

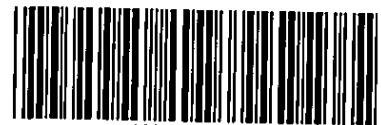
**Certegy Card Services Limited**

**Directors' report and financial  
statements**

Registered number 3517639

For the year ended 31 December 2010

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

### Business review and principal activities

The principal activity of the company during the year continued to be the processing of card transactions and related services

Card processing and ongoing development revenue for credit/debit card processing remained steady despite the general economic downturn throughout 2010, which led to £16.4 million turnover, flat with prior year. However, operating losses improved by £0.8 million year on year due to cost control/efficiency measures implemented in 2010 across the cost base.

### Principal risks and uncertainties

We are exposed to a number of risks and have established a structured approach to manage and mitigate the risk where possible.

Risks are managed under the following headings:

- *Business environment risk*

We recognise the benefit that is derived from conducting business in an ethically and socially responsible manner. This approach extends to the supply of services and the provision of a safe and healthy place of work and investment in technologies. A failure in any of these areas could damage the company's reputation and disrupt the business.

- *Financial risk*

Our customers are generally subsidiaries of large financial organisations and the likelihood of the company being subject to financial risk from the inability of our customers to pay is considered by the directors to be relatively low.

- *Operational risk*

Our strategy is to simplify external supply chains through strategic relationships with fewer but stronger suppliers to ensure consistency of services provided, primarily with technology and communications.

With respect to security of consumers' personal data, we have been introducing policies and technologies to safeguard and prevent theft of consumer data.

Exposure to operational issues which generate service penalties and/or claims from a customer associated with direct losses from operational errors is mitigated by strengthening the controls within our operational environment on an ongoing basis and also ensuring that these issues are considered and met when significant changes are made to the software and associated operational procedures.

### Future developments

With respect to revenue growth, we will continue to try to win new business in partnership with sister companies within the Fidelity Group to provide a more extensive and varied product choice for prospective new clients.

We continue to strive to drive down costs to improve efficiency and have been reviewing all major contracts and re-negotiating where applicable and we expect to see benefits from these activities during 2011 and into future years.

### Key performance indicators

Key performance indicators used to manage the business are the number of accounts, both resident and active, the number of transactions, the number of applications processed and also the usage of third party products such as Falcon and Triad.

### Dividends

The loss for the year, after taxation, amounted to £49,315 (2009: £845,725). The directors do not recommend the payment of an ordinary dividend (2009: £Nil).

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

### **Directors**

The directors who held office during the year were

MP Davey  
M Gravelle (appointed 1 January 2010)  
R Cook (resigned 1 January 2010)  
GP Scanlon (resigned 1 June 2010)

### **Employee involvement**

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings.

### **Employment of disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as is possible, be identical with that of other employees.

### **Political and charitable contributions**

There were no charitable donations during the year (2009 £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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board



**Mark P Davey**  
Director

Tricorn House  
51/53 Hagley Road  
Edgbaston  
Birmingham  
B16 8TU

27 September 2011

## **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).

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 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

## **Independent auditor's report to the members of Certegy Card Services Limited**

We have audited the financial statements of Certegy Card Services Limited for the year ended 31 December 2010 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditor**

As explained more fully in the directors' responsibilities statement set out on page 3, 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, 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with UK 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.

**Independent auditor's report to the members of Certegy Card Services Limited** *(continued)*

**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



**PN Meehan (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

27 September 2011

**Profit and loss account**  
*for the year ended 31 December 2010*

	<i>Note</i>	2010 £	2009 £
Turnover	2	16,407,032	16,434,980
Cost of sales		(5,788,613)	(5,086,590)
		<hr/>	<hr/>
Gross profit		10,618,419	11,348,390
Administrative expenses		(10,698,461)	(12,204,431)
		<hr/>	<hr/>
Operating loss		(80,042)	(856,041)
Interest receivable and similar income	6	32,700	12,922
Interest payable and similar charges	7	(1,973)	(2,606)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	3	(49,315)	(845,725)
Tax on loss on ordinary activities	8	-	-
		<hr/>	<hr/>
Loss for the financial year	16	(49,315)	(845,725)
		<hr/>	<hr/>

All activities in both the current and prior years are continuing

**Statement of total recognised gains and losses**  
*for the year ended 31 December 2010*

	<i>Note</i>	2010 £000	2009 £000
Loss for the financial year		(49,315)	(845,725)
Contribution from parent – share based payment	15	45,025	34,880
		<hr/>	<hr/>
Total recognised gains and losses for the financial year		(4,290)	(810 845)
		<hr/>	<hr/>



**Balance sheet**  
*at 31 December 2010*

	Note	2010 £	2009 £
<b>Fixed assets</b>			
Tangible assets	9	5,087,581	6,869,524
<b>Current assets</b>			
Stocks	10	5,160	81,658
Debtors	11	3,030,324	4,800,477
Cash at bank and in hand		1,804,537	4,312,483
		<u>4,840,021</u>	<u>9,194,618</u>
Creditors amounts falling due within one year	12	(9,499,873)	(15,632,123)
<b>Net current liabilities</b>		<u>(4,659,852)</u>	<u>(6,437,505)</u>
<b>Total assets less current liabilities</b>		<u>427,729</u>	<u>432,019</u>
Creditors Amounts falling due after more than one year	13	(19,625,561)	(19,625,561)
Provision for liabilities	14	-	-
<b>Net liabilities</b>		<u>(19,197,832)</u>	<u>(19,193,542)</u>
<b>Capital and reserves</b>			
Called up share capital	15	1,000	1,000
Capital contribution	16	4,295,488	4,295,488
Profit and loss account	16	(23,494,320)	(23,490,030)
<b>Shareholders' deficit</b>	17	<u>(19,197,832)</u>	<u>(19,193,542)</u>

These financial statements were approved by the board of directors on 27 September 2011 and were signed on its behalf by



**MP Davey**  
Director

Company registered number 3517639

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### *Basis of preparation*

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

#### *Going concern*

The company has net liabilities of £19,197,832. Fidelity National Information Service, Inc, the company's ultimate parent undertaking, had indicated that it will provide or procure such funds as are necessary to enable the company to settle all external liabilities as they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

#### *Cash flow statement*

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

#### *Fixed assets and depreciation*

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office equipment	- 3-10 years, straight line
Software development costs	- 3-8 years, straight line

Costs of software developed to enable the company to provide services to third parties are capitalised. These costs include internal staff time, charges from other group companies and third party invoices.

All fixed assets are initially recorded at cost.

#### *Turnover*

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover is attributable to sales and services in the normal course of business.

#### *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.

#### *Stocks*

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value as follows:

Raw materials, consumables and goods for resale/purchase cost on a first in, first out basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

The stock includes card, statements, letters etc, which are used in the operational support areas of the credit card processing business.

## Notes (continued)

### 1 Accounting policies (continued)

#### Foreign currencies

Transactions in foreign currencies are initially recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

#### Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### Pension costs

The company is part of the Certege Retirement Savings Plan defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable, in accordance with the rules of the scheme.

#### Share based payments

Share based incentive arrangements are provided to certain employees under share option schemes of Fidelity National Information Services, Inc. share options granted to the employee since 7 November 2002 are valued at the date of grant using an appropriate option pricing model and are charged to operating profit over the vesting periods of the schemes. The amount recognised as an expense is adjusted to reflect the actual number of shares expected to vest, taking account of employees who forfeited their options.

### 2 Turnover

An analysis of turnover by geographical market is given below.

	2010 £	2009 £
<i>By geographical market</i>		
United Kingdom	9,904,169	8,369,033
Europe	2,638,368	2,865,928
United States of America	3,864,494	5,200,019
	<u>16,407,031</u>	<u>16,434,980</u>

### 3 Loss on ordinary activities before taxation

	2010 £	2009 £
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Depreciation and other amounts written off tangible fixed assets – owned	2,124,839	2,343,687
Operating leases		
Land and buildings	171,342	151,847
Plant and machinery	168,398	144,147
Exchange loss	(13,397)	74,839
<i>Auditors' remuneration</i>		
Audit of these financial statements	<u>35,000</u>	<u>35,000</u>

## Notes (continued)

### 4 Remuneration of directors

No director received any remuneration during the year (2009 none) None of the directors were members of the pension schemes (2009 none)

No director exercised any share options during the year (2009 none)

### 5 Staff numbers and costs

The average number of persons employed by the company (including the director) during the year, analysed by category, was as follows

	Number of employees	
	2010	2009
Operations	110	119
Administration	22	22
	<u>132</u>	<u>141</u>

The aggregate payroll costs of these people were as follows

	£	£
Wages and salaries	4,131,987	4,581,421
Social security costs	482,627	479,775
Pension costs	574,561	584,474
Share based payments (note 20)	45,025	34,880
	<u>5,234,200</u>	<u>5,680,550</u>

### 6 Interest receivable and similar income

	2010 £	2009 £
Bank interest	<u>32,700</u>	<u>12,922</u>

### 7 Interest payable and similar charges

	2010 £	2009 £
Bank charges	<u>1,973</u>	<u>2,606</u>

## Notes (continued)

### 8 Taxation

#### Analysis of charge in period

	2010 £	2009 £
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>

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

The current tax charge for the period is lower (2009 lower) than the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

	2010 £	2009 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(49,315)	(845,725)
	<hr/>	<hr/>
Current tax at 28% (2009 28%)	(13,808)	(236,803)
<i>Effects of</i>		
Expenses not deductible for tax purposes	5,845	15,440
Capital allowances in excess of depreciation	(24,457)	446,225
Short term timing differences	4,584	(39,930)
Utilisation of tax losses	-	(181,314)
Group relief surrendered free of charge/(claimed by)	27,836	(3,618)
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

#### Factors that may affect future current and total tax charges

At 31 December 2010, the company had an unrecognised deferred tax asset of £1,063,698 (2009 £1,120,244). This comprises of accelerated capital allowances of £1,014,646 (2009 £1,076,682), other timing differences of £49,052 (2009 £43,561) and trading losses of £Nil (2009 £Nil). In accordance with FRS 19, no deferred tax asset, which at 28% would amount to £Nil (2009 £Nil) has been recognised in respect of these losses due to lack of certainty regarding the quantum and timing of future years' taxable profits.

The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted on 20 July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted on 29 March 2011 and 5 July 2011 respectively.

## Notes (continued)

### 9 Tangible fixed assets

	Software developme nt costs equipment £	Office equipment £	Total £
<i>Cost</i>			
At beginning of year	22,243,588	4,382,034	26,625,622
Additions	238,544	104,352	342,896
	<hr/>	<hr/>	<hr/>
At end of year	22,482,132	4,486,386	26,968,518
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	15,634,386	4,121,712	19,756,098
Charge for year	1,926,099	198,740	2,124,839
	<hr/>	<hr/>	<hr/>
At end of year	17,560,485	4,320,452	21,880,937
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2010	4,921,647	165,934	5,087,581
	<hr/>	<hr/>	<hr/>
At 31 December 2009	6,609,202	260,322	6,869,524
	<hr/>	<hr/>	<hr/>

### 10 Stocks

	2010 £	2009 £
Stationery and cards	5,160	81,658
	<hr/>	<hr/>

### 11 Debtors

	2010 £	2009 £
Trade debtors	1,739,935	2 708 536
Amounts owed by group undertakings	847,490	1 192 113
Other debtors	5,623	497,725
Prepayments and accrued income	437,276	402,103
	<hr/>	<hr/>
	3,030,324	4,800,477
	<hr/>	<hr/>

## Notes (continued)

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

	2010 £000	2009 £000
Trade creditors	148,643	58,507
Amounts owed to group undertakings	7,670,134	13,527,348
Other creditors including taxation and social security	134,845	172,278
Other creditors	448,956	306,217
Accruals and deferred income	1,097,295	1,567,773
	<u>9,499,873</u>	<u>15,632,123</u>

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

	2010 £000	2009 £000
Loans from parent undertakings	19,625,561	19,625,561
	<u>19,625,561</u>	<u>19,625,561</u>

None of the loans from the parent undertaking are interest bearing (2009 £Nil)

### 14 Provisions for liabilities

The obligations of the company to provide services under various contractual arrangements are re-assessed and, where required, the company makes provision against contract losses. The provision will be utilised as the service is delivered in accordance with the contract terms.

### 15 Called up share capital

	2010 £	2009 £
<i>Allotted, called up and fully paid</i>		
510 "A" ordinary shares of £1 each	510	510
490 "B" preferred shares of 10 pence each	490	490
	<u>1,000</u>	<u>1,000</u>

The two classes of share rank pari passu in all respects.

### 16 Share premium and reserves

	Capital contribution £	Profit and loss account £
At beginning of year	4,295,488	(23,490,030)
Loss for the financial year	-	(49,315)
Contribution from parent – share based payment	-	45,025
	<u>4,295,488</u>	<u>(23,494,320)</u>
At end of year	<u>4,295,488</u>	<u>(23,494,320)</u>

## Notes (continued)

### 17 Reconciliation of movements in shareholders' deficit

	2010 £	2009 £
Loss for the financial year	(49,315)	(845,725)
Capital contribution from parent company	45,025	34,880
	<hr/>	<hr/>
Net decrease in shareholders' funds	(4,290)	(810,845)
Opening shareholders' deficit	(19,193,542)	(18,382,697)
	<hr/>	<hr/>
Closing shareholders' deficit	(19,197,832)	(19,193,542)
	<hr/> <hr/>	<hr/> <hr/>

### 18 Commitments

At 31 December 2010 there were no capital commitments (2009 £Nil)

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings		Other	
	2010 £000	2009 £000	2010 £000	2009 £000
Operating leases which expire				
Within one year	-	-	-	1,041
In the second to fifth years inclusive	75,081	75,081	1,672	1,672
	<hr/>	<hr/>	<hr/>	<hr/>
	75,081	75,081	1,672	2,713
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 19 Pension commitments

The company is a member of the Certege Retirement Savings Plan. This is a defined contribution scheme, which represents the main scheme of the group and is funded by contributions from the employer and the employee, for the benefit of individual members.

The pension charge for the year was £574,561 (2009 £584,474) and the year end accrual for pension costs was £48,559 (2009 £46,033).



## Notes (continued)

### 20 Share based payments

The ultimate parent, Fidelity National Information Services (formerly Certegey Inc) grants options over shares to employees under share option schemes. Where grants were made after 7 November 2002, they have been accounted for in accordance with FRS 20 Share based payments. All options have been valued at the date of grant, using an appropriate options pricing model.

The options were granted under different schemes with vesting periods of either 3 or 4 years, with the shares besting gradually over the period. The exercise price is not less than the market price at the date of grant.

The options were valued using the Black-Scholes-Merton model applying the following principal assumptions:

Grant date	5 November 2010	5 November 2009	29 October 2008	20 December 2007	17 March 2005
Exercise price	\$27.1	\$22.55	\$14.35	\$42.56	\$32.44
Number of employees	2	2	1	1	3
Shares under option	17,735	12,682	5,625	7,500	8,098
Vesting period (years)	3	3	3	3	3
Expected volatility	36%	35%	26%	25%	25%
Option life (years)	7	7	7	7	7
Expected life (years)	4.4	5.3	5.3	5.8	4.6 – 7
Risk free rate	1.1%	2.3%	2.8%	3.5%	3.7–4.4%
Expected dividends expressed as a dividend yield	0.7%	1.0%	1.0%	0.5%	0.5%

A reconciliation of the option movements is set out below:

	2010 Number	Weighted average exercise price	2009 Number	Weighted average exercise price
Outstanding at beginning of year	46,307	\$20.48	33,625	\$19.70
Granted	17,735	\$27.10	12,682	\$22.55
Forfeited	-	-	-	-
Exercised	(7,427)	\$18.07	-	-
Outstanding at end of year	56,615	\$22.87	46,307	\$20.48
Exercisable at end of year	28,551	\$20.90	29,875	\$20.38

## Notes (continued)

### 19 Share based payments (continued)

For options outstanding at the year end, the range of exercise prices and the average remaining lives were as follows

#### 2010

	Share capital £	Profit and loss account £	Total £
£10-\$20	16 43	12,734	2 8
\$20-\$30	24 74	43,881	5 7
	<hr/>	<hr/>	<hr/>

#### 2009

	Share capital £	Profit and loss account £	Total £
£10-\$20	17 03	20,161	3 2
\$20-\$30	23 15	26,146	5 9
	<hr/>	<hr/>	<hr/>

### 21 Immediate parent company

The immediate parent undertaking is Certegey Limited, a company registered in England and Wales

The smallest and largest group in which the results of the company are consolidated is that headed by the ultimate parent company, Fidelity National Information Services, Inc , a company registered in the USA. The consolidated financial statements of the group are available from Fidelity National Information Services, Inc , 601 Riverside Avenue, Jacksonville, Florida 32204

As a subsidiary of Fidelity National Information Service, Inc. Certegey Card Services Limited has taken advantage of the exemption in FRS 8 Related party disclosures not to disclose transactions with other members of the group headed by Fidelity National Information Services, Inc