

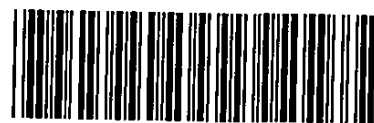
Registered No 02747866

**VeriFone Services UK & Ireland Limited**  
***(previously Commidea Limited)***

**Report and Financial Statements**

31 December 2011

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VeriFone Services UK & Ireland Limited *(previously Commidea Limited)*

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**Directors**

S F McGeoghan  
R R Dykes  
A Y-Q Liu  
S Burger

**Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

**Bankers**

Skandinaviska Enskilda Banken  
2 Cannon Street  
London  
EC4M 6XX

**Registered Office**

Symphony House  
7 Cowley Business Park  
Uxbridge  
UB8 2AD

## **Directors' Report**

The directors present their report and financial statements for VeriFone Services UK & Ireland Limited ("the Company") for the year ended 31 December 2011

The Company changed its name on 10 July 2012 from Commidea Limited to VeriFone Services UK & Ireland Limited

### **Results and dividends**

The profit for the year after taxation amounted to £1,123,069 (2010 Restated £531,004) No dividend will be distributed for the year ended 31 December 2011 (2010 nil)

### **Principal activities and review of the business**

The Company's principal activity during the year continued to be that of computer hardware and software consultants, particularly in the field of payment card processing

During the year ended 31 December 2011 the Company achieved a profit before tax of £1,692,264 (2010 Restated £821,337)

During the year the Company's ultimate parent undertaking Electronic Transaction Group Nordic Holdings AB was acquired by VeriFone Systems Inc, (VeriFone), consequently the Company's ultimate parent undertaking and controlling party is now considered to be VeriFone

### **Key performance indicators**

The Company's directors consider a range of key performance indicators to measure the business. The range may include, but is not limited to, performance levels, quality, health and safety and a range of financial measures. The directors believe that because of the nature of the business, disclosing further key performance indicators is not necessary for an understanding of the company's development, performance or position.

### **Principal risks and uncertainties**

The key risk the Company faces are,

#### ***Credit risk***

In the course of normal trading the Company gives credit to debtors based on available financial information on the debtor company and their historical trading patterns. The directors have reviewed and have agreed a policy (debtor days) for managing credit risk at an acceptable level.

#### ***Price risk***

The market place is a competitive environment and as such the Company will be subject to price pressures. The directors consider this risk to be an ongoing normal trading condition.

#### ***Liquidity risk***

The directors do not consider there is a significant liquidity risk. The immediate parent company has agreed to make sufficient funds available to the Company to meet its liabilities as they fall due for the foreseeable future, being not less than twelve months from the date of approval of these financial statements.

## Directors' Report (continued)

### Research and development

Research expenditure is written off to the profit and loss account in the year which it is incurred  
Development expenditure is written off in the same way

### Future developments

The Company aims to continue its strategy of growth and re-investment by providing its products and services through major UK banks, direct sales and value added reseller channels

By selling its products on fixed term contracts, the Company can confidently predict future income. The result of this is that the directors consider that the next year will show continued growth in sales and profitability

### Going concern

Despite the current uncertain economic climate, the Company is optimistic about its future prospects. Coupled with the financial backing of its parent company, the directors are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

### Directors

The directors who served the company during the year were as follows

S Wilding (resigned 13 March 2012)  
J O Tjarnberg (resigned 13 March 2012)  
S M Sundin (resigned 01 August 2011)  
P A Thell (resigned 13 March 2012)  
S F McGeoghan (appointed 13 March 2012)  
R R Dykes (appointed 13 March 2012)  
A Y-Q Liu (appointed 13 March 2012)  
S Burger (appointed 13 March 2012)

### Disclosure of information to the auditors

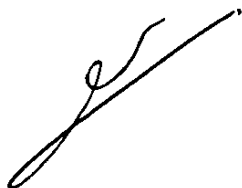
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

On behalf of the Board

S F McGeoghan  
Director  
27 September 2012



## Statement of Directors' Responsibilities

The directors are responsible for preparing the annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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, 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 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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## **Independent auditor's report**

**to the members of VeriFone Services UK & Ireland Limited (previously Commidea Limited)**

We have audited the financial statements of VeriFone Services UK & Ireland Limited for the year ended 31 December 2011 which comprises the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Statement of Cash Flows and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors 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 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 (APB'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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. 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 company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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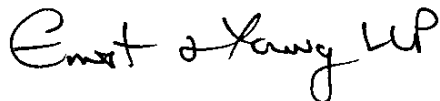
## **Independent auditor's report**

**to the members of VeriFone Services UK & Ireland Limited (previously Commidea Limited)**

### **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 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
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Michael Wansbury (Senior statutory auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
29 September 2012

## Profit and loss account

for the year ended 31 December 2011

	Notes	2011 £	2010 Restated £
Turnover		22,689,066	18,803,815
Cost of sales		(7,650,375)	(7,857,289)
<b>Gross profit</b>		<b>15,038,691</b>	<b>10,946,526</b>
Administrative expenses		(12,962,284)	(9,797,395)
<b>Operating profit</b>	2	<b>2,076,407</b>	<b>1,149,131</b>
Interest receivable and similar income	5	–	5,121
Interest payable and similar charges	6	(384,143)	(332,915)
<b>Profit on ordinary activities before taxation</b>		<b>1,692,264</b>	<b>821,337</b>
Tax on profit on ordinary activities	7	(569,195)	(290,333)
<b>Profit for the financial year</b>	18	<b>1,123,069</b>	<b>531,004</b>

### Continuing operations

None of the company's activities were acquired or discontinued during the current year or previous year

## Statement of total recognised gains and losses

for the year ended 31 December 2011

	2011 £	2010 Restated £
Profit for the financial year	1,123,069	531,004
Total recognised gains and losses relating to the year	1,123,069	531,004
Prior year adjustment (note 22)	(648,787)	-
Total gains and losses recognised since last annual report	474,282	531,004

Registered No 02747866



VeriFone Services UK & Ireland Limited (*previously Commidea Limited*)

**Balance sheet**  
**at 31 December 2011**

		2011	2010
	Notes	£	Restated £
<b>Fixed assets</b>			
Tangible assets	8	10,918,403	9,123,932
<b>Current assets</b>			
Stocks	9	3,867,867	1,250,667
Debtors	10	5,423,880	3,568,579
Cash at bank and in hand		973,176	2,900,517
Deferred tax asset	11	373,907	144,302
		10,638,830	7,864,065
<b>Creditors</b> amounts falling due within one year	12	(9,636,698)	(7,493,268)
<b>Net current assets</b>		1,002,132	370,797
<b>Total assets less current liabilities</b>		11,290,535	9,494,729
<b>Creditors</b> amounts falling due after more than one year	13	(10,684,022)	(9,391,928)
<b>Provisions for liabilities and charges</b>	16	(204,282)	(193,639)
<b>Net assets</b>		1,032,231	(90,838)
<b>Capital and reserves</b>			
Called up share capital	17	1,000	1,000
Share premium	18	9,899	9,899
Profit and loss account	18	1,021,332	(101,737)
<b>Shareholders' fund</b>	18	1,032,231	(90,838)

The financial statements have been approved and signed on behalf of the Board

S F McGeoghan  
Director

27 September 2012

Registered No 02747866

**Statement of cash flows**  
**for the year ended 31 December 2011**

	Notes	2011 £	2010 £
<b>Net cash inflow from operating activities</b>	19(a)	3,225,751	6,259,376
<b>Returns on investments and servicing of finance</b>	19(b)	(384,143)	(327,794)
<b>Taxation</b>		(771,305)	450,216
<b>Capital expenditure</b>	19(b)	(5,812,153)	(5,496,341)
		<u>(3,741,850)</u>	<u>885,457</u>
<b>Financing</b>	19(b)	1,814,509	(187,654)
<b>(Decrease)/increase in cash</b>		<u>(1,927,341)</u>	<u>697,803</u>
<b>Reconciliation of net cash flow to movement in net debt</b>			
(Decrease)/increase in cash in the year		(1,927,341)	697,803
Cash (outflow)/inflow from decrease in debt and lease financing		(1,814,509)	131,669
		<u>(3,741,850)</u>	<u>829,472</u>
<b>Change in net debt resulting from cash flows</b>			
<b>Movement in net debt in the year</b>		(3,741,850)	829,472
Net debt at 1 January		(3,844,616)	(4,674,088)
<b>Net debt at 31 December</b>	19(b)	<u>(7,586,466)</u>	<u>(3,844,616)</u>

## Notes to the financial statements

### 1. Accounting policies

#### ***Basis of preparation***

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

#### ***Going concern***

Despite the current uncertain economic climate, the directors are optimistic about the company's future prospects. As at the balance sheet date, the Company held customer contracts which will generate in excess of £10m of turnover during the next 12 months of trading and the directors are therefore able to forecast future profitability and positive cash flows.

Coupled with the financial backing of its parent undertaking, the directors are of the opinion that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### ***Turnover***

Turnover, which is stated net of value added tax and trade discounts, represents goods and services supplied to customers, and is recognised as follows:

Provision of goods – revenue is recognised at the point of supply.

Services provided under a fixed term contract and licence fees – Revenue is recognised evenly over the duration of the contract.

#### ***Tangible fixed assets***

Depreciation is provided at the following annual rates in order to write off the cost of each asset over its expected useful economic life or the term of any lease under which it may be held:

Short leasehold property – over the period of the lease, 15 years

Plant and machinery – written off over 4 years

Fixtures and fittings – written off over the assets' useful economic life, between 4 and 7 years

Motor vehicles – 25% reducing balance basis

Assets held for operating leases – written off over 4 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

## Notes to the financial statements (continued)

### 1. Accounting policies (continued)

#### **Stocks**

Stocks are valued at the lower of cost incurred and net realisable value, after making due allowance for obsolete and slow moving items

#### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### **Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result

#### **Leasing and hire purchase commitments**

Assets obtained under finance leases are included in tangible fixed assets at cost and depreciation is provided over their useful economic lives, or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rental payments are apportioned between the financial element, which is charged to the profit and loss account, and the capital element, which reduced the outstanding obligation for future instalment, so as to give a constant rate of charge on the outstanding obligation

Hire purchase obligations are treated similarly, except that depreciation is provided over the useful economic life of the assets

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease

#### **Pensions**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate

#### **Research and development**

Expenditure on research and development is written off in the year in which it is incurred

## Notes to the financial statements (continued)

### 1. Accounting policies (continued)

#### **Assets held for leasing**

Assets held for leasing under operating leases are included in tangible fixed assets at cost less accumulated depreciation. Depreciation is provided in order to write off the cost of the assets over their economic lives or over the term of the lease, whichever is shorter.

Rental receipts under operating leases are credited to the profit and loss account on a straight line basis over the term of the lease.

#### **Provisions for liabilities**

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

The provision in the financial statements in respect of the asset retirement obligation refers to two leased buildings and represents the best estimate of the expected dilapidation costs on the leased buildings.

### 2. Operating profit

This is stated after charging/(crediting):

	2011 £	2010 £
Auditor's remuneration – audit services	36,000	47,859
Payments to auditors for non-audit services – taxation	2,500	13,200
	<u>          </u>	<u>          </u>
Other operating leases	255,171	210,101
Depreciation of owned fixed assets	3,995,946	2,896,755
Depreciation of assets held under hire purchase contracts	19,198	69,945
Loss on disposal of fixed assets	2,537	3,802
	<u>          </u>	<u>          </u>

### 3. Directors' emoluments

	2011 £	2010 £
Emoluments	490,399	155,073
	<u>          </u>	<u>          </u>
Information regarding the highest paid director was as follows		
	2011 £	2010 £
Emoluments	209,699	155,073
	<u>          </u>	<u>          </u>

## Notes to the financial statements (continued)

### 4. Staff costs

	2011 £	2010 £
Wages and salaries	7,281,122	5,842,605
Social security costs	702,495	548,105
Other pension costs	224,921	160,000
	<u>8,208,538</u>	<u>6,550,710</u>

The average monthly number of employees during the year was made up as follows

	2011 No	2010 No
Administration	74	63
Technical	84	69
Sales	42	26
Research	25	17
	<u>225</u>	<u>175</u>

### 5. Interest receivable and similar income

	2011 £	2010 £
Interest on corporation tax refund	–	5,121
	<u>–</u>	<u>5,121</u>

### 6. Interest payable and similar charges

	2011 £	2010 £
Bank interest	371,936	306,147
Other interest	1,630	–
Hire purchase	10,577	26,768
	<u>384,143</u>	<u>332,915</u>

## Notes to the financial statements (continued)

### 7. Tax

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2011 £	2010 £
<i>Current tax</i>		
UK corporation tax on the profit for the year	798,800	82,759
(Over)/under provision in prior years	—	—
Total current tax (note 7(b))	798,800	82,759
Deferred tax (note 11)	(229,605)	207,574
Tax on profit on ordinary activities	569,195	290,333

#### (b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 26.5% (2010 – 28%). The differences are explained below

	2011 £	2010 <i>Restated</i> £
Profit on ordinary activities before tax	1,692,264	821,337
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 – 28%)	448,450	229,974
<i>Effects of</i>		
Change in tax rate on ACAs for current year	(4,806)	—
Depreciation in excess of capital allowances	259,518	117,265
Expenses not deductible for tax purposes	95,638	56,253
Utilisation of brought forward tax losses	—	(319,493)
Adjustments to tax charge in respect of previous years	—	(1,240)
Current tax for the year (note 7(a))	798,800	82,759

#### (c) Factors that may affect future tax charges

In Budget 2011 on 23 March 2011, the Chancellor of the Exchequer announced a reduction in the UK rate of corporation tax to 26%. This reduced rate applied from 1 April 2011 and was enacted using secondary legislation, call the Provision Collection of Taxes Act. A further 1% rate reduction to 25% was also announced and it was intended that this would be effective from 1 April 2012. However, in his budget of 21 March 2012, the Chancellor announced a number of further changes to the UK Corporation Tax rate.

## Notes to the financial statements (continued)

### 7. Tax (continued)

These included a reduction in the UK corporation tax rate from 25% to 24% effective from 1 April 2012 (and substantively enacted as of 26 March 2012) and dealt with by Resolution under the Provisional Collection of Taxes Act

The UK government intends to further reduce the UK corporate income tax rate to 22%, in annual increments of 1% per annum which will be enacted in successive Finance Bills. Consequently, the Company will only recognize the impact of the rate change which is substantively enacted at that time in its financial statements

In addition, from 1 April 2012, there has been a 2% reduction in the rate of capital allowances available, the main pool rate decreasing from 20% to 18% and the special rate pool reducing from 10% to 8%

### 8. Tangible fixed assets

	<i>Short leasehold property</i> £	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost or valuation					
At 1 January 2011	259,872	16,287,892	712,896	47,917	17,308,577
Additions	–	5,878,807	434,057	–	6,312,864
Disposals	–	(836,822)	(37,000)	(40,500)	(914,322)
At 31 December 2011	259,872	21,329,877	1,109,953	7,417	22,707,119
Depreciation					
At 1 January 2011	61,726	7,822,028	280,672	20,220	8,184,646
Charge for year	17,325	3,862,192	129,705	5,922	4,015,144
Disposals	–	(352,611)	(37,000)	(21,463)	(411,074)
At 31 December 2011	79,051	11,331,609	373,377	4,679	11,788,716
Net book value					
At 31 December 2011	180,821	9,998,268	736,576	2,738	10,918,403
At 1 January 2011	198,146	8,465,865	432,224	27,697	9,123,932

The net book value of tangible fixed assets includes £25,597 (2010 – £144,785) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £19,198 (2010 – £69,945) for the year.

The cost of tangible fixed assets includes £17,568,024 (2010 – £13,191,116) in respect of assets held for leasing under operating leases. Accumulated depreciation of tangible fixed assets includes £9,014,786 (2010 – £6,069,616) in respect of assets held for leasing under operating leases.



## Notes to the financial statements (continued)

### 9. Stocks

	2011 £	2010 £
Stocks	3,867,867	1,250,667

### 10. Debtors

	2011 £	2010 £
Trade debtors	4,845,934	3,141,017
Amounts owed by group companies	–	47,617
Prepayments	577,946	379,945
	5,423,880	3,568,579

### 11. Provision for deferred tax

	2011 £	2010 £
Opening balance (asset)	144,302	351,876
Profit and loss account	229,605	(207,574)
Closing balance	373,907	144,302
The deferred tax consists of		
Decelerated capital allowances	373,177	143,513
Other timing differences	730	789
Total deferred tax asset	373,907	144,302

This deferred tax asset will reverse in line with future profits of the company. For this reason, the asset is not expected to reverse in full in the next 12 months.

## Notes to the financial statements (continued)

### 12. Creditors: amounts falling due within one year

	2011	2010
	£	Restated £
Hire purchase contracts (see note 15)	8,532	74,716
Trade creditors	4,001,342	2,308,932
Corporation tax	110,766	83,271
Other taxes and social security	549,357	141,174
Other creditors	482	188,058
Accrued expenses	380,125	1,572,714
Accruals and deferred income	3,517,897	2,724,403
Amounts owed to group companies	1,068,197	400,000
	<u>9,636,698</u>	<u>7,493,268</u>

### 13. Creditors: amounts falling due after more than one year

	2011	2010
	£	Restated £
Amounts owed to group company (see note 14)	8,551,110	–
Bank loans (see note 14)	–	6,658,833
Hire purchase contracts (see note 15)	–	11,584
Accruals and deferred income	2,132,912	2,721,511
	<u>10,684,022</u>	<u>9,391,928</u>

### 14. Loans

An analysis of maturity of loans is given below

	2011	2010
	£	£
Amounts falling due after more than five years		
Amounts owed to group company	8,551,110	–
Bank loans	–	6,658,833
	<u></u>	<u></u>

Amounts due to parent company after more than one year comprise intercompany loan payable to VeriFone Nordic AB. The loan bears interest payable at a rate per annum of 7.0% accruing daily and payable quarterly over the term of the loan. The loan is repayable on 30 December 2021.

The bank loan was repaid during the year.

The following operating lease payments are committed to be paid within one year

	<i>Land and buildings</i>		<i>Other operating leases</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Expiring				
Within one year	60,937	—	15,582	21,134
Between one and five years	11,667	—	229,388	156,930
In more than five years	204,750	279,000	—	—
	<u>277,354</u>	<u>279,000</u>	<u>244,970</u>	<u>178,064</u>
	<u><u>277,354</u></u>	<u><u>279,000</u></u>	<u><u>244,970</u></u>	<u><u>178,064</u></u>
			<i>Hire purchase contracts</i>	
			<i>2011</i>	<i>2010</i>
			<i>£</i>	<i>£</i>
Net obligations repayable				
Within one year			8,532	74,716
Between one and five years			—	11,584
			<u>8,532</u>	<u>86,300</u>

	2011 £	2010 £
Asset retirement obligation	204,282	193,639

Provision is recognised for expected dilapidation costs on the leased buildings. It is expected that most of these costs will be incurred more than five years from the balance sheet date.

		2011		2010
<i>Allotted, called up and fully paid</i>	<i>No</i>	<i>£</i>	<i>No</i>	<i>£</i>
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

## Notes to the financial statements (continued)

### 18. Reconciliation of shareholders funds and movements on reserves

	<i>Share Premium</i>	<i>Share capital</i>	<i>Profit and loss account Restated</i>	<i>Total share- holders' funds</i>
		£	£	£
As at 1 January 2010 as previously stated	9,899	1,000	204,721	215,620
Prior period adjustment (note 22)	-	-	(837,462)	(837,462)
As at 1 January 2010 as restated	9,899	1,000	(632,741)	(621,842)
Profit for the year as previously stated	-	-	1,179,791	1,179,791
Prior period adjustment (note 22)	-	-	(648,787)	(648,787)
Restated profit for the year	-	-	531,004	531,004
At 31 December 2010 as restated	9,899	1,000	(101,737)	(90,838)
Profit for the year	-	-	1,123,069	1,123,069
At 31 December 2011	9,899	1,000	1,021,332	1,032,231

### 19. Notes to the statement of cash flows

#### (a) Reconciliation of operating profit to net cash inflow from operating activities

	<i>2011</i>	<i>2010 Restated</i>
	£	£
Operating profit	2,076,407	1,149,131
Depreciation charges	4,015,144	2,966,700
Loss on disposal of fixed assets	2,537	3,802
Increase in stocks	(2,617,200)	(189,394)
(Increase)/decrease in debtors	(1,855,301)	612,248
Increase in creditors	1,604,164	1,716,889
Net cash inflow from operating activities	3,225,751	6,259,376

## Notes to the financial statements (continued)

### 19. Notes to the statement of cash flows (continued)

(b) Analysis of cash flows for headings netted in the statement of cash flows

	2011 £	2010 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	(373,566)	(306,147)
Interest element of hire purchase payments	(10,577)	(26,768)
Interest received	–	5,121
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(384,143)</b>	<b>(327,794)</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(6,312,864)	(5,864,286)
Sale of tangible fixed assets	500,711	367,945
<b>Net cash outflow from capital expenditure</b>	<b>(5,812,153)</b>	<b>(5,496,341)</b>
<b>Financing</b>		
Loan repayments in year	(6,736,601)	(187,654)
Loans advanced in year	8,551,110	–
<b>Net cash inflow/(outflow) from financing</b>	<b>1,814,509</b>	<b>(187,654)</b>

(c) Analysis of changes in net debt

	At 1 January 2011 £	Cash flow £	At 31 December 2011 £
<b>Net cash</b>			
Cash at bank and in hand	2,900,517	(1,927,341)	973,176
<b>Debt</b>			
Hire purchase	(86,300)	77,768	(8,532)
Debt falling due after one year	(6,658,833)	(1,892,277)	(8,551,110)
	(6,745,133)	(1,814,509)	(8,559,642)
<b>Total</b>	<b>(3,844,616)</b>	<b>(3,741,850)</b>	<b>(7,586,466)</b>

## Notes to the financial statements (continued)

### 20. Related party transactions

The company has taken advantage of the exemption available in FRS 8 from disclosing transactions with related parties that are part of the VeriFone Systems Inc group based in the USA, on the basis that 100% of the company's voting rights are controlled within the group and consolidated financial statements in which the company is included are publicly available

### 21. Ultimate parent undertaking and controlling party

VeriFone Systems Inc, is the ultimate parent undertaking and controlling party of VeriFone Services UK & Ireland Limited, by virtue of its indirect holding of all shares in VeriFone Services UK & Ireland Limited

### 22. Prior year restatement

The Company revised its policy for recognising revenue for licence fees to bring it in line with the policy adopted by the ultimate parent undertaking, whereby revenue for licence fees is recognised over the period of the service contract to which it relates. The table below summarises the impact of the restatement on the 2010 comparatives

	<i>Original Financial Statements</i>	<i>Adjustments</i>	<i>Restated Financial Statements</i>
	£	£	£
<b><i>Profit and loss account</i></b>			
Turnover	19,704,908	(901,093)	18,803,815
Operating profit	2,050,224	(901,093)	1,149,131
Tax	542,639	(252,306)	290,333
Profit for the year	1,179,791	(648,787)	531,004
<b><i>Balance sheet</i></b>			
Creditors amounts falling due within one year	(7,074,531)	(418,737)	(7,493,268)
Net current assets	789,534	(418,737)	370,797
Creditors amounts falling due after more than one year	(8,324,416)	(1,067,512)	(9,391,928)
Net assets	1,395,411	(1,486,249)	(90,838)
Closing shareholder's funds	1,395,411	(1,486,249)	(90,838)
Opening shareholder's funds	215,620	(837,462)	(621,842)

### 23. Subsequent events

Following the acquisition of the immediate parent undertaking by VeriFone, the Company has changed its accounting reference date to 31 October to be in line with its ultimate parent undertaking VeriFone Systems Inc