow statement in the financial statements of the ultimate parent company.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Post retirement benefits*

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Turnover*

Turnover represents the costs incurred in providing sales and consultancy services plus a mark-up to cover overheads and other non-variable costs.

## Notes (continued)

### *Share based payments*

In accordance with UITF 44 'Group and treasury share transactions', where a parent grants rights to its equity instruments to the employees of a subsidiary, and provided that the share-based payment arrangement is accounted for as an equity-settled transaction in the consolidated financial statements of the parent, the subsidiary is required to measure the fair value of the services received from its employees in accordance with the requirements applicable to equity-settled share-based payment transactions, with a corresponding increase recognised in equity as a contribution from the parent.

In accordance with Financial Reporting Standard 20 'Share-based payment', the company is required to recognise an expense in respect of services received from its employees, equivalent to the fair value of the awards granted. Fair value is measured at the date the awards were granted using the Black-Scholes-Merton option pricing model and is expensed on a straight-line basis over the vesting period, taking into account the company's estimate of the number of options that will ultimately vest.

### *Cash and liquid resources*

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

## 2 Notes to the profit and loss account

### *Auditors' remuneration:*

	Year ended 31 Dec 2008 £000	Year ended 31 Dec 2007 £000
Fees payable to the company's auditor for the audit of these financial statements	8	22

## Notes (continued)

### 3 Remuneration of directors

	Year ended 31 Dec 2008 £000	Year ended 31 Dec 2007 £000
Directors' emoluments	37	35
Company contributions to money purchase pension schemes	1	2
	<u>38</u>	<u>37</u>

The total directors' emoluments are in respect of services to a number of entities in the TSYS Group. The emoluments have therefore been apportioned to best represent the time spent on qualifying services in respect of each entity.

During the period, the highest paid director exercised share options and received shares under a long term incentive scheme.

	Number of directors 2008	2007
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>2</u>	<u>2</u>

### 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	2008 £000	2007 £000
Sales	30	27
Administration	4	4
	<u>34</u>	<u>31</u>

## Notes (continued)

### 4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	Year ended 31 Dec 2008 £000	Year ended 31 Dec 2007 £000
Wages and salaries	2,992	2,366
Share based payments	67	49
Social security costs	273	244
Other pension costs	137	119
	<u>3,469</u>	<u>2,778</u>

### 5 Other interest receivable and similar income

	Year ended 31 Dec 2008 £000	Year ended 31 Dec 2007 £000
Bank interest	47	34
Exchange gains	39	-
	<u>86</u>	<u>34</u>

### 6 Interest payable and similar charges

	Year ended 31 Dec 2008 £000	Year ended 31 Dec 2007 £000
Exchange losses	-	9

## Notes (continued)

### 7 Taxation

#### Analysis of charge in period

	Year ended 31 Dec 2008 £000	Year ended 31 Dec 2007 £000
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
Amount payable to group and associated undertakings in respect of group and consortium relief	215	195
<b>Total current tax</b>	<b>215</b>	<b>195</b>
<i>Deferred tax</i>		
Origination/reversal of timing differences	(16)	(18)
Impact of reduction in corporation tax rate	-	2
<b>Total deferred tax</b>	<b>(16)</b>	<b>(16)</b>
<b>Tax on profit on ordinary activities</b>	<b>199</b>	<b>179</b>

The corporation tax payable for the period has been reduced by £215,157 (2007: £195,099) because of group relief received from a fellow group undertaking for which a payment of £72,088 (2007: £195,099) will be made, and consortium relief from a fellow associated undertaking for which a payment of £143,069 (2007: £nil) will be made.

#### Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2007: higher) than the standard rate of corporation tax in the UK (28.5%; 2007:30%). The differences are explained below.

	Year ended 31 Dec 2008 £000	Year ended 31 Dec 2007 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	575	502
<b>Current tax at 28.5% (2007:30%)</b>	<b>164</b>	<b>151</b>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	35	26
Short-term timing differences	16	18
<b>Total current tax charge (see above)</b>	<b>215</b>	<b>195</b>

## Notes (continued)

### 8 Debtors

	2008 £000	2007 £000
Amounts owed by group undertakings	697	428
Other debtors	17	-
Prepayments and accrued income	155	118
Taxation	17	-
Net deferred tax assets	38	21
	<u>924</u>	<u>567</u>

At 31 December 2008 deferred tax assets were recognized on short-term timing differences to the extent that it is probable that taxable profit will be available against which the short-term timing differences can be utilised:

	Deferred taxation 2008 £000	Deferred taxation 2007 £000
At beginning of period	21	5
Credit to the profit and loss for the period	17	16
	<u>38</u>	<u>21</u>
At end of period	<u>38</u>	<u>21</u>

The elements of deferred taxation are as follows:

	2008 £000	2007 £000
Other timing differences	38	21
	<u>38</u>	<u>21</u>

### 9 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Trade creditors	59	16
Amounts owed to group undertakings	99	23
Taxation and social security	146	290
Other creditors	-	-
Accruals and deferred income	192	286
	<u>496</u>	<u>615</u>



## Notes (continued)

### 10 Called up share capital

	2008 £000	2007 £000
<i>Authorised</i>		
25,000 ordinary shares of £1.00 each	25	25
	<hr/>	<hr/>
	25	25
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
1,000 ordinary shares of £1.00 each	1	1
	<hr/>	<hr/>
	1	1
	<hr/>	<hr/>

### 11 Share premium and reserves

	Share premium account £000	Profit and loss account £000
At beginning of period	57	858
Profit for the period	-	376
Share based payments	-	62
	<hr/>	<hr/>
At end of period	57	1,296
	<hr/>	<hr/>

### 12 Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £137,389. (2007: £119,169)

There was £21,855 (2007: £40,072) of outstanding contributions at end of the financial period in respect of the UK scheme.

## Notes (continued)

### 13 Employee share schemes

#### Share based payments

The Company has various long-term incentive plans in which share-based compensation can be granted to TSYS employees. Employees of the company can be granted long-term performance awards in incentive plans in the parent company Total System Services, Inc. The award takes into account the recipients performance in the previous calendar year. Shares are restricted for a period of three years. Options vest over three years (one-third each after one, two and three years respectively). The general rule is that leaving employment will preclude an award of shares.

Fair values and associated details for options and shares granted are as follows:

	<b>TSYS Restricted Stock Awards</b>	<b>TSYS Restricted Stock Awards</b>	<b>TSYS Restricted Stock Awards</b>	<b>Synovus Long-Term Incentive Plan</b>	<b>Synovus Long-Term Incentive Plan</b>	<b>Synovus Long-Term Incentive Plan</b>
Date of grant	06 Feb 2008	05 Feb 2007	23 Oct 2006	17 June 2005	2 July 2004	16 July 2003
Number of options granted( <i>in thousands</i> )	6	3	5	7	5	5
Weighted average fair value	\$21.88	\$31.46	\$24.22	\$6.95	\$7.40	\$6.36
Fair value measurement basis	Black-Scholes-Merton	Black-Scholes-Merton	Black-Scholes-Merton	Black-Scholes-Merton	Black-Scholes-Merton	Black-Scholes-Merton

The number and weighted average exercise prices of share options are as follows:

	<b>2008 Number of options</b>	<b>2008 Weighted average exercise price</b>	<b>2008 Number of options</b>	<b>2008 Weighted average exercise price</b>
	<b>TSYS</b>	<b>TSYS</b>	<b>Synovus</b>	<b>Synovus</b>
Outstanding at the beginning of the period	13,923	\$23.05	17,625	\$26.41
Granted during the period	5,853	\$21.88	-	-
Forfeited during the period	-	-	-	-
Exercised during the period	(1,133)	\$16.11	-	-
Outstanding at the end of the period	<b>18,643</b>	<b>\$23.11</b>	<b>17,625</b>	<b>\$26.41</b>
Exercisable at the end of the period	<b>2,922</b>	<b>\$23.05</b>	<b>17,625</b>	<b>\$26.41</b>

The total expenses recognised for the period arising from share based payments are as follows:

	<b>2008 £000</b>	<b>2007 £000</b>
Equity settled share based payments	67	51
	<b>67</b>	<b>51</b>

## Notes (continued)

### 14 Ultimate parent company and parent undertaking of larger group of which the company is a member

On 25 October 2007 Synovus' Board of Directors approved an agreement providing for the spin-off to Synovus' shareholders of all of the 80.8% of TSYS stock currently owned by Synovus. The distribution of the 159.6 million TSYS shares owned by Synovus occurred on 31 December 2007 to Synovus shareholders on a pro rata basis. Therefore on 31 December 2007 Total System Services, Inc. became the ultimate parent company incorporated in the United States.

The results of the Company are included in the consolidated accounts of Synovus financial Corp., incorporated in the United States. As a result of the spin-off described above, the largest group in which the results of the Company are consolidated is that headed by Total System Services, Inc., incorporated in the United States. The consolidated financial statements of this group are available to the public and may be obtained from Shawn Roberts, TSYS Investor Relations, P.O Box 120, Columbus, Georgia 31902-0120, United States.

### 15 Post Balance Sheet event

On the 30 June 2009, as part of a group restructuring, the trade, business and assets of the Company were sold to TSYS Card Tech Limited, a fellow group company. The consideration received for the disposal was £164,052. On 1 July 2009 the Company ceased trading.