

**Company Registered No 05593466**

**WORLDPAY AP LIMITED**  
**(Previously ENVOY SERVICES LIMITED)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**



<b>CONTENTS</b>	<b>Page</b>
DIRECTORS AND OTHER INFORMATION	1
DIRECTORS' REPORT	2
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORLDPAY AP LIMITED	7
PROFIT AND LOSS ACCOUNT	8
BALANCE SHEET	9
NOTES TO THE FINANCIAL STATEMENTS	10

**BOARD OF DIRECTORS AND SECRETARY**

**DIRECTORS.**

J Fisher  
P McGriskin  
M O'Brien  
R Kalifa  
F De Kort

**SECRETARY.**

M O'Brien

**REGISTERED OFFICE:**

60 Charlotte Street  
London  
W1T 2NU

**PRINCIPAL BANK:**

Barclays Bank Plc

**AUDITOR:**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

**Registered in England & Wales**

**DIRECTORS' REPORT**

The Directors of WorldPay AP Limited ("the Company", formerly Envoy Services Limited) present their report, together with audited financial statements, for the financial year to 31 December 2012

**HISTORY**

The Company was acquired by WorldPay eCommerce Limited on 27 July 2011 and changed its name to WorldPay AP Limited on 4 September 2012. The Company changed its accounting reference date from 31 March to 31 December on 22 September 2011.

The Company is part of the WorldPay Group ("the Group") with the ultimate holding company being Ship Investor & Cy S C A registered in Luxembourg. The Company receives ongoing capital, funding and liquidity resources from the Group, which coupled with other sources of funding and liquidity enable the Company to meet its obligations as they fall due.

**PRINCIPAL ACTIVITIES**

The Company is a UK FSA regulated global payments service provider that offers single point access to popular local payment and collection services worldwide (including many real time payment services). This global network is used to send and receive money at low cost, quickly and securely on behalf of merchants to and from suppliers, affiliates, partners, overseas offices and customers worldwide.

Forming part of the eCommerce division, the Directors see a unique opportunity to propel the combined Group as the global leader in eCommerce payment solutions, offering world class gateway, card, alternative payment, fraud prevention and other value-added services.

**BUSINESS REVIEW**

The Directors are satisfied with the Company's performance in the financial year.

Continued growth has been seen with revenue increasing by 46% to £20,817,996. This growth is partly due to the 2012 revenue figure representing a full 12 months of trading (2011: 9 months of trading) and partly by an increase in the volume of transactions processed by key customers. During 2011 all share options were exercised which created a taxable charge. The Company has recognised a deferred tax asset of £1,317,386 (2011: £2,010,806) in respect of these option charges.

WorldPay AP Limited has Payment Institute (PI) status, under the EU Payment Services Directive (PSD). This was granted by the Financial Services Authority (FSA). PI status has enhanced the Company brand at a global level, facilitates future international expansion and adds an additional level of comfort for merchants and their customers.

**Future developments**

The Company continues to invest significant amounts in developing new products.

Whilst WorldPay AP Limited has some exposure to the UK economy and the current challenges to consumer spending, it is well positioned for continued growth due to the following:

- Its expanding global network of local money transfer and payment services
- A wide customer base that encompasses all business sizes and sectors
- Continued focus on innovation and provision of local payment methods worldwide

**DIRECTORS' REPORT (continued)****Financial Performance**

The Company's financial performance in 2012 was strong. A combination of income growth and strong cost control ensured that the business met the challenging targets it was set at the beginning of the year.

Profit after tax for the financial year was £1,243,178 (2011: £2,978,719) which has been transferred to reserves.

At the end of the year, the financial position showed net current assets of £3,908,212 (2011: £3,027,550) and net assets of £8,104,411 (2011: £6,861,233).

**Principal Risks and Uncertainties****Strategic risk**

The Company develops business plans based on a wide range of variables. Incorrect assumptions about the alternative payment processing market or changes in the needs of merchants may adversely affect the returns achieved by the Company.

The strategy development process draws on internal and external analysis of the alternative payment processing market, emerging merchant trends and a range of other factors.

**Economic risk**

The Company has UK clients and is thus exposed to downturns in the UK economy. Such downturns could impact consumer spending and in turn, merchant turnover.

The UK economy is monitored and risks and opportunities are considered by the Company continually. Operating and financial plans are revised and updated on a quarterly basis.

**Business continuity / IT risk**

An interruption to business caused by an IT or communication failure could have a significantly adverse impact on the Company.

There is a comprehensive business continuity plan in place providing failure cover and is soon to be underpinned by two dedicated UK based data centres.

**Reputational risk**

Failure to protect the Company's reputation and brands could lead to a loss of trust and confidence amongst merchants and a decline in its customer base. Reputational decline could also affect the ability of WorldPay AP to recruit and retain good people.

Customer surveys are undertaken routinely and results are analysed and acted upon accordingly. The Company has regular dialogue with its key stakeholders and regulatory bodies. This ensures any reputational issues are brought to the Company's attention at the first possible instance.

**Legislative risk**

Operating in a more regulated environment will increase costs for the Company and it is unlikely that all these costs will be able to be transferred to merchants. During the year constructive scoping discussions on the way in which the industry should be regulated were held with the Financial Services Authority (FSA), which is in the process of redefining its role in the evolving UK Financial Services regulatory framework.

Failure to comply with new regulations could result in fines and further sanctions. The Company has a compliance team in place that monitors changes in the regulatory environment on an on-going basis. Robust systems are in place to ensure compliance with all current regulatory requirements.

**DIRECTORS' REPORT (continued)****People risk**

Failure to attract, retain, develop and motivate the best people with the right capabilities at all levels could limit the Company's ability to succeed

People are our most valuable asset and it is recognised that focus is required in bedding-in new teams and supporting them to add value. All staff members receive a personal development plan and objectives to assist with their development and progression.

**Health and safety risk**

Failure to provide a safe environment for our staff to work in could lead to injuries and loss of life. Compliance with all applicable health and safety regulations and communication with staff on a regular basis are used to mitigate this risk.

**Fraud risk**

As in most organisations, especially in a stressed economic environment, there is a risk of fraud and other irregularities such as financial manipulation, theft, collusion or diversion of funds.

The primary mitigation is the maintenance of a strong control environment, clear codes of conduct and an understanding of areas most at risk. The Company takes all notified incidents of alleged fraud, theft and irregularities seriously and investigates such incidents to the extent necessary. There is a whistle blowing policy and procedure in place and other channels of communications are available to management and staff.

**Financial risk**

The Company uses a comprehensive framework for managing financial risks which encompasses credit, liquidity, interest rate and foreign currency aspects. For further details, please refer to note 22 of the Group consolidated accounts that are available for download at [http://www.worldpay.com/about\\_us/](http://www.worldpay.com/about_us/) under the heading "financial-results".

**Dividends**

No dividends were paid in the financial period (2011 £nil) and there have been no further dividends approved since 31 December 2012 to the date of approval of these financial statements (2011 £nil).

**Donations**

In the period to 31 December 2012 charitable and political donations paid amounted to £150 (2011 £nil).

**Share Issue**

No share issues were made during the financial year.

**Going concern**

The Directors have prepared forecasts covering a period of at least 12 months from the date of signing of the financial statements which demonstrate that the Company is forecast to be profitable, cash generative and has net assets.

Therefore the Directors, having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, have prepared the financial statements on a going concern basis.

The Directors consider that appropriate funding will be available for the Company's future operations and that the business will continue operating without significant change to its business model.

**DIRECTORS' REPORT (continued)****Employees**

The Company places considerable value on the involvement of its employees and has continued to keep 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 and emails are distributed to all employees. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. A significant proportion of employees are eligible to receive an annual bonus related to the overall profitability of the Group.

Disabled applications are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with WorldPay AP Limited continues and appropriate training is provided. It is the policy of WorldPay AP Limited that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**DIRECTORS AND SECRETARY**

The present Directors and secretary, who have served throughout the financial year and up to the date of this report, except where noted below, are listed on page 1.

From 1 January 2012 to date the following changes have taken place

<b>Director</b>	<b>Appointed</b>	<b>Resigned</b>
P Townsend	-	30 April 2013

**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 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, 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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

**STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the Directors at the date of approval of this report confirms that

- so far as he/she is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information, and to establish that the Company's auditor is aware of that information

This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

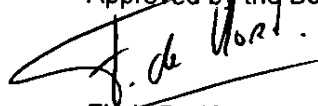
**DIRECTORS' INDEMNITIES**

In terms of section 236 of the Companies Act 2006, none of the Directors have been granted Qualifying Third Party Indemnity Provisions by WorldPay AP Limited

**AUDITOR**

During the year Hazelwoods LLP resigned as Auditor. KPMG LLP was appointed as the Company's auditor with effect from 17 September 2012. A resolution to re-appoint KPMG LLP as the Company's auditor will be put to the forthcoming Annual General Meeting. KPMG LLP have expressed their willingness to continue in office as auditor

Approved by the Board of Directors and signed on behalf of the Board



Floris De Kort  
Director

Date 29 May 2013





## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORLDPAY AP LIMITED**

We have audited the financial statements of WorldPay AP Limited for the year ended 31 December 2012 set out on pages 8 to 21. 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 6, 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2012 and of its profit 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.

### **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.

**James Ledward (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL  
30 May 2013

**PROFIT AND LOSS ACCOUNT**  
for the financial year to 31 December 2012

		<b>Year to 31 December 2012</b>	<b>9 months to 31 December 2011</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
Turnover	<b>3</b>	<b>20,817,996</b>	14,216,747
Cost of sales		<b>(11,594,705)</b>	(7,304,570)
<b>Gross profit</b>		<b>9,223,291</b>	6,912,177
Operating expenses		<b>(475,725)</b>	(1,132,702)
Administration expenses		<b>(6,810,968)</b>	(5,246,374)
<b>Operating profit</b>	<b>4</b>	<b>1,936,598</b>	533,101
<b>Profit before tax</b>		<b>1,936,598</b>	533,101
Taxation (charge)/credit	<b>8</b>	<b>(693,420)</b>	2,445,618
<b>Profit for the financial year/period</b>		<b>1,243,178</b>	2,978,719

No Statement of Total Recognised Gains and Losses has been prepared as there have been no gains or losses other than profit for each financial period disclosed above

The accompanying notes on pages 10 to 21 form an integral part of these financial statements

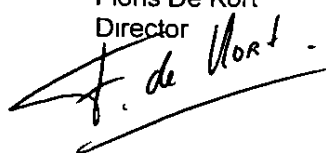
**BALANCE SHEET**  
**as at 31 December 2012**

		31 December 2012	Restated 31 December 2011
	Note	£	£
<b>Fixed assets</b>			
Investments in subsidiary undertakings	9	1,853,863	1,158,081
Tangible fixed assets	10	1,024,950	664,796
Deferred tax assets	11	1,317,386	2,010,806
		<u>4,196,199</u>	<u>3,833,683</u>
<b>Current assets</b>			
Trade and other debtors	12	4,823,534	4,019,757
Cash	13	95,357,020	58,778,695
		<u>100,180,554</u>	<u>62,798,452</u>
<b>Total assets</b>		<u>104,376,753</u>	<u>66,632,135</u>
<b>Liabilities</b>			
<b>Creditors, amounts falling due within one year</b>			
Trade and other creditors	14	(3,774,376)	(2,338,100)
Merchant creditors		(92,495,634)	(57,432,802)
Current tax liability	15	(2,332)	-
<b>Total liabilities</b>		<u>(96,272,342)</u>	<u>(59,770,902)</u>
<b>Net current assets</b>		<u>3,908,212</u>	<u>3,027,550</u>
<b>Total assets less current liabilities</b>		<u>8,104,411</u>	<u>6,861,233</u>
<b>Net assets</b>		<u>8,104,411</u>	<u>6,861,233</u>
<b>Capital and reserves</b>			
Called up share capital	16	(259)	(259)
Share premium	17	(1,276,360)	(1,276,360)
Other reserves	17	(93,735)	(93,735)
Retained earnings	17	(6,734,057)	(5,490,879)
<b>Shareholders' funds</b>		<u>(8,104,411)</u>	<u>(6,861,233)</u>

Total retained earnings at 31 December 2012 of £6,734,057 (2011 £5,490,879) was wholly attributable to the owners of the Company. The accompanying notes on pages 10 to 21 form an integral part of these financial statements.

The financial statements of WorldPay AP Limited, company registration number 05593466, were approved and authorised for issue by the Board of Directors on 29 May 2013 and signed on its behalf by

Floris De Kort  
Director



**NOTES TO THE FINANCIAL STATEMENTS****1. Accounting policies****a) Presentation of financial statements**

The Company is incorporated in the United Kingdom and registered in England and Wales

The financial statements are prepared in accordance with United Kingdom General Accepted Accounting Practice and the Companies Act 2006. The financial statements are prepared under the historical cost convention.

The Directors have prepared forecasts covering a period of at least 12 months from the date of signing of the financial statements which demonstrate that the Company is forecast to be profitable, cash generative and has net assets.

Therefore the Directors, having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, have prepared the financial statements on a going concern basis.

The Directors consider that appropriate funding will be available for the Company's future operations and that the business will continue operating without significant change to its business model.

**b) Restatement of prior year balance sheet**

The balance sheet as at 31 December 2011 has been restated to separately show the deferred tax asset on the face of the balance sheet within fixed assets. In the prior year financial statements it was included within debtors.

The prior year balance sheet has also been restated to separately show merchant creditors on the face of the 31 December 2011 balance sheet. In the prior year financial statements it was included within creditors' amounts falling due within one year.

**c) Foreign currencies**

The Company's financial statements are presented in Sterling which is the functional currency of the Company.

Transactions in foreign currencies are translated into sterling at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

**d) Revenue recognition**

Revenue represents fees and commission receivable on payments transacted, as well as foreign exchange and interest income, net of VAT. The Company provides merchants with an off the shelf global network of local bank accounts and alternative payment services. The two main streams of revenue are derived from alternative payments and foreign exchange income.

**e) Pension cost**

WorldPay AP Limited operates a defined contribution scheme, which is part of the WorldPay Group pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

**1. Accounting policies (continued)****f) Taxation**

Provision is made for taxation at current enacted rates on taxable profits, arising in income or in equity. Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes, except in relation to overseas earnings where remittance is controlled by the Company.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

**g) Tangible fixed assets**

Tangible fixed assets are stated at their purchase price, including directly attributable expenses on acquisition less accumulated depreciation and any recognised impairment loss.

Tangible fixed assets purchased from companies under common control are transferred across at carrying value.

Tangible fixed assets are depreciated on a straight line basis over the expected useful economic lives of the assets concerned. Depreciation is provided on a monthly basis with the first charge occurring in the month of acquisition and no charge in the month of disposal.

The principal useful economic lives used for this purpose are

- Fixtures, fittings and equipment 20%-33 3% on cost

**h) Impairment of tangible assets**

Tangible fixed assets are reviewed for impairment at the end of each reporting year.

If events or changes in circumstances indicate that an impairment may exist, the Company estimates the recoverable amount of the asset and the impairment loss, if any. If an asset does not generate cash flows that are independent from those of other assets or groups of assets, the recoverable amount is determined for the income generating unit to which the asset belongs.

The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Value in use is the present value of future cash flows from the asset or income generating unit discounted at a pre-tax rate that reflects market interest rates adjusted for risks specific to the asset or income generating unit that have not been reflected in the estimation of future cash flows. If the recoverable amount of a tangible asset is less than its carrying value, an impairment loss is recognised immediately as profit or loss and the carrying value of the asset reduced by the amount of the loss.

A reversal of an impairment loss on tangible fixed assets is recognised as it arises provided the increased carrying value does not exceed that which it would have been had no impairment loss been recognised.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****1. Accounting policies (continued)****i) Provisions**

The Company recognises a provision for a present obligation resulting from a past event when it is more likely than not that it will be required to transfer economic benefits to settle the obligation and the amount of the obligation can be estimated reliably

**j) Hire purchase and leasing**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

**k) Merchant float, Scheme debtors and Merchant creditors**

Merchant float, Scheme debtors and Merchant creditors represent intermediary balances arising in the merchant settlement process.

Merchant float represent surplus cash balances that the Company holds on behalf of its merchants when the incoming amount from the card scheme/networks precedes the merchants' funding obligation. The funds are held in a fiduciary capacity.

Scheme debtors consist primarily of (1) the Company's receivables from the card schemes/networks for transactions where it has funded merchants on behalf of the merchants in advance of receipt of card association funding, and (2) the Company's receivables from the card schemes/networks for transactions processed on behalf of merchants where it is a Member of that particular scheme/network, and (3) other net receivables from the schemes.

Merchant creditors consist primarily of (1) the Company's liability to merchants for transactions that have been processed but not yet funded where it is a member of that particular scheme/network, (2) the Company's liabilities to the merchants for transactions for which it has received funding from the members under the sponsorship agreement but have not funded merchants on behalf of the members, (3) Exception items, (4) Merchant reserves, and (5) the fair value of its guarantees or customer chargebacks.

**l) Cash and cash equivalents**

Cash and cash equivalents comprises cash, merchant float and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 1. Accounting policies (continued)

## m) Share based payments

In 2011 the Company made awards of options over its unissued share capital to certain directors and employees as part of their remuneration package. At 31 December 2012 there were no unrecognised share options outstanding. The valuation of these options involved making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates.

The Company has adopted Financial Reporting Standard 20 – Share-based Payment ("FRS 20") and applied the traditional provisions contained therein. In accordance with FRS 20, the fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on an estimate of shares or options that will eventually be exercised. The Directors used an adjusted Black Scholes model to calculate the fair value of options granted. These assumptions have been described in more detail in note 21.

## 2. Cash flow statement, financial risk and related party disclosures

The Company is a wholly owned subsidiary of Ship Luxco 3 S à r l and is included in the consolidated financial statements of Ship Luxco 3 S à r l. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) within these financial statements. The Company is also exempt under the terms of FRS 8 from disclosing related-party transactions with subsidiaries that are wholly owned by the Ship Luxco 3 S à r l group or investees of the Ship Luxco 3 S à r l group. For details of other related-party transactions see note 21.

## 3. Turnover

	Year to 31 Dec 2012 £	9 months to 31 Dec 2011 £
Alternative payments	16,536,500	10,919,829
Foreign exchange income	4,171,099	3,087,274
Other	110,397	209,644
	<b>20,817,996</b>	<b>14,216,747</b>

The Company's activities consist of payment and collection services in the United Kingdom, Europe and the rest of the world allocated as follows:

	2012 %	2011 %
United Kingdom	11	25
Europe	75	51
Rest of World	14	24
Total	<b>100</b>	<b>100</b>

## 4. Operating profit

Operating profit before tax is stated after charging

	Year to 31 Dec 2012 £	9 months to 31 Dec 2011 £
Depreciation of tangible fixed assets	330,784	199,617
Operating lease costs plant & machinery and other assets	172,704	155,729
Foreign exchange on transactions	4,499	152,202
Bad debt charge	221,098	-
Write-offs	52,532	-

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 5. Auditor's remuneration

The audit fees of the Company, together with fees for related services of £21,000 have been charged to a Group company, Ship Midco Limited. The Company bore its own audit fees of £2,500 in 2011 which was payable to Hazelwoods LLP. A complete breakdown of the audit fees and fees for related services incurred by the WorldPay Group for the financial year can be found in the consolidated accounts of Ship Luxco 3 S à r l. During the year Hazelwoods LLP resigned as Auditor and KPMG LLP was appointed as the Company's auditor with effect from 17 September 2012.

## 6. Staff costs

	Year to 31 Dec 2012 £	9 months to 31 Dec 2011 £
Wages & salaries	3,721,906	1,896,599
Social security	452,943	398,678
Other pension costs	74,453	-
	<b>4,249,302</b>	<b>2,295,277</b>

The staff cost of £4,249,302 (2011 £2,295,277) excludes staff related termination costs of £nil (2011 £8,347). All WorldPay AP employees are employed by either WorldPay AP Limited or another group subsidiary company, WorldPay UK Limited.

The average monthly number of persons employed by the Company during the financial period was

	Year to 31 Dec 2012	9 months to 31 Dec 2011
Full time employees	66	56
Part time employees	3	3
	<b>69</b>	<b>59</b>

## 7. Directors' emoluments

The Directors' remuneration for the year/period were as follows

	Year to 31 Dec 2012 £	9 months to 31 Dec 2011 £
Basic salary	680,500	444,218
Discretionary bonus	92,000	92,000
Other benefits	19,469	-
Pensions	19,469	-
	<b>811,438</b>	<b>536,218</b>

Details of the highest paid director during the year/period are as follows

	Year to 31 Dec 2012 £	9 months to 31 Dec 2011 £
Basic salary	193,437	127,753
Discretionary bonus	28,000	28,000
Other benefits	5,312	-
Pensions	5,312	-
	<b>232,061</b>	<b>155,753</b>

Some of the directors of the Company are remunerated by other group companies and amounts are not recharged. Details of the directors' remuneration (including the highest paid director) are disclosed in the financial statements of Ship Midco Limited, a UK parent company.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 8. Tax

	Year to 31 Dec 2012 £	9 months to 31 Dec 2011 £
<b>Current taxation:</b>		
Corporation tax charge for the financial period – UK	-	-
Prior period adjustment	-	(465,834)
Current tax charge	-	(465,834)
<b>Deferred taxation</b>		
Deferred tax asset utilized	567,286	(1,979,784)
Effect of tax rate change	126,134	-
<b>Tax charge for the financial year</b>	<b>693,420</b>	<b>(2,445,618)</b>

The actual tax charge differs from the expected tax charge computed by applying the UK average corporation tax of 24.50% (2011: 26%) as follows

	2012 £	2011 £
Expected tax charge	474,414	138,606
Permanent difference	92,872	80,528
Effect of deduction for exercise of share options	-	(2,198,918)
Prior year adjustment	-	(465,834)
Utilisation of brought forward losses	(567,286)	-
Actual tax charge/(credit) for the financial year/period	-	(2,445,618)

## 9. Investments in subsidiary undertakings

Investments in subsidiary undertakings are carried at cost. The investment assessment is carried out at group consolidation level. Movements during the financial reporting period/year were as follows

	£
At 1 April 2011	1,149,344
- Additions	8,737
At 31 December 2011	1,158,081
- Additions	702,978
- Disposals	(7,196)
At 31 December 2012	1,853,863

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 9. Investments in subsidiary undertakings (continued)

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest	Proportion of voting power held	Principal activity
Envoy Services Sweden AB	Sweden	100%	100%	Administration of online cashflows and related business
Global Web Pay Limited	United Kingdom	70%	70%	International money transfer
Envoy Services Pty Limited	Australia	100%	100%	Local processing agent
Canadian Envoy Technology Services Limited	Canada	100%	100%	Local processing agent
Envoy Services OU	Estonia	100%	100%	Local processing agent
Envoy HK Limited	Hong Kong	100%	100%	Local processing agent
Envoy Japan	Japan	40%	40%	Local processing agent
Envoy Services Korea	Korea	100%	100%	Local processing agent
Envoy Services (Asia) SDn BHD	Malaysia	10%	10%	Local processing agent
Enviados Transacciones SAC	Peru	99%	99%	Local processing agent
Envoy Services South Africa Pty Limited	South Africa	100%	100%	Local processing agent
Enviado Transacciones Sociedad Limitada	Spain	100%	100%	Local processing agent
Envoy Services Denmark APS	Denmark	100%	100%	Local processing agent
Envoy Services Limited FZ LLC	UAE	100%	100%	Local processing agent
Envoy Services Bulgaria Limited	Bulgaria	100%	100%	Local processing agent
Envoy Payment Services Philippines Corp	Philippines	100%	100%	Local processing agent

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 10. Tangible fixed assets

	Leasehold Improvements	Fixtures & Fittings	Computers & Office Equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2012	228,726	140,585	935,611	1,304,922
Additions	4,251	3,292	683,395	690,938
<b>At 31 December 2012</b>	<b>232,977</b>	<b>143,877</b>	<b>1,619,006</b>	<b>1,995,860</b>
<b>Accumulated depreciation</b>				
At 1 January 2012	(135,380)	(125,638)	(379,108)	(640,126)
Charge for the financial year	(27,353)	(10,359)	(293,072)	(330,784)
<b>At 31 December 2012</b>	<b>(162,733)</b>	<b>(135,997)</b>	<b>(672,180)</b>	<b>(970,910)</b>
<b>Net book value</b>				
<b>At 31 December 2012</b>	<b>70,244</b>	<b>7,880</b>	<b>946,826</b>	<b>1,024,950</b>
At 1 January 2012	93,346	14,947	556,503	664,796

## 11. Deferred tax assets

The movement in the deferred tax asset in the period is as follows

	2012 £
At 1 January 2012	2,010,806
Deferred tax credited to the profit and loss account	(693,420)
<b>At 31 December 2012</b>	<b>1,317,386</b>

## Analysis of deferred tax

	2012 £	2011 £
Accelerated capital allowances	(26)	(26)
Tax losses available	1,317,412	2,010,832
	<b>1,317,386</b>	<b>2,010,806</b>

The balance sheet as at 31 December 2011 has been restated to separately show the deferred tax asset on the face of the balance sheet within fixed assets. In the prior year financial statements it was included within debtors.

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014 and the December 2012 Autumn Statement announced a planned further reduction to 21% by 2014 and the 2013 UK Budget on 20 March 2013 announced that the UK corporation tax rate will reduce to 20% by 2015. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

This will reduce the company's future current tax charge accordingly. The deferred tax assets and liabilities at 31 December 2012 have been calculated based on the rate of 23% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax assets and liabilities accordingly.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 12. Trade and other debtors

	2012 £	2011 £
Trade debtors	2,363,531	1,623,477
Amounts due from group undertakings	1,529,044	1,227,243
Other debtors	930,959	1,169,037
	<b>4,823,534</b>	<b>4,019,757</b>

Trade debtors comprise

	2012 £	2011 £
Gross trade debtors	2,584,629	1,623,477
Impairment provisions	(221,098)	-
	<b>2,363,531</b>	<b>1,623,477</b>

Reconciliation of impairments

	2012 £	2011 £
<b>At period start</b>	-	-
New provision	(221,098)	-
<b>At period end</b>	<b>(221,098)</b>	-

Impaired trade debtors were fully provided for at year end

The following trade debtors were past due at the balance sheet date but not considered impaired

	Past due 0 – 3 mths £	Past due 3 mths - 1 yr £	Past due > 1 year £	Total £
<b>At 31 December 2012</b>	<b>819,839</b>	<b>212,699</b>	<b>-</b>	<b>1,032,538</b>
At 31 December 2011	1,590,185	33,292	-	1,623,477

In determining the recoverability of trade debtors the Company considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is taken into consideration when determining the extent of recoverability. Accordingly the Directors believe that no further credit provision is required in excess of the allowance for doubtful debts.

The balance sheet as at 31 December 2011 has been restated to separately show the deferred tax asset on the face of the balance sheet within non current assets. In the prior year financial statements it was included within debtors.

## 13. Cash

	2012 £	2011 £
Merchant float	92,495,634	57,432,802
Own cash balances	2,861,386	1,345,893
	<b>95,357,020</b>	<b>58,778,695</b>

Merchant float represents bank accounts used in the clearing of merchant funds

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 14. Trade and other creditors

	2012 £	2011 £
Trade creditors	183,182	251,667
Obligations under finance leases and hire purchase contracts	2,037	6,110
Other taxes and social security	-	125,932
Amounts due to group undertakings	2,016,297	236,772
Accruals	1,220,659	1,098,665
Other creditors	352,201	618,954
	<b>3,774,376</b>	<b>2,338,100</b>

The balance sheet as at 31 December 2011 has been restated to separately show merchant creditors on the face of the balance sheet. In the prior year financial statements it was included within creditors amounts falling due within one year.

## Obligations under finance leases and hire purchase contracts

	2012 £	2011 £
Due in one year or less	2,037	6,110

## 15. Current tax liabilities

	2012 £	2011 £
UK tax	2,332	-
	<b>2,332</b>	<b>-</b>

## 16. Share capital

The Company has one class of Ordinary Shares which carry no right to fixed income. The ordinary shares in issue are fully paid up.

	2012 £	2011 £
<b>Allotted and fully paid</b>		
2,587 ordinary shares at £0.10 each	259	259

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Reconciliation of movements in shareholders' funds

	Treasury shares £	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
At 1 April 2011	201,104	218	775,383	93,735	2,143,548	3,213,988
Issue of share capital	-	41	-	-	-	41
Share based payment charge	167,508	-	-	-	-	167,508
Profit for the financial period	-	-	-	-	2,978,719	2,978,719
Premium on issue of shares	-	-	500,977	-	-	500,977
Transfer to retained earnings	(368,612)	-	-	-	368,612	-
<b>At 1 January 2012</b>	<b>-</b>	<b>259</b>	<b>1,276,360</b>	<b>93,735</b>	<b>5,490,879</b>	<b>6,861,233</b>
Profit for the financial year	-	-	-	-	1,243,178	1,243,178
<b>At 31 December 2012</b>	<b>-</b>	<b>259</b>	<b>1,276,360</b>	<b>93,735</b>	<b>6,734,057</b>	<b>8,104,411</b>

18. Capital resources

The Company's capital consists of equity, comprising treasury shares, issued share capital, share premium, other reserves and retained earnings. The Company manages its capital to ensure that it is able to continue as a going concern and also to ensure that the entity continues to meet regulatory requirements. The Company complied with all externally imposed capital requirements.

19. Commitments

Operating lease commitments

As at 31 December 2012 the Company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire

	2012 £	2011 £
<b>Land and buildings</b>		
Within one year	11,835	9,950
Within two and five years	519,735	101,956
Over five years	11,835	-
	<b>543,405</b>	<b>111,906</b>
<b>Other</b>		
Within one year	2,036	25,389
Within two and five years	-	34,680
Over five years	-	-
	<b>2,036</b>	<b>60,069</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 20 Share-based payment transactions

During the period ended 31 December 2011, the Company operated an equity-settled share option scheme. A total of 411 share options were granted on ordinary share capital of 10p each, which vested over differing periods of between 2 and 36 months. The option shares ranked pari passu with shares which were in issue at that time. If options remained unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Company before the options are exercised.

On 27 July 2011 all outstanding share options were exercised.

At 31 December 2012 and December 2011 there were no unexercised share options outstanding.

Further details of the share option plans are as follows.

	Number of options No.	Weighted average exercise price £
At 1 April 2011	411	1,219
Exercised on 27 July 2011	(411)	(1,219)
Outstanding at 31 December 2011 and 31 December 2012	-	-

The share option costs recognised during the year ended 31 December 2012 were nil (2011 £167,508).

## 21 Related parties

The Company is part of the WorldPay Group ("the Group") with the ultimate holding company being Ship Investor & Cy S C A incorporated and registered in Luxembourg, and its immediate parent company is Ship Submidco Limited incorporated and registered in the United Kingdom. The ultimate holding company is jointly controlled by Advent International and Bain Capital.

On 30 November 2010, the Royal Bank of Scotland ("RBS") Group divested from the Group, of which certain assets and operations of the Group were acquired by the Company. RBS Group retains a 17.76% holding in the Group as well as representation on the Board.

As at 31 December 2012, Ship Luxco Holding & Cy S C A heads the largest group in which the Company is consolidated with Ship Luxco 3 S à r l heading the smallest group in which the Company is consolidated and the financial statements are available from 2-4, rue Beck, L-1222 Luxembourg.

The Company is exempt under the terms of FRS 8 from disclosing related-party transactions with subsidiaries that are wholly owned by the Ship Luxco 3 S à r l group or investees of the Ship Luxco 3 S à r l group.

Balances with other related parties as at 31 December 2012 are set out in the table below.

	2012 £	2011 £
<b>Cash and cash equivalents</b>		
RBS Group companies	<b>7,742,070</b>	1,259,078