

**FIS Banking Solutions UK Limited**  
**(Formerly known as Certegy Card Services Limited)**

Annual report and financial statements

Registered number 03517639

For the year ended 31 December 2019



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## Strategic report

### Business review and principal activities

The principal activity of the Company during the year was the provision of banking software solutions and platforms. This includes the provision of hosted services for banking products such as mortgages, loans, current accounts, savings, debit/credit card processing and related services.

On 23 November 2020 the company changed its name to FIS Banking Solutions UK Limited.

The company engages in research and development to develop and improve banking software solutions.

Revenue decreased from £24.3 million (Restated) in 2018 to £22.9 million in 2019. The main reason for the decline in revenue is due to a decrease in revenue from one major customer.

Gross loss has increased from £ 10.7 million (Restated) to £11.3 million mainly due to decrease in revenue by £1.4 million.

The company anticipates continued operating losses in 2020 but continue to add new accounts for card processing, active web fees and services including BPO and other support fees to return to profit in the long run.

### 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*

The company recognises 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.

Market conditions remain challenging in 2020 as the impact of Brexit and Covid-19 Pandemic on consumer confidence and demand was apparent. While the UK Government has signed a trade deal with the EU effective 1 January 2021 which is forecast to have a relatively small impact, we are still unclear about the impact of Covid-19 on the operations of the company. The Directors are confident in the long-term fundamentals of the company and the opportunities from the markets in which it operates.

External events (such as Brexit) might impact the business in a manner which is hard to predict. However, current revenues are gained from UK based customers. That being the case, in the short term, if any impacts come to light, they are not expected to have a large effect on 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 the 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.

## **Strategic report** *(continued)*

### **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 2020 and into future years.

The Directors have reviewed the financial position of the Company and its forecasts and in consideration of the ongoing support from the Parent company are confident about the financial prospects of the Company

### **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 accepted, the number of Web users both Registered and Active, along with usage of third-party products such as Falcon and Triad. Falcon is an industry leading card fraud management system. TRIAD is a management tool that enables unique analytics, simulation and strategy. For Further disclosure of KPI's, refer to the financial statements of Fidelity National Information Services, Inc. The KPI's of the entity are monitored at a consolidated level.

By order of the board

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*Alison Wilkes*

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**Alison Wilkes**

Director

Date: March 24, 2021 | 09:00 EDT

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

### Directors

The directors who held office during the year were:

A B Jackson

B W Jennings

A L Wilkes (Appointed on 18 February 2019)

### Dividends

The loss for the year, after taxation, amounted to £ 12,057,000 (2018: £16,387,000 {Restated}). The directors do not recommend the payment of an ordinary dividend (2018: £Nil).

### Covid 19

The coronavirus (Covid-19) has had no significant impact on the company's operations and activities subsequent to the end of the year. The Company has neither deferred the Value added tax nor received any other government support. At this time, the Company is still assessing the nature or extent of any impacts and/or the time over which the company will be impacted. It is possible that the Company may be materially affected, as the impacts and remedies for the current situation are outside the company's control and are far reaching in both UK and globally. Based on the current available information, the Directors believe that the company will remain a going concern.

### 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 contributions

There were no political donations during the year (2018: £Nil).

### Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

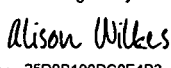
### Change of name on 23 November 2020

The company applied for change of name and effective November 23, 2020 Certegy Card Services Limited legally changed its name to FIS Banking Solutions UK Limited.

### 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

DocuSigned by:  
  
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 Alison Wilkes

Director

Date: March 24, 2021 | 09:00 EDT

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

## **Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

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

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

## **Independent auditor's report to the members of FIS Banking Solutions UK Limited (formerly known as Certegy Card Services Limited)**

### **Opinion**

We have audited the financial statements of FIS Banking Solutions UK Limited (formerly known as Certegy Card Services Limited) ("the company") for the year ended 31 December 2019 which comprise the profit and loss account, balance sheet, statement of changes in equity, statement of comprehensive income and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **Independent auditor's report to the members of FIS Banking Solutions UK Limited (formerly known as Certegy Card Services Limited) (continued)**

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

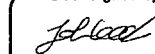
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.

DocuSigned by:



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**John Leech (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

*One Snowhill*

*Snow Hill Queensway*

*Birmingham*

*B4 6GH*

*Date: March 24, 2021 | 06:08 PDT*



**Profit and loss account and statement of comprehensive income**  
*for the year ended 31 December 2019*

	<i>Note</i>	<b>2019</b> <b>£000</b>	2018 £000 (Restated*)
<b>Turnover</b>	<b>3</b>	<b>22,866</b>	24,316
Cost of sales		<b>(34,193)</b>	(34,975)
		<hr/>	<hr/>
<b>Gross (loss)</b>		<b>(11,327)</b>	(10,659)
Administrative expenses		<b>(498)</b>	(5,590)
		<hr/>	<hr/>
<b>Operating loss</b>		<b>(11,825)</b>	(16,249)
Interest payable and similar charges	<b>7</b>	<b>(232)</b>	(138)
		<hr/>	<hr/>
<b>Loss before taxation</b>	<b>4</b>	<b>(12,057)</b>	(16,387)
Taxation	<b>8</b>	<b>-</b>	-
		<hr/>	<hr/>
<b>Loss for the financial year, being comprehensive income for the year</b>		<b>(12,057)</b>	(16,387)
		<hr/> <hr/>	<hr/> <hr/>

All activities in both the current and prior years are continuing.

The accompanying notes form part of these financial statements.

\*Refer to note 2.

FIS Banking Solutions UK Limited  
(Formerly known as Certegy Card Services Limited )  
Annual report and financial statements  
For the year ended 31 December 2019

**Balance sheet**  
*at 31 December 2019*

	Note	2019 £000	2018(Restated*) £000
<b>Fixed assets</b>			
Intangible assets	9	11,200	5,161
Tangible assets	10	8,647	13,465
		<u>19,847</u>	<u>18,626</u>
<b>Current assets</b>			
Debtors (Including £36,901,452 (2018: £27,545,281) due after one year)	11	59,255	48,856
Cash at bank and in hand		764	2,707
		<u>60,019</u>	<u>51,563</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(133,104)</u>	<u>(111,370)</u>
<b>Net current liabilities</b>		<u>(73,085)</u>	<u>(59,807)</u>
<b>Total assets less current liabilities, being net liabilities</b>		<u>(53,238)</u>	<u>(41,181)</u>
<b>Capital and reserves</b>			
Called up share capital	13	1	1
Capital contribution reserve		4,295	4,295
Share premium		23,500	23,500
Profit and loss account		(81,034)	(68,977)
<b>Shareholders' deficit</b>		<u>(53,238)</u>	<u>(41,181)</u>

The accompanying notes form part of these financial statements.

\*Refer to note 2.

These financial statements were approved by the board of directors on **23 March 2021** and were signed on its behalf by:

DocuSigned by:

*Alison Wilkes*

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**Alison Wilkes**

Director

Company registered number: 03517639

FIS Banking Solutions UK Limited  
(Formerly known as Certegy Card Services Limited )  
Annual report and financial statements  
For the year ended 31 December 2019

## Statement of Changes in Equity

	Called up share capital	Capital contribution reserve	Share premium	Profit and loss account	Total equity
	£000	£000	£000	£000 (Restated*)	£000 (Restated*)
Balance at 1 January 2018	1	4,295	-	(52,590)	(48,294)
<b>Total comprehensive income for the period</b>					
Loss for the year as previously reported	-	-	-	(14,016)	(14,016)
Restatement – see note 2	-	-	-	(2,371)	(2,371)
Loss for the year as restated	-	-	-	(16,387)	(16,387)
<i>Transaction with shareholder</i>					
Share issue	-	-	23,500	-	23,500
Balance at 31 December 2018 (Restated*)	1	4,295	23,500	(68,977)	(41,181)
Balance at 1 January 2019	1	4,295	23,500	(68,977)	(41,181)
<b>Total comprehensive income for the period</b>					
Loss for the year	-	-	-	(12,057)	(12,057)
<b>Balance at 31 December 2019</b>	<b>1</b>	<b>4,295</b>	<b>23,500</b>	<b>(81,034)</b>	<b>(53,238)</b>

The accompanying notes form part of these financial statements.

\*Refer to note 2.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

FIS Banking Solutions UK Limited (formerly known as Certegy Card Services Limited) (the “Company”) is a private company incorporated, domiciled and registered in England and Wales in the UK. The registered number is 03517639 and the registered address is Tricorn House, 51/53 Hagley Road, Edgbaston, Birmingham B16 8TU.

The Company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102, “*The Financial Reporting Standard applicable in the UK and Republic of Ireland*” (“FRS 102”). The presentation currency of these financial statements is pound sterling.

The Company’s ultimate parent undertaking, Fidelity National Information Services, Inc. includes the Company in its consolidated financial statements. The consolidated financial statements of Fidelity National Information Services, Inc. are prepared in accordance with the U.S. Generally Accepted Accounting Principles and are available to the public and may be obtained from 601 Riverside Avenue, Jacksonville, FL 32204, USA. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Fidelity National Information Services, Inc. include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 18.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The Company has net current liabilities of £73,085,000 as at 31 December 2019 and a loss for the year then ended of £12,057,000. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company is part of a wider group business model by which group companies at times provide and receive services from each other and as needed use group funding and cash pool arrangements. The Company may be dependent on the ultimate parent company providing additional financial support to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements. The Company’s ultimate parent has indicated its intention to continue to make available such funds as are needed by the Company for that period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On the basis of their assessment of the Company’s financial position including the impact of the COVID-19 pandemic, the facts and circumstances noted above, and of the enquiries made of the directors of the Company’s ultimate parent, the Company’s directors have a reasonable expectation that the Company will continue in operational existence and meet its liabilities as they fall due for the period of 12 months from the date of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing these annual financial statements.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

#### 1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

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

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

#### 1.5 Basic financial instruments

##### *Trade and other debtors/creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest rate method, less any impairment losses.

##### *Investments in subsidiaries*

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Property, plant and equipment	3-10 years
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Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

#### 1.7 Intangible assets, goodwill and negative goodwill

##### *Other intangible assets*

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible asset acquired in a business combination is its fair value at the acquisition date.

##### *Amortisation*

Amortisation is charged to the profit and loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- software development costs      - 3 to 8 years

The basis for choosing these useful lives is in line with the term of the contract to which it relates.

#### 1.8 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.

The Company generates revenues from the delivery of bank processing, credit and debit card processing services, other payment processing services, professional services, software licensing and software related services. The Company recognizes revenue when: (i) evidence of an arrangement exists; (ii) delivery has occurred; (iii) the fees are fixed or determinable; and (iv) collection is considered probable.

##### *Processing services*

Processing services include data processing and application management. Revenues from processing services are typically volume-based depending on factors such as the number of accounts processed, transactions processed and computer resources utilized. Revenues from these arrangements are recognized as services are performed.

##### *Professional service revenues*

Revenues related to implementation, conversion and programming services associated with the Company's data processing and application management agreements during the implementation phase are deferred and held in deferred income, subsequently recognized using the straight-line method over the term of the related services agreement when these upfront services do not have standalone value. Revenues related to other consulting service agreements are recognized as the services are provided.

##### *Sales Incentives*

Sales incentives may include cash consideration, discounts, rebates, signing bonuses, free products / services, etc. Sales incentives are classified as a reduction of revenue. If the sales incentive does not result in a loss on the arrangement, it is recognised on the later of: the date at which the related revenue is recognized; or the date at which the sales incentive is offered. Sales Incentives offered in a multiple element arrangement are allocated to different elements based on the fair value of each element and are recorded as a reduction in revenue when revenue for the particular element is recognised.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8 Turnover (continued)

##### *Contract expenses and assets*

Revenues and costs related to implementation, conversion and programming services associated with the Company's data processing and application management agreements during the implementation phase are deferred and held as contract debtors and subsequently recognized using the straight-line method over the term of the related services agreement when these upfront services do not have standalone value or if revenue otherwise allocable to these elements is contingent upon delivery of other elements in the arrangements.

In the event indications exist that a particular deferred contract cost balance may be impaired, discounted estimated cash flows of the contract are projected over its remaining term and compared to the unamortized deferred contract cost balance. If the projected cash flows are not adequate to recover the unamortized cost balance, the balance would be adjusted to equal the contract's net realisable value, including any termination fees provided for under the contract, in the period such a determination is made.

#### 1.9 Expenses and interest

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest rate method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method.

#### 1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### 1.12 Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Share-based payment transactions*

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

Where the Company is part of a group share-based payment plan, it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The basis of such allocation is disclosed in note 15.

#### 1.13 Related Party Disclosures

The Company has taken advantage of the exemption available in FRS 102 Section 33.1A from disclosing intercompany transactions between two or more members of a group, provided that any subsidiary party to the transaction is a wholly owned member of the group.

#### 1.14 Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Government grants in relation to research and development activities are recognised in the profit and loss account once the Company has completed all requirements to receive the grant and its receipt is expected. Grants unpaid at the balance sheet date are recognised in other debtors.



## Notes (continued)

### 2 Prior year restatement

During the year, the directors identified that £2,371,000 of revenue and accrued income should not have been recognised in the year ended 31 December 2018 because it had already been recorded. This is being corrected by means of a restatement of the 2018 comparatives in these financial statements.

The accounting policy for accounting for revenue has not changed. The restated presentation for 2018 results in a change in turnover, operating loss, and the loss before and after tax in the Profit and Loss account and accrued income (included in Debtors), current assets, net current liabilities and net liabilities and equity in the Balance Sheet for that year. The loss for the year ended 31 December 2018 has also been restated in the Statement of Changes in Equity.

The restatement has no impact on the 2019 results or on the taxation result for either year.

The following table summarises the impact on the financial statements:

	As previously reported	Adjustment	Restated
	£'000	£'000	£'000
<b><i>Profit and loss account and statement of comprehensive income</i></b>			
Turnover	26,687	(2,371)	24,316
Operating loss	(13,878)	(2,371)	(16,249)
Loss before tax	(14,016)	(2,371)	(16,387)
Loss after tax	(14,016)	(2,371)	(16,387)
Retained loss for the year	(14,016)	(2,371)	(16,387)
<b><i>Balance sheet</i></b>			
Accrued income (included within debtors)	10,671	(2,371)	8,300
Total debtors	51,227	(2,371)	48,856
Net current liabilities	(57,436)	(2,371)	(59,807)
Total assets less current liabilities, being net liabilities	(38,810)	(2,371)	(41,181)
<b><i>Statement of Changes in Equity</i></b>			
Loss for the year	(14,016)	(2,371)	(16,387)

### 3 Turnover

An analysis of turnover by geographical market is given below:

	2019 £000	2018 £000 (Restated*)
<i>By geographical market</i>		
United Kingdom	22,817	24,262
Rest of world	49	54
	<hr/> 22,866 <hr/>	<hr/> 24,316 <hr/>

\* see note 2

## Notes (continued)

### 4 Loss before taxation

	2019 £000	2018 £000
<i>Loss before taxation is stated after charging:</i>		
Depreciation and other amounts written off tangible fixed assets – owned	3,980	3,699
Amortisation of intangible assets	1,369	3,094
Research and development expenses	984	4,459
Operating leases:		
Land and buildings	37	64
Plant and machinery	227	178
Exchange (gain)/loss	(2,106)	3,587
	<u>75</u>	<u>70</u>
<i>Auditor's remuneration</i>		
Audit of these financial statements	<u>75</u>	<u>70</u>

### 5 Remuneration of directors

One director (2018: one) received emoluments in respect of services provided to the company during the year. One director was a member of the pension schemes (2018: one).

One director exercised share options during the year (2018: one).

	2019 £000	2018 £000
Remuneration	276	282
Pensions	27	8
	<u>303</u>	<u>290</u>

### 6 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 2019	2018
Operations	89	95
Administration	63	62
	<u>152</u>	<u>157</u>

The aggregate payroll costs of these people were as follows:

	2019 £000	2018 £000
Pension costs	1,063	938
Wages and Salaries	10,072	7,397
Social security costs	981	1,207
Share based payments	360	2,283
	<u>12,476</u>	<u>11,825</u>

**Notes (continued)**

**7 Interest payable and similar charges**

	<b>2019</b>	2018
	<b>£000</b>	£000
Intercompany Interest payable	<b>232</b>	133
Bank charges	-	5
	<hr/> <b>232</b> <hr/>	<hr/> 138 <hr/>

**8 Taxation**

***Total tax expense***

	<b>2019</b>	2018
	<b>£000</b>	£000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
Adjustment in respect of prior years	-	-
	<hr/>	<hr/>
Total tax charge/(credit)	-	-
	<hr/>	<hr/>

***Tax reconciliation***

	<b>2019</b>	2018
	<b>£000</b>	£000
		(Restated*)
Loss for the year	<b>(12,057)</b>	(16,387)
Total tax expense/(credit)	-	-
	<hr/>	<hr/>
Loss excluding taxation	<b>(12,057)</b>	(16,387)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2018: 19.00%)	<b>(2,291)</b>	(3,114)
Non-deductible expenses	<b>24</b>	40
Deferred tax not recognised	<b>442</b>	230
Share options	-	27
Effects of group relief	<b>2,173</b>	2,997
Income not taxable	<b>(348)</b>	(180)
	<hr/>	<hr/>
Total tax expense/(credit) included in profit or loss	-	-
	<hr/>	<hr/>

***Unrecognised deferred tax asset***

	<b>2019</b>	2018
	<b>£000</b>	£000
		(Restated*)
Accelerated capital allowances	<b>47</b>	(365)
Other timing differences	-	(3)
Trading losses	<b>1,195</b>	1,195
	<hr/>	<hr/>
	<b>1,242</b>	827
	<hr/>	<hr/>

\* see note 2

## Notes (continued)

### 8 Taxation (continued)

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

In accordance with FRS 102 Section 29, no deferred tax asset, which at 17% would amount to £1,242,000 (2018: at 17% £827,000 (Restated)) has been recognised due to lack of certainty regarding the quantum and timing of future years' taxable profits.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the deferred tax asset as at 31 December 2019 has been calculated on this rate. In the 11 March 2020 budget, it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. If this rate change had been substantively enacted at the current balance sheet date, there would not have been a material effect on the company's future tax charge.

### 9 Intangible assets

	<b>Software development costs £000</b>
<i>Cost</i>	
At beginning of year	15,412
Additions	7,204
Disposals	(7,996)
Transfer	1,396
Reclassification to prepayments	(2,214)
	<hr/>
At end of year	13,802
	<hr/>
<i>Amortisation</i>	
At beginning of year	10,251
Charge for the year	1,369
Disposals	(7,957)
Transfer	-
Reclassification to prepayments	(1,061)
	<hr/>
At end of year	2,602
	<hr/>
<i>Net book value</i>	
At 31 December 2019	11,200
	<hr/>
At 31 December 2018	5,161
	<hr/>

## Notes (continued)

### 10 Tangible fixed assets

	Property, plant & Equipment £000
<b>Cost</b>	
At beginning of year	25,067
Additions	1,169
Disposals	(629)
Transfers	(1,395)
	<hr/>
At end of year	24,212
	<hr/>
<b>Depreciation</b>	
At beginning of year	11,602
Charge for year	3,980
Disposals	(17)
Transfer	-
	<hr/>
At end of year	15,565
	<hr/>
<b>Net book value</b>	
At 31 December 2019	8,647
	<hr/>
At 31 December 2018	13,465
	<hr/>

### 11 Debtors

	2019 £000	2018 £000 (Restated*)
<b>Amount falling due within one year:</b>		
Trade debtors	1,058	586
Amounts owed by group undertakings	8,268	680
Other debtors	3,538	4,457
Prepayments and accrued income	9,490	15,588
	<hr/>	<hr/>
	22,354	21,311
	<hr/>	<hr/>
<b>Amount falling due after one year</b>		
Contract debtors	27,560	27,545
Prepayments and accrued income	9,341	-
	<hr/>	<hr/>
	59,255	48,856
	<hr/>	<hr/>

\*see note 2

The company has an unsecured cash pooling arrangement owed by group undertakings of £7,079,010 (2018: £ (10,950,445)) which is due from FIS UK Holdings Limited (Pool header). Interest is accrued on a daily basis and is paid monthly on such interest payment date as may be determined by the Pool Header acting in a commercially reasonable manner (or by the Company's bank under any interest reallocation arrangement or similar). The interest rate applied was 3.5% for interest payable balances and 0.0% for interest receivable balances.

All other amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

## Notes (continued)

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

	2019 £000	2018 £000
Trade creditors	940	584
Amounts owed to group undertakings	130,167	108,588
Other creditors including taxation and social security	581	321
Accruals and deferred income	1,409	1,870
Corporation tax	7	7
	<u>133,104</u>	<u>111,370</u>

All the amounts owed to group undertakings are unsecured, interest free and payable on demand.

### 13 Called up share capital

	2019 £000	2018 £000
<i>Share Capital</i>		
1,001 (2017:1,000) ordinary shares of £1 each	<u>1</u>	<u>1</u>

On 21 December 2018 one new ordinary share was issued for a subscription price of £23.5 million. The purpose of the issue was to increase the capital base of the company and the capital contribution in excess of the nominal share value has been credited to the share premium.

### 14 Pension commitments

The Company operates a pension scheme for its UK employees. This is a defined contribution scheme and is funded by contributions from the employer and the employee, for the benefit of individual members.

The pension charge for the year was £1,063,000 (2018: £938,000) and the year end accrual for pension costs was £Nil (2018: £Nil).

### 15 Share based payments

The Company is a member of a group share based payment plan and it recognises and measures its share based payment expense on the basis of a reasonable allocation of the expense recognised for the group.

The basis for the reasonable allocation is the expense incurred by the ultimate parent for awards made to the Company's directors and employees.

The Group operates a share options scheme for certain senior employees. Options may be granted each year and one third vest on each of the following three anniversaries of the grant date. The option exercise price is set at each grant date based on Fidelity National Information Services, Inc. quoted market price and in order to provide an appropriate level of incentive to those employees participating in the scheme.

Options are forfeited if the employee leaves the group before the options vest, and are subject to performance conditions.

The Company charged £ 359,949 (2018: £2,282,668) to the income statement in respect of equity settled share based payment transactions in the year.

## Notes (continued)

### 16 Immediate parent company

The immediate parent undertaking is FIS Payments UK 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.

### 17 Related parties

As a subsidiary of Fidelity National Information Services, Inc., FIS Banking Solutions UK Limited (formerly known as Certegy Card Services Limited) has taken advantage of the exemption in FRS 102 section 33.1A Related party disclosures not to disclose transactions with other members of the group headed by Fidelity National Information Services, Inc.

### 18 Accounting estimates and judgements

Estimates and assumptions are reviewed on an ongoing basis. The key accounting estimates and judgements are considered to be the following:

#### *Accrued income*

Accrued income represents services provided by the company but not yet invoiced. The company believes these amounts are fully recoverable but there can be no certainty until the amounts are actually recovered.

#### *Recoverability of contract related assets*

The Company reviews its contract related financial and non-financial assets to assess impairment at least on annual basis. In determining whether impairment losses should be reported in profit and loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

### 19 Event Subsequent to balance sheet date

Coronavirus Pandemic - Since the start of January 2020, the outbreak of Coronavirus COVID-19, which is a rapidly evolving situation, has adversely impacted global commercial activities. The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The Directors consider that this event is a non-adjusting post balance sheet event and accordingly have made no adjustments to these financial statements as a result. Management is monitoring developments relating to COVID-19 and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

Effective November 23, 2020 Certegy Card Services Limited legally changed its name to FIS Banking Solutions UK Limited.

Subsequent to the year-end on 15 September 2020, Certegy SNC, a company owned by Central Credit Services Limited (0.001%) and Certegy France Limited (99.999%) was converted into a simplified joint-stock company called Certegy SAS. 100% of the issued ordinary share capital of Certegy SAS was acquired by FIS Banking Solutions UK Limited (formerly known as Certegy Card Services Limited) for a consideration of €5,849,160.