

Leaders in modern money

DUPLICATE – A COPY OF THE PARENT UNDERTAKING’S CONSOLIDATED ACCOUNTS, INCLUDING A COPY OF THE AUDITOR’S REPORT ON THOSE ACCOUNTS

TO SUPPORT AA06 STATEMENT OF GUARANTEE BY A PARENT UNDERTAKING OF A SUBSIDIARY COMPANY FOR:

WORLDPAY LATIN AMERICA LIMITED
(Company number 09086632)

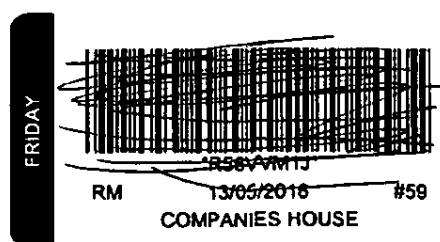
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Worldpay Group plc
Annual Report and Accounts 2015

Leaders in modern money



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About the report

Worldpay Group plc aims to produce an open and transparent Annual Report which gives a fair, balanced and understandable portrayal of our strategy and performance

This is our first Annual Report as a publicly listed company and we welcome feedback on how well we are doing and where we might improve

Please give us your feedback at investor_relations@worldpay.com

You can find this report and additional information about Worldpay on our website at worldpay.com

Overview

We are leaders in modern money.

Our vision is to be the world's most progressive and reliable payments partner, sharing insights and helping customers prosper.

We differentiate ourselves through:

- **Our people**
 - **Our global reach**
 - **Modern technology**
 - **An unparalleled network of partnerships and relationships**
-

Financial highlights

Net revenue¹

2015 £981.7m +14%

2014² £863.4m

Gross profit

2015 £860.4m +12%

2014² £765.3m

Underlying EBITDA³

2015 £406.1m +8%

2014² £374.7m

Operating profit

2015 £166.9m +34%

2014² £125.0m

Profit/(loss) before tax

2015 £19.1m +£66.2m

2014² £(47.1)m

Free cash flow⁴

2015 £32.4m +£31.7m

2014² £0.7m

Notes

1 Net revenue is defined as revenue less interchange and scheme fees

2 2014 represents the pro forma 12-month period to 31 December 2014

3 Underlying EBITDA is defined as earnings before interest, tax, depreciation and amortisation. It also excludes separately disclosed items which are explained in the financial review on page 73

4 Free cash flow is defined as net cash flow from operating activities less capital expenditure and underlying finance costs. It excludes any working capital movements associated with the IPO

Link to The Group's financial statements page 118

Operational highlights

Number of transactions processed

2015 13.1bn +14%

2014² 11.5bn

Total transaction value

2015 £401.9bn +9%

2014² £369.5bn

Net revenue/total transactional value

2015 0.24% +1 basis pt

2014² 0.23%

[Link to The Group's key performance indicators page 52](#)

Worldpay in numbers

We provide an extensive range of technology-led payment products and services to over 400,000 customers, enabling their businesses to grow and prosper.

We manage the increasing complexity of the payments landscape for our customers, allowing them to accept the widest range of payment types around the world.

Using our network and technology, we are able to process payments from geographies covering 99% of global GDP, across 146 countries and 126 currencies. We help our customers to accept more than 300 different payment types.

We benefit from operating in a large, fast-growing and dynamic market: in 2015, we processed over 13 billion transactions for our customers, an increase of 14% compared to 2014.

We have invested more than £1 billion in the last five years in our technology, people and capabilities.

We are now in the final stages of creating a state-of-the-art technology platform to support our growth over the long term, to enhance reliability and security, and to better serve our customers.

Our solutions are delivered by 5,000 colleagues, across 25 offices in 13 countries.

In 2015, we listed our shares for trading on the main market of the London Stock Exchange, and in December became a member of the FTSE 100 index.

We are Worldpay, and we are ready for business.

Chairman's statement

In our first Annual Report and Accounts since we became a publicly listed company in October 2015, I am delighted to report a year of significant progress, building our capabilities for a successful future.

Dear shareholder,

In 2015, we delivered strong financial performance, demonstrating that we have a robust business model that is capable of delivering strong, visible and recurring shareholder returns. In support of our strategic vision, we have invested in our people, products and technology. We are currently entering the final stages of building our market-leading new technology platform and have a strong pipeline of technical innovation to help our customers prosper.

In addition to the successful IPO towards the end of 2015, for which we gained external recognition as 'IPO of the year 2015' in the Broadwalk Service Awards, we also put in place new committed bank financing and issued €500m senior unsecured notes. We now have the capital structure to support our growth in the future.

Since my appointment as Chairman in September 2015, I have spent time with our executive team and other employees to gain an understanding of this industry, our key strengths and the challenges we face. What is clear to me is that the payments market is developing at pace, becoming increasingly complex and challenging, the expectations placed upon payments providers such as Worldpay are increasing, and, with our talented people, our focus on the customer and our technological innovation, we are well positioned to support our customers, both now and in the future.

The Board

We have built a strong Board with Non-Executive Directors who possess a diverse range of skills and experience to complement those of our three Executive Directors. John Allen and Martin Scicluna served the Group as Independent Non-Executive Directors under private equity ownership and they bring knowledge of the Company and the industry as well as substantial commercial and financial experience to our new Board's deliberations. I am delighted that Deanna Oppenheimer joined the Board as an Independent Non-Executive Director on 1 January 2016. The breadth of her skills and experience in financial services will be invaluable to Worldpay. We will further strengthen the Board during 2016. Advent and Bain remain large shareholders of the Group and, as entitled, have appointed James Brocklebank and Robin Marshall respectively as Non-Executive Directors on the Board. Each possesses a wealth of knowledge about the Company and the industry.

Governance and corporate culture

The Board has made a firm commitment to high standards of corporate governance and this is further explained in the corporate governance report. We believe that strong governance should prevail throughout the organisation and we pay attention to the progress being made in building a culture that supports the sustainable long-term success of the Group.

Colleagues

On behalf of the Board, I would like to pay special thanks to our colleagues, who have made a substantial contribution to our achievements throughout the year. It is particularly pleasing to see that a significant majority are shareholders, aligning their interests with those of other shareholders and enabling them to share in the success they are helping to create.

Dividend policy

The Board intends to adopt a dividend policy based on a payout ratio of 20-30% of reported profit after tax per annum, commencing in the current financial year and we expect to announce our first interim dividend with our 2016 half year results, payable later in the year. As referenced in the IPO Prospectus, no dividend will be paid in respect of 2015.

Our stakeholders

I would like to thank all our shareholders, bond holders and banks for their support during the IPO, bond issue and bank financing and look forward to their continued engagement and support in the future.

Sir Michael Rake

Chairman

8 March 2016

[Link to Corporate governance report page 82](#)

Chief Executive's statement

2015 was a year of strong operational and financial performance as well as considerable achievement in the further implementation of our strategy.

13 1bn

Number of transactions processed

£406 1m

underlying EBITDA

67%

of employees are Worldpay shareholders

[Link to our markets page 16](#)

An increasingly complex and dynamic payments market

We delivered this strong performance against a backdrop of an increasingly complex and dynamic payments landscape. This is presenting significant challenges to our customers, from the smallest traders to some of the largest global businesses.

This growing complexity is partly being driven by the higher expectations of merchants' own customers. For example, they are increasingly demanding improved mobile functionality as smartphone and tablet use continues to grow, and a unified view of transactions across physical, online and mobile channels.

At the same time, our merchants' markets are becoming ever more international, requiring them to accept more currencies and payment methods than ever before. As a result, they also need to manage the associated regulation and increased risk, fraud and security issues. With increasingly global competition, successful merchants are also looking at how they can improve their use of data to gain deeper insight into their customers' buying habits and to drive efficiency.

Worldpay is well positioned to support our customers in meeting these challenges. I am confident that we have the capabilities, talent and resources to be at the forefront of innovation and to deliver securely and reliably the services and products our customers need.

Substantial progress on the implementation of our strategy

Our strategy is designed to maximise the benefits of our strong competitive position in our markets, in order to deliver sustainable, predictable growth, profitability and shareholder returns. We aim to do this by ensuring that we have a deep understanding of the needs of our customers in core segments. We differentiate our offering through technology and innovative products, and aim to expand in existing markets, as well as enter new ones.

Realising the full potential of our business model should result in strong cash flow generation, allowing us to reinvest in our business, as well as enhance our growth through acquisitions and investments.

In 2015, we made substantial progress on the implementation of our strategy, resulting in growth in all key customer segments. We deepened and strengthened our customer relationships, resulting in strong growth in Global eCom, with transactions up 31%, 9% transaction growth in the US, and transaction growth of 8% in the UK.

We also delivered new and innovative products, and updated existing ones, for our customers. We obtained processing licenses in Canada and Japan, while new customer products and services included an update to RiskGuardian, our fraud prevention tool, improved mobile-friendly payments through Hosted Payment Pages, rich data analytics for UK SMEs through My Business Dashboard, and delivery of an omnichannel offering through Worldpay Total. In the US, the technology integration of the SecureNet acquisition is progressing to plan, and we signed over 80 new partners in the year. These partners will be important in enabling us to deliver new, integrated payment products focused on specific customer segments in the US market. We aim to be at the forefront of innovation and in 2015 we continued to invest in our Patien joint venture and filed three patent applications.

The UK saw the successful launch, towards the end of the year, of Worldpay Business Finance (in partnership with Liberis), with over £2m committed so far to UK companies looking to invest in and grow their businesses. We are also now delivering an ecommerce solution to more than 40% of new UK SME customers, against less than 20% of existing customers.

Another key area of achievement was in the further strengthening of our technological capabilities, which are a key source of differentiation for us. In terms of progress on our new technology platform, which will deliver significant enhancements to our agility, flexibility and efficiency, we migrated the off-host servicing and data applications to our own systems, so that only one component now remains on RBS' systems – the clearing and settlement engine. We have now completed the build of the core platform of the new system to replace this, and expect to start boarding our first customers onto it in the summer of 2016.

Strong financial performance

I am pleased to report that we delivered a strong financial performance, consistent with the guidance that we gave at the time of our IPO.

Across the Group, we processed over 13 billion transactions, an increase of 14% compared to 2014. Total transaction value was £401.9bn, while the net revenue we earned from processing these transactions rose by 14%, to £981.7m.

In terms of Group profitability, underlying EBITDA increased 8% to £406 1m, a strong performance. At a divisional level, Global eCom and WPUK outperformed against our expectations. Global eCom net revenue grew 17% compared to 2014, driven by both the growth of the market and new customer wins. In the UK, net revenue grew 11%, driven by improved customer retention, new products and increased penetration of ecommerce solutions.

In the US, net revenue grew 15%. Excluding the benefit of the SecureNet acquisition and currency movements, the growth was 3%. We are making progress in transforming the business into one with an integrated customer offering, supported by a partner and developer-led business model, however, it is taking longer and costing more than expected. Floris de Kort, who previously headed our Global eCom division, is now leading the US business, and in 2016 will focus on the completion of this transformation and the normalisation of the cost base.

Our people: making Worldpay a great place to work

I am proud of the further progress we made in 2015 to improve our organisational effectiveness and make Worldpay a great place to work. The culture of the Worldpay Way, which encourages colleagues to work smart, be spirited and be supportive, is driving significant improvements in employee engagement. In our latest survey, our engagement score rose substantially and we are now rated a '1* Best Companies to Work For'. However, we aspire to improve further to ensure we engage great talent, drive a culture of innovation, and enhance colleague performance, satisfaction and retention.

I would like to thank all of our colleagues for their hard work in making 2015 such a successful year for the Group. Looking to the future, I am pleased that they will now share in our success, with 67% of our employees being Worldpay shareholders.

Outlook

The Group has made a good start to 2016, in line with expectations. We remain confident in our prospects over the medium term. These prospects are reflected in the guidance we gave at the time of our IPO, including targeting net revenue growth of approximately 9% to 11% CAGR over the medium to long term, which remains unchanged.

Worldpay is an innovative payments technology company, and we are investing heavily to deliver strong, sustainable growth. We aim for world-class performance, reliability and security in seeking to solve payments complexity for our customers. With market-leading global reach and product coverage, a modern and scalable technology platform, strong customer propositions and a talented and engaged workforce, I am confident that we will be able to realise our vision of being the world's most progressive, reliable payments partner, sharing insights and helping customers prosper.

Philip Jansen

Chief Executive Officer, Worldpay Group plc

8 March 2016

The remainder of our Strategic report, provides further information on our executive management team, the markets we operate in, our business model and strategy, our key performance indicators, how we identify and manage the risks and uncertainties associated with our business, and our performance in the year.

1 Executive Committee

Provides information on the executive team which is responsible for the day-to-day management of the Group.

[Link to page 12](#)

2 Our markets

This section sets out the key themes that we see as important in understanding our markets and the growth prospects they offer.

[Link to page 16](#)

3 Our business model

This section explains our business model and our resources and relationships. It also includes three case studies where we have made a significant contribution to helping our customers prosper.

[Link to page 24](#)

4 Our strategy

The five pillars of our strategy, which are explained in this section, are designed to ensure our continued success in creating value for customers, colleagues and shareholders.

[Link to page 40](#)

5 Our key performance indicators

This section summarises the key non-financial and financial indicators that we use to measure our performance.

[Link to page 52](#)

6 Principal risk and uncertainties

This section describes our approach to the management of risk and the key risks we face.

[Link to page 55](#)

7 Operating review

In this section, we present and discuss our performance in our three principal markets.

[Link to page 67](#)

Executive Committee

Mark Edwards
Group General Counsel

Andy Doyle
Chief Human Resources Officer

Dave Hobday
Managing Director, Worldpay UK

Ruth Prior
Deputy Chief Financial Officer

Mark Kimber
Chief Information Officer

Rick Medlock
Chief Financial Officer

Philip Jansen
Chief Executive Officer

Ron Kalifa
Vice Chairman and Executive Director

Floris de Kort
Chief Executive Officer, Worldpay US

Shane Happach
Managing Director, Global eCom

The Chief Executive Officer leads the Executive Committee, which is responsible for the day-to-day management of the Group. It comprises the heads of business divisions and functions. It meets monthly to focus on a range of strategic and operational issues and the performance of the business.

Executive Committee biographies

Philip Jansen
Chief Executive Officer
Joined Worldpay Group in April 2013

See page 78 for full biography

Rick Medlock
Chief Financial Officer
Joined Worldpay Group in April 2015

See page 79 for full biography

Ron Kalifa
Vice Chairman and Executive Director
Joined Worldpay Group in August 2010

See page 79 for full biography

Andy Doyle
Chief Human Resources Officer
Joined Worldpay Group in May 2013

Experience

Prior to joining Worldpay, Andy worked in a number of different sectors in companies experiencing high growth and change. He was previously Group Human Resources Director for ITV plc, the UK's leading commercial broadcaster and a FTSE 100 company. He has worked in operational and senior HR executive roles in the UK, Europe and the USA in the technology, real estate, construction and leisure retail sectors. Andy is a Chartered Director and a Chartered Fellow of the Chartered Institute of Personnel and Development.

Mark Edwards
Group General Counsel
Joined Worldpay Group in September 2014

Experience

As a qualified corporate lawyer, Mark is the Group General Counsel, with overall responsibility for Legal, Compliance, Financial Crime, Data Privacy and Schemes Franchise-Management. Mark trained as a lawyer with Simmons & Simmons before joining Barclays Bank as the lead corporate lawyer. Over the next several years he was a member of the Barclays Legal Executive and he held a number of general counsel roles. He sat on the executive committees in many of the bank's major divisions including for its Africa and Middle East businesses where he was based in South Africa as the regional general counsel. He also worked in Barclays Retail and Business Banking and Card issuing and acquiring divisions as the general counsel and as a member of their executive committees.

Shane Huppach
Managing Director, Global eCom
Joined Worldpay Group in December 2010

Experience

Shane was appointed as Managing Director of Worldpay's Global eCom division in January 2016, having joined the Group in December 2010. Shane has over 15 years' experience in financial services and has significant experience in treasury, M&A and foreign exchange. He has held various management roles across international markets and developed key strengths in strategy, financial planning, and new market entry.

Dave Hobday
Managing Director, Worldpay UK
Joined Worldpay Group in October 2013

Experience

Dave joined Worldpay from British Telecom where he was Managing Director of BT Enterprises, responsible for a worldwide portfolio of businesses and sitting on both the retail and global services boards. Dave's career spans a range of sectors and he has a broad general management background including Managing Director at HBOS Retail Bank, Deputy Managing Director of Telewest's consumer division and senior marketing roles at Procter & Gamble. Prior to BT, he was Founder and Chief Executive of Flutteroo, an online auction site, having been Chief Operating Officer and Executive Director of Sportingbet plc.

Mark Kimber
Chief Information Officer
Joined Worldpay Group in September 2014

Experience

Mark joined Worldpay from JP Morgan Chase where he was Chief Information Officer for EMEA. Mark has over 20 years' experience in financial services having held senior technology roles within JP Morgan Chase as well as Bear Stearns and Lehman Brothers. Mark has extensive experience of building and leading global technology organisations.

Floris de Kort
Chief Executive Officer, Worldpay US
Joined Worldpay Group in December 2010

Experience

Floris was appointed Chief Executive Officer of Worldpay US in January 2016, having joined Worldpay Group in 2010. Floris has over 15 years' experience and proven executive leadership in global eCommerce, international payments and fraud. Most recently, he served as Managing Director of the Group's Global eCom division, where he drove Worldpay's growth into new payment types and geographies with innovation in technology and service. Floris is Co-Chair of the Merchant Risk Council.

Ruth Prior
Deputy Chief Financial Officer
Joined Worldpay Group in October 2013

Experience

Ruth was previously Group Chief Financial Officer of EMI Group and prior to that worked for the private equity firm Terra Firma Capital Partners as a finance director working across numerous portfolio businesses. Earlier in her career she worked at Whitbread and Bass, after starting her career at Unilever. Ruth has significant finance and operating experience across a broad range of sectors, particularly in business transformation, mergers and acquisitions, and change management. Ruth is a qualified chartered management accountant. She serves as Senior Independent Director and Chair of the Audit Committee of Pinewood Group plc.

Our markets

Since the widespread adoption of payment cards in the 1960s, there has been an ongoing shift away from cash to non-cash payments. Today, these include credit, debit, prepaid cards, and many other forms of local and alternative payment methods. These are accepted through a wide range of channels, such as at an in-store point-of-sale terminal, over the internet or on a mobile device.

In light of these developments, we believe that merchants will need to focus on payments more than ever before, with payment acceptance no longer seen as a business utility but as a strategic enabler of growth and differentiation. As such, we believe merchants need their payment partners, not only to process transactions safely and reliably, but also to provide them with the opportunity to compete across channels, open up new markets, interpret their transaction data and maximise acceptance while minimising fraud and risk.

We believe that the following five themes are important in understanding our markets and the growth prospects they offer:

- 1. Digital payments is a large, global and fast-growing market.**
- 2. Technology is enabling new ways to pay.**
- 3. Consumers expect more from merchants.**
- 4. New ways to pay are proliferating globally and locally.**
- 5. Risk, fraud and regulatory scrutiny are increasing the burden on merchants.**

Each of these themes is discussed in more detail on the following pages.

Market theme 1

Digital payments is a large, global and fast-growing market

We operate in a large market that is growing at a fast rate. The total transaction value in 11 key payments markets that represent approximately 75% of 2015 total global transaction value is estimated to be approximately £22tn¹. The market is also experiencing a pronounced shift away from cash and towards card-based and local and alternative payment methods.

Within the total market, we believe there are pockets of faster growth across certain geographies and merchant verticals, as well as in local and alternative payment methods as follows:

- Fast growth in ecommerce and mobile payments: ecommerce transactions are expected to have grown at a CAGR of 16% from 2010 to 2015, while mobile payments transactions are expected to have grown at a CAGR of 57% in the same period.
- Higher growth in emerging markets compared to developed markets: From 2010 to 2015, we expect emerging markets will have experienced faster growth in digital payments turnover than developed markets with some regions (for example, China and parts of Latin America) expected to see CAGRs well above developed countries such as the United States and the UK.
- Differentiation of growth, market size and revenue levels by type of merchant industry and segment and merchant type: Payment needs are very different for merchants depending on which vertical they operate in. Verticals with significant digital payment and cross-border flows (such as Travel, Airlines, Digital Content and Global Retail) tend to grow faster than the broader economy. In addition, different customer segments tend to generate different levels of net revenue depending on the complexity of their payment needs.

[CHART REMOVED]

¹ Source: Euromonitor

Market theme 2

Technology is enabling new ways to pay

Technology is liberating commerce for consumers, allowing them to switch between payment channels, browse and buy on the move and pay through different devices. In this new technological environment, merchants require innovative and flexible payment solutions in an omni-channel environment that are delivered with speed to market.

Consumers can now shop and transact using almost any kind of device, at a time and place of their choosing. Over 1.4 billion smartphones were used globally in 2014¹. Almost half of these devices are connected with high-speed 3G or 4G internet connections, which has driven up the use of data 20-fold, while the cost of data usage has decreased to near-zero². These trends are changing the nature of the internet, where ecommerce increasingly means mobile commerce, and where the emerging 'internet of things' means our objects will shop for us and transact for goods and services between each other.

However, the innovations in device and connectivity technologies also bring with them increases in threats to identity and other cyber crime, thereby increasing the need for security technology that creates 'secure routes' for the free flow of funds and information between consumers and merchants, as well as effective cyber security and fraud detection software and programs. The net result of this is that payment partners have an opportunity to play an ever-more prominent role in their customers' businesses to help unlock benefits from higher growth, increased cost savings and reduced risk profiles.

[CHARTS REMOVED]

¹ Source: Statista, 3G Mobile Wireless Penetration Worldwide 2015

² Source: Portlio Research, Mobile Data Usage Trends 2011-2015

³ Source: Statista, 3G Mobile Wireless Penetration Worldwide 2015

⁴ Source: Amazon website

Market theme 3.

Consumers expect more from merchants

Consumers have demonstrated a willingness to engage with new technologies and change their traditional shopping habits in order to satisfy their desires for a seamless, but safe, transaction experience. Only 1% of the global population had a mobile phone in 1995 compared to 73% in 2014¹. Consumers are using these devices to make transactions across borders and on the move.

As payments are embedded into everyday transactions, such as 'in-app' payments for taxis or within mobile games, consumers are increasingly making purchases from their smartphones, at a time and place of their convenience, without being constrained by specific types of payments or a merchant's location. These new experiences are difficult to support using traditional payments technology, and complex to implement for merchants. Consumers increasingly expect to shop in one channel and seamlessly return an item in another but data, finances and transactions are stored in different systems for ecommerce and in-store channels.

71%

of Britons buy online while commuting via public transport on an average week⁴

20%

of all UK ecommerce sales now on mobile during daily commute⁴

[CHART REMOVED]

1 Source: Informa

2 Source: Informa, WCIS published in KPCB's Internet Trends

3 Source: Ofcom October 2014

4 Source: Zapp/CEBR published on InternetRetailing.net

Market theme 4.

New ways to pay are proliferating globally and locally

There are more than 300 payment methods in use around the world. We believe the cost and complexity to merchants of connecting to each of these will increase as the number of local and alternative payment methods proliferate.

- New payment methods will be the main way to pay. 43% of global payment transactions in 2012 were made using local and alternative payment methods, which is expected to increase to 59% by 2017. The e-wallets market alone is expected to grow to £1.6tn in transaction value in the same period.
- Alternatives to traditional payments will unlock new markets. Start-ups are exploring cross-border transactions, e.g. TransferWise, account-to-account transfers, e.g. Venmo, and digital versions of 'payment on delivery', e.g. Klarna. They are also creating ways for the under- and un-banked to connect to global commerce through platforms such as Zong and Boku.
- Local schemes are expanding globally. Payment schemes that have traditionally focused on a single region are expanding rapidly. For example, China UnionPay and JCB, both regional card schemes, grew their purchase transaction value by 52% and 22% respectively from 2013 to 2014, compared to the 8-14% growth during the same period by international card schemes American Express, Visa and MasterCard².

[CHART REMOVED]

1 Source: Worldpay and First Annapolis Report

2 Source: Nilson Report

3 Source: Nilson Report March 2015

4 Source: 'Your global guide to Alternative Payments', Worldpay/First Annapolis, 2014

Market theme 5:

Risk, fraud and regulatory scrutiny are increasing the burden on merchants

A wide array of devices are now continually connected to each other, and contain more and more sensitive data, creating attractive targets for criminals. Threats to identity and other cybercrime are increasing rapidly and 70% of enterprises in the UK have now reported suffering an external cyber attack. The payments market is making significant ongoing investments in security technology, for example in single-use 'tokens' which obscure a card number so that it is useless to a criminal, or in developing technology that can intelligently identify fraud and securely 're-route' the flow of funds and information between consumers and merchants.

Regulators are also driving change and pushing for more innovation in payments, using this as a way to de-risk the industry and reduce the traditional reliance on banks. For the payments industry, this means the number of active regulators and sources of regulation now span traditional national regulators, such as the Financial Conduct Authority, to supra-national regulators (e.g. European Payments Council), global industry bodies (Payment Card Industry Data Security Standard), domestic standards (UK Cards) and payment network rules (e.g. Visa and MasterCard).

Regulatory changes are increasingly multi-faceted and complex. These are potentially costly to implement but could also encourage technology-driven innovation in payments.

Competitive landscape

The payments landscape is fragmented with players ranging from a small number of global payments partners, to smaller players who compete in specific geographies or customer segments, to niche specialists who compete on specific expertise and partnership coverage. We believe that the most successful companies in the industry will be those that can provide merchants with access and connections to the global payments networks, who can deliver extensive and value-adding payments capabilities tailored to the markets they serve, and do so while leveraging a robust but flexible technology platform.

We believe, over time, that the industry is well-suited to consolidation as payments become more global and the benefits of scale become even more relevant.

Therefore as the market evolves, we believe the advantage lies with market participants who can

- Maximise acceptance while minimising fraud. Companies that provide end-to-end coverage and scale technology can keep pace with evolving threats.
- Meet the demand for omni-channel options. Payment partners need to offer a comprehensive range of integrated payment channels to maximise sales opportunities and ensure reconciliation in one place.
- Follow and support consumers globally. Providers need to establish a global network to provide access to international markets through local or alternative payment methods, currency conversion and settlement.
- Leverage the advantages of being able to process large volumes of data. Scale players capturing a high volume of transactions have a superior data set to exploit and the capital to invest in new products and services for merchants.

Our business model

We differentiate ourselves from our competitors through a combination of our people, global reach, modern technology, and an unparalleled network of partnerships and relationships.

Our objectives are simple – to deliver these three benefits to our customers:

- More sales
- Lower cost
- Less risk and fraud

Realising the full potential of our business model should result in visible revenues and profitability, as well as strong and predictable cash flow generation.

This will give us the ability to invest organically and in-organically, which will create sustainable value for shareholders and fulfil our financial objectives for the business.

We have a passion for our customers, our people and the products and services we provide.

Our business model supports our customers in growing their businesses and helps them prosper, which in turn contributes to facilitating growth across the wider economy.

Our business model:

How it works

Resources and relationships:

We use our people, our global reach, modern technology and an unparalleled network of partners and relationships to create a differentiated business model

1 Accessing our payment network

We provide our customers with access to our global payments network through a variety of mechanisms to accept payments

Customers can access our network

- At the point of sale, e.g. with a hardware terminal, a kiosk, a tablet, or a phone with an app
- On a website, through a customer's own website, or using our payment pages
- Through a wide array of devices 'embedded' with our payment technology, e.g. through gaming consoles, petrol pumps, and apps

How we capture value

We collect fees depending on how our customer decides to access the network, ranging from a 'pay per payment attempt' on a website to a monthly rental fee for a hardware terminal, as well as fees to certify and secure the connection to our network

2 Authenticating with the providers of the payment instrument

We offer our customers the ability to process payments in 126 different transaction currencies and accept payment from the major international credit card networks and many local debit cards

- We connect to over 300 proprietary payment networks, e.g. global card networks (Visa, MasterCard), regional networks (China UnionPay), local domestic networks (iDeal in the Netherlands), alternate payments (Boleto vouchers in Brazil), and emerging networks (Klarna in Europe, TenPay in China)
- We apply a range of real-time fraud and risk checks, both on our customer and the end consumer
- We underwrite the risk that the transaction may not be valid, or that the goods may not be as sold or delivered

How we capture value

We collect fees depending on the services our customer chooses, ranging from a few basis points for debit card transaction, to a percentage of the transaction value for a full fraud-checked, cross-border payment

3 Preventing fraud and monitoring risks

As money moves through our platform, we detect and prevent fraud at each step

- We perform due diligence on new customers to protect end consumers
- Our platform checks the validity of the payment instrument, the payer and the customer at the point of a transaction
- We offer software tools for customers to set their own tolerance for risk, based on factors such as geographic location of the payer, the type of payment instrument, and dozens of other items of data

How we capture value

We collect fees for these services, ranging from a monthly subscription fee to a percentage of the value of the transaction

4 Processing value

Our payments platform matches and verifies tens of millions of transactions every day

- We validate the fees and charges owed to the issuers of credit, card networks and other intermediaries, reconciling hundreds of millions of pounds across a vast array of parties in a few hours overnight
- We manage exceptions, errors and disputes from any of these parties, including if our customers fail to provide the product or service to the end consumer, and oversee the claim until it is resolved

How we capture value

We collect fees depending on the nature of the agreement with the credit issuers, card networks and other intermediaries. We also charge if the customer seeks advice for ways to lower their costs to these third parties

5 Settling funds and providing treasury and FX services

Our platform then applies a complex set of algorithms and rules to optimise, price and send funds to customers in the way they prefer. We offer

- A mix of currencies of their choosing in which to settle the funds owed to them
- A range of cross-border bank transfers to send funds to local accounts of their choosing
- A variety of other treasury services

How we capture value

We collect fees in a variety of ways, ranging from a fee for each transfer, to recurring subscriptions, to a percentage of the value of the currency conversion

6 Analysing and interpreting data

We store transaction data to analyse trends and look for patterns across payment types, countries, and types of customer

- We offer payment analytics and insights on peer groups and industry benchmarking to our customers to help them run loyalty schemes, guide their consumers to preferred payment types and improve their performance
- We also use this data to help customers optimise their business by reducing drop-outs during the order or online checkout process, maximising transaction approval rates by configuring an optimal route for a payment, reducing costs by lowering risk of refunds, and optimising fees paid to other payment networks

How we capture value

We charge subscription fees for access to advanced reporting and analytics, and we also charge for advisory services for customers

Creating value:

Creating sustainable value for our shareholders, our customers and our people

Shareholders

We have a clear strategy for sustainable value creation for our shareholders using our core capabilities to generate growth

Customers

We help our customers prosper through optimising business outcomes by reducing the chances of losing a potential sale, allowing them to get a single view of their own customer, and offering ways to save time and discover new ways to sell

People

We invest heavily in the development of our people to create the next generation of leaders who find innovative and practical solutions for our customers, partners and regulators

Link to Resources and relationships page 28

Our business model:

Resources and relationships

Our colleagues

Our people are critical to our ability to deliver our strategy and have supported the growth of the business. We currently have 5,000 colleagues and contractors based in 13 countries.

At the time of our IPO in October 2015, we awarded shares to colleagues or gave them an equivalent cash bonus in jurisdictions where a share award wasn't possible. Colleagues were awarded these shares without any restrictions and we are delighted that 67% of our current workforce are shareholders and will share in our future success.

2015 was a significant year for the development of our people strategy. We set out in this section three key focus areas, together with some of the highlights of the progress we made during the year.

Creating our culture

- Establish a common way of working, using the Worldpay Way to make it easier to get things done and to be clear how we do them
- Create a working environment that supports our culture

Driving capability

- Recruit the best people
- Grow talent pools, particularly around diversity networks
- Use our Worldpay Academy development resource to help colleagues reach their potential and progress within the organisation

Engaging our teams

- Support our managers to lead brilliantly and engage their teams
- Use the annual colleague engagement survey to benchmark engagement and managers' ratings
- Improve awareness of our corporate responsibility activity
- Use our communication channels to explain our journey and support our colleagues

Creating our culture

In January 2015, we launched the Worldpay Way – Work Smart, Be Spirited, Be Supportive. The initiative was developed in collaboration with colleagues across the Group to define how we wanted to behave and act in the future. Over the course of 2015, we saw increased understanding and adoption of the Worldpay Way across the business. We have aligned some of the core people processes to the Worldpay Way and have used it extensively in our recruitment and development activity.

WORK SMART

We are constantly curious, looking for brilliantly simple solutions and we make things happen and achieve amazing results.

BE SPIRITED

We are passionate about payments, our customers and colleagues. We are resilient and courageous in our thinking and actions.

BE SUPPORTIVE

We care about each other, our customers and our Company and we are open and direct in our approach. We are always striving to do the right thing in the right way.

At the same time, we continue to invest in making our office environments support the culture we are creating – modern, bright and collaborative spaces, designed to suit new working styles and practices. In 2015, we opened a new regional head office in São Paulo and started the local relocation of our Atlanta office in the US.

Driving capability

During the year we made progress finding new opportunities to expand our talent pools.

We aligned our recruiting tools to the Worldpay Way to support recruiting managers, and participated in recruitment events both within the technology sector, for example the Silicon Milkroundabout graduate career fair, and by inviting developers to our networking events. We also made progress as signatories of the Military Covenant, working in partnership with SaluteMyJob to host our first placement from the armed forces.

Looking internally, we supported the growth of two colleague networks – The Women of Worldpay ('WOW') and GLOW. WOW aims to attract more talented women to Worldpay, to encourage our women's career development and leadership aspirations, and create an internal network of like-minded women (and men) across the business. Since its creation in October 2014, our WOW network has attracted 250 members across eight offices, in four countries.

In March 2015, we launched a new network focused on our lesbian, gay, bisexual and transgender (LGBT) colleagues and straight allies. Known as GLOW, the network fosters a sense of belonging and inclusion, as well as enabling mentorship across business divisions.

In 2016, we plan to launch our Muslims of Worldpay ('MOW') network focusing on connecting Muslim colleagues, as well as increasing awareness and acceptance of Islamic culture and religion.

We have also made significant progress in how we support colleagues' development. The Worldpay Academy now hosts all our training and development activity, from induction and online compliance training to support for leadership development. We showed our commitment to Worldpay's future leaders by investing in the creation of the 'MA Management – International Payments Ecosystem'. The 24-month part-time programme was developed in partnership with Middlesex University and is fully funded by Worldpay. The MA will benefit not only the Company but colleagues, customers and the wider payments industry. Our first 24 students enrolled on the course in September 2015 and the second cohort is now being finalised.

We continue to use creative ideas to develop the next generation of leaders, and across the year over 30 high-potential colleagues have attended the 'Worldpay Journey', a course designed to prepare them for future managerial roles.

We are starting to see how our commitment to developing our people is making a difference. During 2015, colleagues attended some 3,000 face-to-face training sessions and over 97% of colleagues completed mandatory compliance training. In addition, nine colleagues were promoted to the Group Senior Leadership Team ('SLT'), meeting our objective of filling a greater proportion of our vacancies through internal promotions.

Engaging our teams

In 2015, we ran our first global engagement survey in partnership with Best Companies, building on the work we started in 2014. Our engagement score has risen over 68 points this year giving us a 1* accreditation level, improving last year's 'one to watch' result. Every division and function increased their overall engagement scores. Participation across the Group was very good – at 72% it is some 24% higher than the average for large companies.

We have taken a number of themes from the results and given training and support to local managers to respond effectively to them at a local level.

And we do not only rely on the survey to understand what's on colleagues' minds. In 2015, we started to roll out our 'Talk About People' groups. These forums give colleagues the chance to speak with their senior management teams and raise local concerns or issues, supplementing the formal relationship we have with UNITE in the UK and the Works Council we operate in the Netherlands.

Most of our internal communications channels allow colleagues to comment, share or feed back and our internal communications are increasingly about creating a dialogue rather than a one-way broadcast of information. Colleagues around the world also regularly have the chance to see and speak with our senior leaders in informal settings. The score for the colleague engagement survey question 'Our internal communications channels help me to understand our strategy' increased 11 percentage points in the most recent survey.

Worldpay as an employer

We are committed to making Worldpay a truly great place to work.

In addition to competitive base salaries and benefits packages, the vast majority of Worldpay colleagues globally share in overall business success through variable pay schemes, for example annual bonuses or sales commission plans.

Beyond financial incentives, we have adopted policies and ways of working that encourage colleagues to work flexibly, complementing their responsibilities outside of work.

In 2015, we increased the support we give colleagues with family commitments. In partnership with My Family Care we introduced 'Work+Family', a wealth of online resources, advice and practical assistance to help deal with issues related to the changing landscape of family life and an ageing population – issues like childcare and eldercare.

24
students enrolled in Payment MA to date

72%
participation in global engagement survey

68
point increase in employee engagement score

In addition to providing an anonymous helpline to allow colleagues to blow the whistle on any work-related issue, we also offer support for colleagues dealing with personal issues through an employee assistance helpline.

Underpinning everything we do to make Worldpay a great place to work is our position on equal opportunities. We are fully committed to providing equal opportunities in the workplace, and we value diversity and embrace our differences which broaden our collective experiences and knowledge in the workplace.

Being an equal opportunities employer means that we do not discriminate directly or indirectly in recruitment, promotion, training or employment because of age, disability, gender, gender reassignment, pregnancy, maternity, race (including colour, nationality and ethnic or national origins), sexual orientation, religion or belief, or because someone is married or in a civil partnership. Every effort will be made to accommodate the specific needs of disabled colleagues and reasonable adjustments will be made to working environments where possible.

More than 40% of our global workforce is female, which exceeds many private sector benchmarks. However, the gender spread is not reflected in our leadership teams or across all functions and we continue to work on a number of initiatives – including our women's network WOW – to improve the representation of women throughout the business.

	Female	Male	Total*
Executives	1	9	10
Senior Leadership Team	14	56	70
All others	1,807	2,610	4,417
Total	1,822	2,675	4,497

* Denotes graded colleagues

Our technology

Since the divestment from RBS in 2010, we have invested significantly in our technology infrastructure and capabilities. We now provide access to over 300 payment methods in 146 countries, representing 99% of the world's GDP. This capability is enabled by our proprietary global payments platform which allows our customers to take payments in almost any way, using almost any payment method, in almost any location. This platform is integrated across the entire transaction process from the capture of a payment request, routing and authorising the transaction, then clearing and settling the funds.

We are well advanced in our technical separation from RBS, having already migrated and upgraded our real-time authorisations engine, payment gateway components, and the merchant servicing back office and productivity systems. The only element of the technology platform still hosted at RBS is the clearing and settlement component which will be replaced by our new acquiring platform. The build of the new acquiring platform was completed at the end of 2015, and we are now building and testing the migration approach with a view to launching the new platform and starting to migrate our customers in 2016.

The payments platform

We have developed our proprietary global technology platform with software created by our own engineering talent and using our in-house intellectual property. It is deployed onto low-cost, high-performance infrastructure to perform at scale and enable reinvestment in the development of the platform.

The platform itself is made up of six sets of components:

- Interfaces to access the payments network. We offer a comprehensive range of integration points, built to meet the needs of each set of our customers. This provides access to our global payments network through card terminals, websites, mobiles and tablets, as well as technical integrations for start-ups and software developers.
- Gateways that route payments across the network. We have a wide range of gateways, each providing a specific capability for our customers, be it for payments across different channels with rich functionality at high speed or for tailored access into a local market. These components accept a payment and send it via the best route across the network depending on our customers' appetite for risk, cost and acceptance.
- Value-added products and services. Our products include a risk management and fraud detection engine, local and alternative payment methods, a wide range of currencies, as well as a payment tokenisation engine to secure cardholder sensitive data.
- Core payments. We offer two in-house acquiring engines within our payments platform, one optimised for domestic payments in the United States, the other a global engine that accepts payments in 146 countries, including domestic payments in the United Kingdom, India, Japan and Canada, among others. We have full internal control and optimisation of payment authorisations, scheme and card network processing, billing rates and settlement.
- Data. Since we own and operate the points of entry to our global payments network, the gateways, and the core payment processing, we are able to monitor, store and create insights by analysing the full cycle of payment data and traffic patterns.
- Customer service. We have components to manage the entire customer lifecycle, including payment exceptions (for example, chargebacks and other types of payment disputes).

We believe that our technology base will provide opportunities for significant operating leverage, as our payments platform has been designed and created to provide capacity for five to 20 times as much transaction volume as we currently process. This will also enable us to quickly upgrade and modify our payments platform in response to regulatory and other changes at a marginal incremental cost.

Track record of high performance

Worldpay has a proven track record of reliable performance, stability and security.

As each component of Worldpay's platform has been migrated or integrated, performance has been upgraded by between two and ten times. For example, network bandwidth is now approximately 16 times faster, authorisation response time is now approximately 3.5 times faster and anti-fraud responses are approximately four times faster compared to the previous system.

These upgrades have been delivered whilst maintaining our payment service availability at near 100% on a global scale, and continuing to handle increased transaction volumes during each of our customers' regional and global peak periods, including Singles Day in China (+400% of volumes compared to normal), Six Nations Rugby in the UK (+150%) and Black Friday in the US (+50%).

We focus on security at every level. On average, we monitor approximately 550 million events per day. All of the core payment components operated by us have been certified as PCI-DSS compliant, and we continue to develop new products and enhance existing ones to reduce our customers' security exposure. Critical components of our technology have additional security measures, including nested firewalls and hardware security modules.

Advanced engineering capability and intellectual property

Our technology advantage is rooted in our engineering and technology talent. Because we are pursuing growth in new markets and new propositions, we have made the strategic decision to invest heavily in building an internal capability to solve customer problems creatively and pragmatically, and to develop new products through technology.

Our people have extensive expertise in payments and in our customers' industries, and are able to combine that commercial knowledge with leading-edge engineering. As at 31 December 2015 we have more than 1,500 colleagues dedicated to technology across six global engineering sites.

The engineering and operating teams continually seek to help merchants create a better understanding of their own business dynamics, including how to optimise their payment costs and to interpret data on shopper behaviour and seasonality. Intuitive interfaces aim to demystify payments data and trends, and we provide easy access to quick, targeted insights for small businesses via My Business Dashboard, a simple dashboard that delivers easily digestible reports to enable small businesses to understand their business' performance over time. We have also channelled our understanding of customer needs with expertise in regulation and scheme compliance rules to provide one of the industry's first automated on-boarding of new customers in as little as ten minutes, while remaining fully compliant with rules and regulations.

An eye to the future

Worldpay is proactive in tracking and identifying market trends. These insights are then used to drive our research and development agenda, advise our customers and engage with regulators.

Our research and development activities focus on

- **Technology innovation team.** The technology division has a small team exclusively dedicated to working on innovative technologies. Projects and proof of concepts during 2014 and 2015 included crypto-currency integration modules for ecommerce gateways, identity validation capability through facial recognition at point of sale, the use of beacons for payment information in retail locations, 'Internet of Things' payment integrations in vehicles, the use of mobile devices as card acceptance terminals, and consumer protection standards in emerging 'invisible payments' methods.
- **New product projects.** For a major new product development, we will typically form an internal, standalone project team with a mandate to operate independently to drive a product to market quickly. Recent examples of this approach include the Worldpay Zync mobile payment solution aimed at sole traders and other small businesses, and the online payments gateway aimed at developers seeking simple integrations with ecommerce gateways.
- **Investment in early-stage ventures and start-up incubators.** We engage actively with payments start-up businesses. We have invested in Pazien, a data analytics start-up. We are also an active participant in the Atlanta Technical Development Center start-up incubator at Georgia Tech University (the 'ATDC'). Companies being supported by Worldpay at the ATDC are working on a number of payments-related developments, including 'known customer' services in the travel industry, healthcare patient data and payments, and mobile applications for products delivery providers and restaurants.
- **Participation in industry standards-setting bodies.** We are an active participant in key technical and industry bodies, including EMVCo and the PCI Security Standards Council Board of Advisors. Worldpay is the chair of the emerging Internet Payment Standard at the W3C. Worldpay participates in research and debate and aims to positively influence the direction of the payments industry.

30%

of our people are dedicated to technology

550m

security-related events monitored per day

OPERATING RESPONSIBLY

Our business partners

At Worldpay, we hold ourselves to high business standards and we want to work with suppliers who do the same. We work smart, we're spirited and we're supportive, and these values are evident in all we do. That's why we promote high legal, ethical, corporate and employee-related standards in our own business and ask our suppliers to do the same.

To make sure our suppliers share our values, we introduced our Supplier Code of Conduct in 2015 as part of our procurement process. We now review supplier performance against this code and other 'good health' measures at regular governance meetings.

What's more, in an effort to ensure our energy suppliers align to our values and ways of working, all new contracts are with 'green energy' suppliers.

As for our data centres, which are based in shared facilities, we strive to partner with responsible companies who share our values, such as SungardAS who provide two of our UK data centres and one in the US. We are working hard to consolidate our smaller data centre facilities into larger and more efficient sites.

Our corporate responsibility

Acting responsibly is an important part of our culture at Worldpay. We believe in doing things in the right way and as sustainably as possible – for us, our customers, our people and the communities we operate in.

In 2015, our Corporate Responsibility ('CR') Council further defined and co-ordinated our CR agenda across the Group. The Council is made up of senior leaders from across Worldpay and is chaired by a member of our Executive Committee – Chief Human Resources Officer, Andy Doyle. In 2016, we plan to build on the work done in 2015 and set a Global CR strategy which leverages our core business capability and is delivered through relevant local initiatives.

We continue to be an active member of the Business in the Community (BITC) network where we share best practice and benchmark our activities.

Protecting the environment for future generations is important to us all, and at Worldpay we have put a number of practices in place to help us minimise our carbon emissions, including saving energy, recycling office waste and adopting paperless work practices.

The table below sets out our greenhouse gas (GHG) emissions for 2015 in tonnes of CO₂e as required by the Companies Act 2006 (Strategic Report and Directors' Report), together with our intensity ratio.

Base year ¹	2015
Scope 1 ²	1,185
Scope 2 ³	3,138
Scope 3 ⁴	4,591
Total Gross emissions ⁵	8,914
Intensity measurement Tonnes of CO ₂ e/FTE ⁶	2.82

1 The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 requires quoted companies to report on greenhouse gas (GHG) emissions for which they are responsible. Worldpay Group plc listed on 13 October 2015.

2 Scope 1 data is made up of owned fleet vehicles and gas usage in the UK. Fleet vehicle data has been calculated using average mileage per vehicle with the emissions conversion factor based on a 'medium' vehicle as stipulated by DEFRA. Purchased gas is used for gas boilers in two UK sites and not in any other building, this data has been gathered from our energy providers and conversion factors have been used as stipulated by DEFRA. Fugitive emissions have not been included in this submission, however it is expected that this value will make up less than 1% of our Scope 1 emissions.

3 Purchased electricity makes up 100% of our Scope 2 emissions. This data has been gathered from our energy providers and conversion factors have been used as stipulated by DEFRA. Approximately 50% of our UK electricity is 'green' energy. Up to 1st August 2015, this was a guaranteed green energy source by the use of LEC's (Levy Exemption Certificates). Since UK Government changes in legislation in 2015, this supply is now sourced through REGO's (Renewable Energy Guarantee of Origin).

4 Scope 3 includes indirect travel use through our global operations. A travel policy has been in place in all locations other than US (Atlanta) since Q1 2015 with plans to review globally in Q2 2016. Emissions from business travel cover global flights and rail for UK, US, The Netherlands and Singapore. We intend to improve our coverage for air, rail and car hire data to include all other locations in Q3 2016. This data has been supplied by our travel management providers and converted by them using the relevant conversion factors.

5 This total includes information on all of our UK-based operations for Scope 1 and 2 and UK plus some overseas operations for Scope 3. We expect to be able to report full global data in the Annual Report and Accounts 2016.

6 The number of full time equivalent employees (FTEs) used for the intensity ratio calculation was 3,161, being the number of FTEs based in the UK.

All our new offices are designed and built with sustainability in mind. Both our London and Manchester offices have been assessed as 'Excellent' by BREEAM (Building Research Establishment Environmental Assessment Method) and the Royal Institute of Chartered Surveyors awarded gold and silver sustainability awards to our London and Manchester offices respectively.

Where we have colleagues working in older buildings, we have taken action to reduce their environmental impact, including improving temperature control and reducing electricity consumption. For example, in Gateshead, we have installed LED panels which will reduce the total energy used on lighting by 61% and our carbon footprint by 34.79 tons.

Non-profit partnerships

We are proud to use our scale, infrastructure and capabilities to support a number of charities in local communities. In 2015, we continued our partnership with Comic Relief as a 'platinum sponsor', processing free of charge the 105,905 donations (worth £6.6m) made using Worldpay technology. We plan to build on our relationship with Comic Relief in 2016 by volunteering our call centres and colleagues in support of their annual televised events.

In 2015, we once again supported Cancer Research's annual fundraising campaign, Stand Up To Cancer ('SU2C'), which aims to bring forward the day when all cancers are cured. We've been supporting SU2C with free payments processing since it launched in 2012. The event raised £14.9m in total and we processed around 14,000 transactions on the night.

And our partnerships with charities go beyond processing payments. Colleagues around the world fundraise and give their time in support of charities and organisations that are important to them. Since October 2014, we have focused our corporate fundraising efforts on Great Ormond Street Hospital in London. We initially set ourselves the challenge of raising £100,000 to fund a state-of-the-art bedroom in the hospital's new clinical building. By the end of 2015, we had raised £160,000 from combined colleagues' efforts and Worldpay's matched donations.

Our business model:

Helping our customers prosper

Case study 1

Transforming the Heathrow Terminal 2 shopping experience

"With Worldpay Total Mobile we can react to situations very quickly depending on when and where we get busy "

World Duty Free Group

World Duty Free Group

World Duty Free Group is one of the world's leading airport retailers, with over 500 outlets in 20 countries. They aim to offer the ultimate airport shopping experience and provide an efficient service to high volumes of customers, even at peak times.

The challenge

The airport retailer needed a payment partner that would help them to serve customers in the newly re-opened Heathrow Terminal 2 as quickly as possible but at the same time provide an exceptional level of service. London Heathrow is the world's busiest international airport and therefore they needed a flexible, cost-effective way for staff to take payments, not just at the till, but throughout the store.

The solution

World Duty Free Group chose Worldpay Total Mobile, a payment app that can be installed on a tablet or mobile device which connects to a portable card reader. This enabled shop assistants to roam the shop floor, assisting customers in their shopping journey and taking payments on the spot. Worldpay Total Mobile also offers daily, monthly and weekly analytics for all card readers, allowing the retailer to better manage staff during peak times and improve their customers' shopping experience in the future.

The solution has reduced queues and the number of lost sales, since purchases can be made quickly and easily when customers are in a rush. In addition, the average transaction value in-store has increased by around 40% on the Worldpay Total Mobile devices compared with sales on the main tills, and fewer purchases are abandoned by customers who have run out of time to shop before boarding.

Case study 2

Expanding payment capabilities while protecting against fraud activity

"Worldpay provides us with global acquiring services and has helped us expand our global reach to new markets for airline ticketing sales."

China Southern Airlines

China Southern Airlines

China Southern Airlines operates the largest fleet, one of the most developed route networks, and the largest passenger capacity of any airline in The People's Republic of China. Worldpay has been working with the business since mid-2012.

The challenge

China Southern Airlines needed a reliable payments partner with global payment coverage to help them enter new markets. They also needed a provider with experience in the airline sector to guide their payment strategy and defend them against fraud threats.

The solution

Worldpay provides China Southern Airlines with its acquiring, alternative payments and risk management services. Specifically, China Southern Airlines uses Worldpay's RiskGuardian fraud management tool, a flexible solution that can be tailored to suit their individual requirements. This tool helped to improve China Southern Airlines' fraud and chargeback ratios by 85%. At the same time, their transaction acceptance rates saw an increase of 3%.

Additionally, our expert analytics team have been able to provide access to data trends that determine how carriers like China Southern Airlines can improve their global payments strategies. Worldpay has held multiple training workshops and refresher sessions with China Southern Airlines' team to cover a multitude of topics from payment queries and dispute management to reconciliation best practices.

Case study 3

Providing time-saving digital technologies to help small business owners plan with confidence

"We have a cash flow that we need to monitor closely. I think the dashboard is excellent as you can look at what the credit or debit card payments have been to our business."

Smithy Garage

Smithy Garage

Smithy Garage is a small business offering servicing and repairs for cars and vans. The garage was started by Alan and Ellen Moon 12 years ago and is based in the North West of the UK near Preston.

The challenge

In the UK, small business owners can spend more time on financial administration than they do on selling. Alan and Ellen were looking for a payment provider to help chart their financial data in a simple and informative way, to help them make sense of their cash flows and manage their business more efficiently.

The solution

Worldpay's My Business Dashboard has helped Alan and Ellen to minimise time spent on financial administration so they can get back to what matters – keeping the business moving forward.

The online tool is an intuitive online portal that helps small business owners make informed decisions through better visibility of their data, while providing them with the same tools and insights that are used by larger corporates. It provides easy to navigate downloadable reporting on card transactions, online invoices, cash flow overviews and sales trends, giving them instant access to the financial data they need to run their business.

Our strategy

Worldpay's strategy is designed to ensure the continued success of our business in a rapidly changing market, creating value for customers, colleagues and shareholders.

We have developed our strategy based on our long experience with our customers, a comprehensive appreciation of the critical success factors in the industry and a deep understanding of our markets.

Our five strategic pillars:

1 We focus on understanding our customers in core market segments

[Read more page 42](#)

2 We use technology and our products to differentiate from the competition.

[Read more page 44](#)

3 We will expand in existing markets, and enter new ones.

[Read more page 46](#)

4 We will realise the full potential of our business model

[Read more page 48](#)

5 We will augment our growth through acquisitions and investments.

[Read more page 50](#)

1 We focus on understanding our customers in core market segments

Achievements in 2015

- Enabled growth in all key customer segments by deepening our understanding of customers' industries
- 13.1 billion transactions processed in 2015, up 14% on 2014
- Lower churn rates in WPUK due to improvements in our merchant retention and a focus on improving the customer experience
- Target verticals growing strongly, with net revenue up 17% in Global eCom
- Good growth in US, with transaction volumes up 9%

Planned for 2016

- Continue net revenue growth in all business units
- Drive transaction growth and customer retention through continued focus on key verticals

Worldpay is committed to helping all its customers to

- 1 Increase sales by opening up new payment channels, accessing new international markets, maximising payment acceptance rates and providing value-added services such as insights into their business
- 2 Reduce costs by eliminating the costs associated with managing cash payments and providing a single, unified solution, removing the need for multiple suppliers
- 3 Reduce risk by using proprietary analytical tools to identify and eliminate fraudulent transactions whilst simultaneously reducing 'false positives'

Worldpay focuses on specific groups of customers in larger corporates, particularly those with complex and international payment needs, and in SMEs (Small and Medium Enterprises). Our larger corporate customers, many of whom operate internationally, require us to have a deep understanding of their strategy for growth, to allow us to help them operate across countries and currencies. Our SME customers have needs that are predominantly domestic in nature, and require products and services tailored to their own industry. For example, the solution for a hotel is markedly different from that of a clothing store.

Worldpay operates in three principal markets

Global eCom

In Global eCom, where the market is highly fragmented with few global or scale providers, we focus on five market segments based on their growth potential, the opportunity created by the complexity inherent in merchants' needs, and the fit with our product and service offering. We believe we have significant room to grow in this large market.

UK

In the UK, we have the number one market share, accounting for approximately 42% of the UK merchant market. We provide payment acceptance solutions across all channels for approximately 300,000 UK and Ireland-based customers, from SMEs to larger corporates.

US

In the US market, we provide payment acceptance across all channels for US-based customers, including approximately 109,000 SME customers. We also provide industry-specific solutions for our approximately 13,000 enterprise customers in the grocery, petroleum, restaurant and retail industries.

These markets are the areas where the Worldpay business model is most effective. It is in these markets where we can distinguish ourselves most easily from our competition, given our comprehensive knowledge of payments, our multi-channel capabilities and our global coverage.

Winning in these segments requires a deep understanding of the fundamental needs and behaviours of our customers and also of their consumers. We have therefore developed industry sector teams within Worldpay around some of the most attractive industry verticals such as airlines, digital content and travel.

Corporate customers with complex needs typically have to address significant payment complexity, negotiating multiple payment methods, currencies, channels and regulatory hurdles, whether locally or globally.

This deep understanding is also relevant for SMEs. Worldpay helps small business owners and managers to navigate the increasingly complex world of payments by providing products and services that are easy to use, that can integrate into their other business processes and that maximise their sales opportunities.

2 We use technology and our products to differentiate from the competition

Achievements in 2015

- Completed the build of our next-generation technology platform (see technology section)
- Launched significant new or updated customer propositions, e.g. In fraud prevention (RiskGuardian), mobile-friendly payments (Hosted Payment Pages), rich data analytics for SMEs (My Business Dashboard), ability to sell across sales channels (Worldpay Total)
- New processing licenses obtained in Canada and Japan
- Three patent applications for image-based identity, biometric-based payments security, and software engineering automation

Planned for 2016

- Expect to start migrating customers onto next generation technology platform
- Continue to scale and enhance new product launches including merchant lending (Worldpay Business Finance), and enhanced data analytics (My Business Dashboard, Your Marketplace)
- Extend our capabilities in next generation point-of-sale hardware and software, and deepen our partner proposition
- Continue to deepen our geographic capabilities and additional payment methods, e.g. through new processing licenses
- Continue investment in future payments technology

We have a strong track record of development and innovation. The experience of our design teams enables us to effectively assess markets and rapidly implement new features on our payments platform and develop new products.

In order to maintain our position in a dynamic and fast-growing market, we expect to continue to invest in technology and products. We believe that these investments will maintain our competitive advantage, and that our ongoing research and development agenda, and our culture of problem-solving for our customers, will allow us to develop more advanced payments solutions for our chosen markets than our competition.

While we will continue to develop and refine our products, we will also invest internally to improve our engineering capability. We will equip our engineers with new tools, increasing developer capacity and improving speed to market, as well as embedding insights from our data into the products and services we offer. Some of our new products in development include:

- **My Business Hub** – a tablet-based smart point-of-sale solution
 - **Your Marketplace** – a data and insights proposition for our corporate customers
 - **Tokenisation** – a Token Store and Tokenisation service that replaces the shopper's card details with a 'single-use' card number that cannot be used for any future payments and is therefore useless to a potential hacker
 - **Hosted Payment Pages** – a secure web payment service which provides a seamless transition upon checkout from a customer's shopping website to our own payment pages
-

3 We will expand in existing markets, and enter new ones

Achievements in 2015

- Industry vertical teams in Global eCom have driven growth into distinct market sub-segments (e.g. flag carriers and low-cost airlines)
- ecommerce solution now being delivered to more than 40% of new UK SME customers
- Transactions up 8% in WPUK, partly as a result of new customer wins
- Over 80 new partners signed up with US business in 2015

Planned for 2016

- Expand with our customers
- Take existing customers into new markets
- Win new customers in our existing markets
- Continue to invest in our people

We operate in a growing market, and aim to expand with our existing customers, helping them to prosper and grow their businesses. In order to maximise our opportunities for growth, we target fast-growing segments in the economies we support, and those customers with complex needs and therefore the greatest demand for our existing and new products and services.

We also seek to grow by winning new customers in target segments, where we can use our existing expertise to address their specific requirements, and by broadening our expertise into new segments, developing products, partnerships and technologies to adapt our payments platform to their requirements.

To do this, we continue to invest in the capabilities of our sales, marketing and ongoing customer support and advisory teams to deepen and broaden our expertise.

We also expect to increase our addressable market by further broadening our reach, by expanding into new geographies, both with our existing customers, and by winning new customers in these countries.

4 We will realise the full potential of our business model

Achievements in 2015

- Free cash flow improved by £31.7m
- More efficient and flexible capital structure through refinancing after a successful IPO
- Culture of the Worldpay Way driving significant improvement in employee engagement (1* Best Companies to Work For)
- 67% of employees are Worldpay shareholders

Planned for 2016

- Free up more cash for innovation and investment as spend on new platform reduces
- Invest in process and efficiency improvements to enable future operating leverage
- Invest in our people to drive further improvements in employee engagement, development and capability

Our business is highly cash generative, enabling significant levels of investment to deliver better outcomes for customers. We have invested heavily in the Group's infrastructure and people, in each of our three operating divisions, and in the technology separation from RBS. We expect to benefit in the future from this investment by expanding our margins as we grow the business, by improving free cash flow generation as we pass the peak of investment, and by improving efficiency and productivity.

We also intend to reinvest to support future growth and innovation, and to embed new technology capabilities in the products and services we offer. As we continue to build a more integrated, more efficient payments network, the opportunity for more consistent cross-selling and up-selling will increase. This upgraded payments network will also create more opportunity for us to provide end-to-end payments solutions across all of our markets, channels and products.

5 We will augment our growth through acquisitions and investments

Achievements in 2015

- Technology integration of SecureNet acquisition progressed to plan
- Further investment in Pazen joint venture
- Completed consolidation of multiple entities into a single UK operation

Planned for 2016

- Continue to address opportunities to deepen our technological and geographical capabilities

Worldpay has proven M&A capabilities with a demonstrable track-record of successful acquisitions that have helped us further our strategic objectives. Since December 2010, we have invested over £300m in acquisitions that have brought new technological capabilities and enhanced our geographical presence.

In the future, we intend to continue to pursue selected M&A opportunities that create incremental value for us and our customers by expanding or strengthening our products, our services, our technological capabilities, or our geographic reach.

In addition, we will be creative in our pursuit of new growth opportunities. This means we will look for opportunities to incubate or provide seed funding for attractive and potentially disruptive new payment technologies.

Our key performance indicators

NON-FINANCIAL

Total transactions (billion) +14%
[CHART REMOVED]

Link to strategic goals

- 1 We focus on understanding our customers in core market segments
- 2 We use technology and our products to differentiate from the competition
- 3 We will expand in existing markets, and enter new ones
- 4 We will realise the full potential of our business model
- 5 We will augment our growth through acquisitions and investments

Performance review

Performance in 2015 vs target
Achieved

The increase in 2015 of 14% reflects growth in all of our operating divisions. Details of the drivers for growth in each division are included in the Operating review on pages 67 to 70.

Medium-term target

We expect total transactions to continue to grow, driven by both existing and new customers.

Definition

Total transactions is the aggregate number of transactions processed by the Group on behalf of customers. This KPI represents the number of discrete contracts the Group has with a given customer on a given transaction, and therefore may count the same transaction more than once, if multiple services are provided by the Group.

Total transaction value (£bn) +9%
[CHART REMOVED]

Link to strategic goals

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- 5 We will augment our growth through acquisitions and investments

Performance review

Performance in 2015 vs target
Achieved

The 9% increase in total transaction value from 2014 to 2015 reflected strong growth in Global eCom and WPUS. Growth in WPUK was more modest as a result of a decline in average transaction values.

Medium-term target

We expect transaction value growth to continue.

Definition

Total transaction value is the aggregate volume of purchases processed by the Group on behalf of customers as measured by value.

Average transaction value (£) -5%
[CHART REMOVED]

Link to strategic goals

- 1 We focus on understanding our customers in core market segments
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- 5 We will augment our growth through acquisitions and investments

Performance review

Performance in 2015 vs target
Achieved

The fall in average transaction value ('ATV') for the Group was at a lower rate than seen in the previous year and in line with expectations. Whilst the Group KPI is impacted by the mix effect from different growth rates across the three operating divisions, there have also been drivers of falling ATV within each business. Further details are included in the Operating review on pages 67 to 70.

Medium-term target

We do not expect large changes in ATV although mix impacts will continue.

Definition

Average transaction value is the total transaction value divided by total transactions.

Net revenue % of total transaction value (%) + 1 basis pt

[CHART REMOVED]

Link to strategic goals

- 1 We focus on understanding our customers in core market segments
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- 5 We will augment our growth through acquisitions and investments

Performance review

Performance in 2015 vs target

Achieved

In addition to volume growth, we have also seen an improvement in margin as measured by net revenue % of total transaction value. Whilst there has been some mix impact, we have seen this KPI grow in all three operating divisions during 2015. This reflects our ability to provide more value to our customers by delivering our strategic goals.

Medium-term target

We expect margins to remain relatively stable over the medium term.

Definition

Net Revenue as a percentage of Total Transaction Value is the Group's Net Revenue in a given period as a proportion of its Total Transaction Value.

Card not present mix (%) +2ppt

[CHART REMOVED]

Link to strategic goals

- 1 We focus on understanding our customers in core market segments
- 2 We use technology and our products to differentiate from the competition
- 3 We will expand in existing markets, and enter new ones
- 4 We will realise the full potential of our business model

Performance review

Performance in 2015 vs target

Achieved

Our Group Card Not Present ('CNP') mix continues to grow, and reflects the fast volume growth of our Global eCom business, which predominantly services large, international customers with high levels of online transactions. It has also been driven by growth in online sales by Corporate and SME customers in WPUK, and the impact of SecureNet in the US.

Medium-term target

We expect CNP mix to increase in the medium term.

Definition

Card not present mix is the proportion of the Group's total transaction value represented by 'card not present' transactions in a given period.

Employee engagement¹ (%) +7ppt
[CHART REMOVED]

Link to strategic goals

4 We will realise the full potential of our business model

Performance review

Performance in 2015 vs target

Achieved

Following significant focus in this area, employee engagement has improved substantially in 2015

Our target was to improve our Group rating from Best Company Index's 'one to watch' to a '1*' rating which we achieved

Medium-term target

We expect this rating to improve further in the medium term

Definition

Employee engagement is measured via an annual employee survey carried out by Best Company Index which enables benchmarking against other companies. The KPI represents the total Group score as a percentage of the maximum score possible in the survey

1 Employee engagement is an output from an annual employee survey undertaken by third-party Best Company Index. All other non-financial key performance indicators are derived from management information

2 The 2014 and 2013 comparatives in the section relate to the proforma 12 months ended 31 December 2014 and 31 December 2013 respectively

FINANCIAL

Net revenue¹ (£m) +14%

[CHART REMOVED]

Link to strategic goals

- 1 We focus on understanding our customers in core market segments
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Performance review

Performance in 2015 vs target

Achieved

Net revenue increased by 14% from 2014 to 2015 and reflects growth in all operating divisions. Further details around the drivers of growth are provided in the Financial review on pages 71 to 76 and the Operating review on pages 67 to 70

Medium-term target

We expect net revenue to grow by 9-11% CAGR over the medium term

Definition

Net revenue is defined as revenue less interchange fees and scheme fees

Underlying EBITDA¹ (£m) +8%

[CHART REMOVED]

Link to strategic goals

- 1 We focus on understanding our customers in core market segments
- 2 We use technology and our products to differentiate from the competition
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- 4 We will realise the full potential of our business model
- 5 We will augment our growth through acquisitions and investments

Performance review

Performance in 2015 vs target

Achieved

Underlying EBITDA increased by 8% from 2014 to 2015, reflecting strong net revenue growth partly offset by higher personnel and net operating expenses resulting from investment in organisational capability to support future growth. Whilst underlying EBITDA performance in WPUS was below target, strong performance elsewhere resulted in our group target being achieved. Further details around the drivers of growth are provided in the Financial review on pages 71 to 76 and the Operating review on pages 67 to 70

Definition

Underlying EBITDA is defined as earnings before interest, tax, depreciation and amortisation. It also excludes separately disclosed items which are explained in the Financial review on page 73

Free cash flow (£m) +£31.7m

Link to strategic goals

4 We will realise the full potential of our business model

Performance review

Performance in 2015 vs target

Achieved

Free cash flow in 2015 was £32.4m compared with £0.7m in 2014 reflecting improved trading performance and working capital. Further details are provided in the Financial review on pages 71 to 76

Medium-term target

We expect free cash flow to continue to improve over the medium term

Definition

Free cash flow is defined as net cash flow from operating activities less capital expenditure and underlying finance costs. It also excludes any working capital movements associated with the IPO

1 Net revenue and underlying EBITDA as reported in the financial statements. Free cash flow is derived from management information

2 The 2014 and 2013 comparatives in the section relate to the proforma 12 months ended 31 December 2014 and 31 December 2013 respectively

Principal risks and uncertainties

Risk management

Our vision is to be the world's most progressive and reliable payments partner, sharing insights and helping our customers prosper. It is critical that we understand and manage the risks inherent in attaining this vision, and therefore we regard risk as a core competency in ensuring that we meet our strategic goals.

We placed our customers at the heart of our thinking when we designed our enterprise risk management framework ('ERMF') and they are a fundamental consideration in all areas of our operations, from the creation of the Group's strategy through to new product development and operational discussions with our customers. Rigorous management of the risks inherent in our activities ensures the right outcomes are achieved for both Worldpay and our customers.

The ERMF has evolved throughout 2015 to provide a clearer and more complete framework, driving our approach to the management of risk. The framework sets out the activities, tools and techniques used to ensure that all material risks are identified and that a consistent approach is integrated into business management and decision making across the Group.

This includes a detailed mapping exercise which has been conducted to ensure that all of the risks identified in our IPO Prospectus are incorporated as key elements of the thematic risks disclosed here.

The diagram below illustrates our ERMF with the core anchors to the framework being our vision and our strategic pillars.

[Enterprise risk management framework diagram removed]

Risk governance

We expect every employee of Worldpay to be responsible for the management of risk, with the Board of Directors ultimately responsible for the management and governance of risk across the Group. To facilitate the exercise of their duties, Worldpay operates a 'three lines of defence' model which clearly identifies accountabilities and responsibilities for risk as follows:

- Business line management has primary responsibility for the management of risk,
- Risk and compliance functions assist management in developing their approach to fulfil their responsibilities, and
- The Internal Audit function checks that the risk management process and the risk management framework are effective and efficient.

The Board exercises its obligations in managing risk through the Group Risk Committee. The Committee operates under a delegated authority from the Board and is responsible for, among other things, articulating the Group's risk appetite, reviewing the overall risk profile of the Group, providing objective challenge on the risks identified and assessing the effectiveness of the control framework. The Committee meets as required and is chaired by Deanna Oppenheimer.

In addition, Worldpay operates a Group Governance and Control Committee which provides the senior management of the Group with a forum to review and discuss the activities of the Group's assurance functions and the operational risk profile.

Risk culture

We aim to create a risk culture that is centred around risk awareness, openness, continuous improvement and incentivising correct behaviours to ensure an appropriate outcome for both Worldpay and our customers. This objective is articulated through the Worldpay Way in a set of values which have been defined by the Board, supported by the Group Executive and developed in conjunction with our people.

The values which are shown on page 28 are the key components by which the appropriate culture and behaviours defined by the Board in collaboration with our colleagues are embedded throughout Worldpay. The Employee Performance Management Programme within Worldpay ensures that colleague performance is regularly reviewed and assessed against Worldpay's values.

[Enterprise and risk management framework diagram removed]

Risk appetite

During 2015, our consideration of our appetite for risk was further developed based upon a consolidation of the Risk function's enterprise analysis of current and future risk exposures, with due regard to the most practical and relevant level of appetite, limits and delegated authorities.

Eight principal risk categories have been identified and each has been assigned a qualitative risk appetite statement supplemented by various principal risk metrics. Defining a concise set of strategic risk appetite statements is intended to focus the Board's attention on the material risks to our business and assist in assessing business plans, objectives and strategy.

Risk monitoring and reporting

Worldpay adopts an Enterprise Risk Management ('ERM') approach to risk reporting to deliver the following benefits:

- Integrated as opposed to silo-based risk reporting,
- Risk reporting linked to strategic and corporate objective risks as well as operational and business resilience risks,
- Standardisation of the reporting templates and risk language used across the business.

Strategic risk reporting

The Risk function aggregates and co-ordinates the operational risk information submitted from across the business each month to produce executive level risk reports.

Regardless of whether or not risk reporting is focused at the strategic level or business process level, Worldpay uses the same risk likelihood and impact matrices to quantify and categorise the reporting of risk. This helps to ensure consistency of reporting and helps to remove a level of subjectivity (accepting that the potential crystallisation of risks is always going to include an element of subjectivity).

It is important to note that the risk registers are not designed to capture all of Worldpay's operational risks, but the key risks across Worldpay, which if not managed appropriately could result in escalation to Executive and Risk Committee's (through ERM reporting) and potentially threaten the achievement of corporate objectives.

The following diagram highlights the structure of risk-related information flows at operational and strategic levels. The Chief Risk Officer is the focal point and driver of integrated risk reporting.

[Structure of risk-related information flows at operational and strategic levels diagram removed]

PRINCIPAL RISK 1 INDUSTRY

Movement in the year

No change

Link to strategy

We will realise the full potential of our business model page 48

The payments industry is constantly changing and sector developments, mandatory industry changes that are not correctly implemented or an inability to adhere to scheme rules could result in unanticipated or unbudgeted penalties.

Worldpay's acquiring business model is dependent upon licences from the international payment systems such as Visa and MasterCard. These are licences that are restricted in geographical scope and must be used in compliance with the rules and regulations set out by the relevant card franchise. Worldpay's ability to obtain licences to expand into new countries is reliant on the relevant card franchise's willingness to grant the licence. Similarly, changes in a card franchise's rules and regulations, or in its interpretation and enforcement of them, can result in Worldpay having to curtail its business in order to ensure compliance with the changes or revised interpretations.

As a member of Visa Europe, Worldpay is also currently entitled to receive certain rebates and/or other financial incentives that are determined by reference to the volume of transactions Worldpay processes through Visa Europe. Visa Inc and Visa Europe announced in November 2015 a definitive agreement for Visa Inc to acquire Visa Europe. The transaction is subject to regulatory approvals and is currently expected to close in the second quarter of 2016. In the event that Visa Europe demutualises and becomes owned by Visa Inc, these rebates and/or other financial incentives are expected to cease.

Risk appetite

Worldpay will always seek to remain current and adhere to all regulations unless we are prevented from doing so by our system infrastructure. Where this is the case, Worldpay will apply for specific waivers pending full compliance.

Risk indicators

- Compliance with industry guidelines and regulations
- Success in influencing industry developments
- Financial sanctions from payment networks
- Maintenance of licences from payment networks

Potential impacts

- Failure to meet payment network requirements for products and services may lead to reputational damage and to financial penalties from the payment networks
- As a last resort, payment networks may revoke their franchise licences to Worldpay in existing markets or not grant new licences in prospective markets
- Failure to operate franchise licences to required specifications may lead to lower acceptance rates and therefore potential reputational damage and customer impact

Mitigants

- Specific team dedicated to support implementation of payment network requirements and central relationship management
- Internal process to capture, review and implement payment network changes
- Regular meetings with payment networks and attendance at payment network forums/training, e.g. the UK Acquirer Forum
- Ongoing monitoring and oversight of our merchants to ensure compliance
- Participation in industry forums

Actions in 2015

- Worked with the Regulator and payment schemes to understand and influence the direction of travel of new legislation and requirements
- Created a Regulatory and Industry Affairs Group to work on EU and UK governmental initiatives
- Introduced a horizon monitoring programme

PRINCIPAL RISK 2. REGULATORY

Movement in the year

No change

Link to strategy

We will expand in existing markets, and enter new ones page 46

We will realise the full potential of our business model page 48

We will augment our growth through acquisitions and investments page 50

Failure to adhere to legal, regulatory and financial crime requirements leads to financial and reputational damage

Risk appetite

Worldpay will obey the spirit and the letter of the laws and regulations that apply to us. In areas of uncertainty and ambiguity, we will have a robust justification for the choices we make and must be prepared to defend our choices with our regulators and, if necessary, publicly in the media

Risk indicators

- Complaints (General)
- Complaints (Ombudsman)
- Customer satisfaction (Net Promoter Score)
- Reviews and audits on policy
- Fines from Regulators
- Breaches to identified legal and regulatory standards

Potential impacts

- Failure to identify or understand the impacts of changing legislation may prevent Worldpay from trading in the relevant jurisdictions
- May result in Worldpay or its customers unknowingly breaching regulations
- May result in delays in providing services to our customers
- Non-compliance may result in loss of business licence
- Any regulatory breaches may result in reputational damage and loss of customers
- Failure to prevent Worldpay being used to facilitate financial crimes
- Risk that Worldpay is blocked or suspended from activities that are critical to its model

Mitigants

- Dedicated Legal and Compliance functions and a network of external advisors who maintain a constant review of current and future legal and regulatory developments and their potential impacts
- Policies and procedures implemented including contracting, anti-bribery and corruption, competition, data protection, anti-money laundering and sanctions
- Dedicated transaction monitoring processes and reporting regarding fraud
- Regular business risk meetings with attendance of Legal and Compliance to advise of changes required to address risks identified

Actions in 2015

- Produced an enhanced Gambling Product Heatmap and extended our external specialist Gambling Counsel Alert service
- Continued to build a trusted relationship with FCA, PSR and CMA and responded to mandatory requests for information from regulators in a timely and accurate manner

PRINCIPAL RISK 3 Settlement

Movement in the year
No change

Link to strategy

We focus on understanding our customers in core market segments page 42

Failure to settle with merchants due to lack of availability of funds as a result of scheme or systemic bank failure, or funds not processed correctly, resulting in financial loss (compensation) and severe reputational damage

Risk appetite

Worldpay has no appetite for the failure to settle with merchants

Risk indicators

- Payments and settlements processed within SLA
- Average time to resolve investigation queries
- Unreconciled items

Potential impacts

- Severe reputational damage and/or financial loss (compensation) due to a failure or delay to merchant settlement

Mitigants

- Daylight overdraft facilities in place ready to be utilised in the event of non-receipt of funds from schemes
- Card scheme balances are monitored daily to ensure that funds are received and sufficient cash flow is available for us to pay merchants
- Daily reconciliation of all Worldpay merchant specific bank accounts
- Daily cash management

Actions in 2015

- Implementation of automated reconciliation system
- Enhanced monitoring and reporting

PRINCIPAL RISK 4: Credit risk

Movement in the year

No change

Link to strategy

We focus on understanding our customers in core market segments page 42

We will realise the full potential of our business model page 48

We will augment our growth through acquisitions and investments page 50

Potential loss arising from the failure of a merchant or partner bank or alternative payments provider to meet its obligations in accordance with agreed terms

Risk appetite

Worldpay budgets for credit loss on an annual basis, however our risk appetite seeks to optimise a high level of return whilst achieving appropriate risk versus reward performance in line with Worldpay's growth strategy

Risk indicators

- Approval rate
- Portfolio score
- Investigations versus adverse action rate
- Credit grades
- Portfolio distribution
- Top exposures
- Credit Watch List

Potential impacts

- Increase in credit exposure arising from failed Credit Risk Assessment/Autoscore processes leading to increase in loss
- Rejection of applications caused by failed Credit Risk Assessment/Autoscore processes leading to a decrease in profitability
- Merchant fails to provide goods/services to customers leading to an increase in chargebacks that cannot be passed on to a failed merchant, resulting in financial loss

Mitigants

- Each application from a merchant or proposed partnership with a bank or alternative payment provider is risk assessed
- Where approval is not automatic, the case is referred for a secondary review
- A transaction monitoring system equipped with credit-specific rules and models scans each transaction and aggregates merchant behaviour
- A Credit Watch List is used to identify at-risk merchants that may result in financial loss. Monthly review defines action plans to mitigate exposure and potential loss
- Merchant Holding File maintained to assist in delaying/deferring settlement to merchants with funds held in suspense account

Actions in 2015

- The thresholds for Credit acceptance have been reviewed and monitored throughout 2015
 - The automated monitoring system rules and models are subject to regular review and are tuned as appropriate. Quarterly service reviews of the system performance were conducted
 - A linked merchant system identifying links between different merchants was installed
-

PRINCIPAL RISK 5 Data security

Movement in the year

Up

Link to strategy

We focus on understanding our customers in core market segments page 42

We will realise the full potential of our business model page 48

Financial loss and reputational damage due to a breach of confidential data or technology disruption caused by internal/external attack to Worldpay or third-party suppliers/merchants

Risk appetite

Worldpay has no tolerance for the loss of, or otherwise unauthorised or accidental disclosure of, customer or other sensitive information. The operation of inadequate or ineffective security controls could expose Worldpay to the risk of violating statutory requirements and/or industry regulations, resulting in reputational damage and financial loss.

Risk indicators

- Number of attempted security breaches
- Number of security breaches
- Number of breaches to policy
- PEN testing results
- Ethical hacking results
- Number of identified security risks outstanding

Potential impacts

- The loss of, or otherwise unauthorised or accidental disclosure of, customer or other sensitive information could result in regulatory or legal sanctions and/or significant reputational damage
- Additional costs by way of compensation, litigation, fines and loss of sponsorship

Mitigants

- Worldpay operates multi-layer cyber security defences which are monitored for effectiveness and to ensure they remain current
- Extensive monitoring of attempts to breach the system takes place with detailed analysis to ensure all potential threats are identified and defensible

Actions in 2015

- Maintained Worldpay's PCI compliance groupwide and prepared for PCI v3.0
- Upgraded our core Data Centre DDoS (Distributed Denial of Service) protection and our US DDoS protection
- Additional anti-Malware deployed into production
- Migrated Off Host applications/services from RBS into Worldpay data centres

PRINCIPAL RISK 6 Technology

Movement in the year
Down

Link to strategy

We use technology and our products to differentiate from the competition page 44

We will realise the full potential of our business model page 48

We will augment our growth through acquisitions and investments page 50

Unscheduled system downtime impacts our service to merchants causing reputational damage and financial loss

Risk appetite

Worldpay is not willing to accept risks which compromise our ability to process merchant transactions

Risk indicators

- Availability of services
- Reliability of components and services
- Reduction in critical time failures

Potential impacts

- Any disruption to the availability of Worldpay's global payments platform or network could result in interruption of service to customers, loss of business and significant additional costs by way of lost revenue, contractual damages and operating expenses

Mitigants

- Worldpay operates a full suite of monitoring tools to minimise system downtime
- Dedicated support teams exist to support Worldpay core systems
- Incident rating exists to ensure that faults are addressed based on their criticality to operations
- There are two separate data centres providing fail over capability

Actions in 2015

- Off Host Migration – performed a full review of the products and services supporting the core platform running within the RBS infrastructure and initiated a project to migrate applications and services to Worldpay's data centres Phase 1 of the project was completed in September 2015
 - Completed enhancements to our Disaster Recovery sites
 - Banking robots, virtual machines and network access moved to the Worldpay Data Centres
 - Completed componentisation of the existing Gateway code base to measurably reduce the complexity
-

PRINCIPAL RISK 7 Scale of change

Movement in the year
No change

Link to strategy

We focus on understanding our customers in core market segments page 42

We will expand in existing markets, and enter new ones page 46

We will realise the full potential of our business model page 48

The risk of loss of profit, opportunity, reputation or disruption to business activities as a result of our inability to manage the magnitude of change being undertaken

Risk appetite

Worldpay has no appetite for the failure to deliver high-priority projects on time, to budget and to expected quality

Risk indicators

- Ratio monitoring of permanent colleagues versus temporary/contractors to ensure key knowledge is retained in the business following implementation of changes
- Monitor the completion of the new technology platform training to ensure all colleagues have undergone role specific and general training ahead of phased releases
- Tracking of actual cost versus budget costs of projects
- Prioritisation of resources on projects
- Monitoring of the number of projects

Potential impacts

- Failure to deliver high-priority projects impacting customer and/or reputation
- Disruption to normal business activities
- Development of single points of failure

Mitigants

- Governance structure in place to manage information and decision making across the senior management. This includes local project meetings, Steering Committees and senior management reporting
- An analysis of the impact on resources of business as usual change requests compared to the new technology platform plan is conducted to identify resource constraints

Actions in 2015

- Established and published Organisational and Readiness dashboards to track the new technology platform project at divisional level and Group level
- Weekly Senior Management Report produced tracking top four initiatives and the progress made against delivery plans
- Identified key roles needed to transition to, and then operate, the new technology platform. These have been resourced and we have retained subject matter experts
- Timeline and delivery plan established to provide Group with both soft skills training to prepare colleagues for change in addition to specific technical training to manage changes brought about by the delivery of the new technology platform. This is being managed in house and bolstered by the appointment of an external training partner

PRINCIPAL RISK 8: Third parties

Movement in the year

No change

Link to strategy

We use technology and our products to differentiate from the competition page 44

We will expand in existing markets, and enter new ones page 46

We will realise the full potential of our business model page 48

The risk of loss from reliance on third parties carrying out core business activities

Risk appetite

Worldpay is willing to accept the risk of working with third parties for core business activities. However, contracts and relationships with critical suppliers must be well-monitored, value for money and regularly reviewed. In addition, regulatory requirements relating to sourcing must be met.

Risk indicators

- Core suppliers all contracted on a long-term basis to suit business strategy and need
- Performance of core suppliers against agreed service levels
- Issues identified in quarterly service reviews with the business and suppliers

Potential impacts

- Suppliers critical to Worldpay's success are unable to meet the capability levels required
- Non-compliance with FCA Regulation relating to Supplier Management
- Inconsistent and/or undesirable approach to the sourcing and management of key suppliers

Mitigants

- Worldpay has a dedicated procurement team staffed by purchasing professionals to manage external contractual arrangements
- The in-house legal team is involved in all contractual discussions
- SLAs and service reviews are held with all key external suppliers
- We regularly monitor performance of core suppliers against agreed service levels

Actions in 2015

- Created a centralised contracts database
- Contracts renegotiated, on service levels and terms and conditions, with strategically significant suppliers
- Engaged Strategic Supplier Management and Procurement in all Worldpay sourcing activity
- Sourcing regulatory requirements identified and communicated
- Supplier Security Risk reviews undertaken by Enterprise Security

UK membership of the European Union

The UK Government has announced that a referendum will be held on 23 June 2016 to decide whether the UK should remain in the European Union ('EU'). At Worldpay, we have analysed what this could mean for our business. A possible effect on Worldpay would be from macro-economic disruption, which may impact a proportion of the merchants we serve in the UK and Europe, and therefore our transactional flows. As a significant proportion of the regulatory regime we operate within comes from the EU, an exit may also change the framework applicable to our European operations.

However, given the global nature of our business and our experience working across multiple regulatory regimes, our current expectation is that this would not have a material effect on our business overall.

Going concern

In considering the going concern basis for preparing the financial statements, the Board have reviewed the Group's trading forecasts for the 12-month period from the date of approval of the Annual Report and Accounts. These forecasts, which include detailed cash flow projections, comprise assumptions as to sales and profit performance by operating division and by month. The forecasts demonstrate the Group's ability to operate within its current borrowing facilities. They also illustrate that the Group has significant covenant and liquidity headroom in its borrowing facilities to support its operations for the foreseeable future.

Notwithstanding the above, however, there remains a risk that a downturn in the economy could result in the Group's sales and profits being worse than the Board is currently envisaging. As a result, the Directors have also reviewed forecasts which include sensitivities that make allowance for this risk. Should such a scenario arise, the Directors are confident they have adequate liquidity and covenant headroom to ensure that the Group can meet its liabilities as they fall due for the foreseeable future.

Accordingly, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Viability statement

In accordance with provision C 2.2 of the 2014 UK Corporate Governance Code, the Directors have assessed the viability of the Group over the three years to December 2018. This assessment has been made taking account of the current position of the Group, the corporate planning process and the Group's principal risks.

The corporate planning process includes the preparation of the annual budget as well as the Group's longer-term strategic plan. The strategic plan provides medium to long-term direction for the Group and is reviewed on an annual basis. It includes a five-year outlook for the business. However, the Directors have determined that a three-year period is a more appropriate period over which to assess the viability of the Group as this provides a much greater degree of certainty. This is because the majority of contracts with customers are for a period of three years or less. In addition, we operate in fast-growing and dynamic markets which makes it difficult to predict how regulations will evolve beyond a three-year timeframe and what the consequential impact might be on the Group's activities.

As part of the strategic planning process, the Board carried out a robust assessment of the principal risks facing the Group, including those that could threaten its business model, future performance, solvency or liquidity. Eight principal risks have been identified as follows: Industry change, legal and regulatory change, settlement risk, credit risk, data security, technology risk, scale of change, and reliance on third parties carrying out core business activities. These principal risks, together with potential impacts and mitigations, are set out on pages 58 to 65 of the Strategic report. Stress tests are performed on the financial plan after considering the potential impact of principal risks and uncertainties.

The geographical and sector diversification of the Group's operations helps minimise the risk of serious business interruption or catastrophic damage to our reputation. Furthermore, our business model is structured so that the Group is not reliant on one particular group of customers or sector. No single customer accounts for more than 3% of Group net revenue and our top ten customers account for less than 12% of Group revenue.

In addition to management's and the Board's review of the output from the annual strategic planning process, the IPO process that took place in 2015 also provided further scrutiny and analysis of the strategic plan.

The Directors have concluded, based on the extent of the Group's strategic planning process and its strong financial position, that there is a reasonable expectation that the Group has adequate resources to remain in operation and meet its liabilities as they fall due over the next three years.

Operating review

Worldpay operates in three principal markets – Global eCom, the UK and the US. These markets are described on page 43 of the 'Our strategy' section of the Strategic report.

The financial information presented and discussed in this review is based on underlying financial performance and includes pro forma prior year comparatives.

GLOBAL ECOM

Our Global eCom division focuses on large, internet-led multinationals that operate in fast-growing markets and have complex payment needs. We provide a wide range of payment services, both online and by mobile, to accept, validate and settle payments in 126 currencies across 146 countries, using any one of over 300 payment methods. Our customers also use our payments technology to maximise the rate at which payments are approved, manage the risk of fraud, and optimise their costs of operating globally.

We focus on five priority verticals: Digital Content, Global Retail, Airlines, Regulated Gambling and Travel. Through this focus, we build our knowledge and expertise of our customers' businesses and the specific needs of their own industry as it relates to payments.

In 2015, we enhanced the value of what we offer to our customers through a series of improvements to our products and services.

We launched a set of upgrades to our core payment capabilities, including 'Hosted Payment Pages', a tokenisation service and 'Worldpay Edge'. 'Hosted Payment Pages' allow a secure and seamless transition upon checkout from a customer's shopping website to our own payments pages. Our tokenisation service replaces the shopper's card details with a 'single-use' card number that cannot be used for any future payments and is therefore useless to a potential hacker. 'Worldpay Edge' is a deep data analytics service that allows customers to better understand shopper behaviour and performance.

We expanded the reach of our payments network into more markets, allowing more of our customers the ability to expand globally, with licences in Canada and Japan. We were one of the first payment companies to support Apple's launch of Apple Pay in the UK and Europe, and we have integrated our payments platform to new local payment methods, for example Billdesk (used in India) and TenPay (used in China).

Performance review

Our Global eCom division had another strong year of growth in 2015 with transactions up 31% to 3.8 billion, driven by increased volumes across a range of products and verticals. Average transaction values fell 12% year-on-year, however, as a significant proportion of the volume growth came from verticals where high volume, low value transactions dominate, such as Digital Content and Global Retail.

Net revenue increased by £45.7m, or 17%, to £317.7m in the year ended 31 December 2015 (2014: £272.0m), with net acquiring income¹, treasury management and foreign exchange services² and gateway income accounting for the majority of the increase.

	Year ended 31 December 2015	Pro forma year ended 31 December 2014	Year-on-year change
Net revenue (£m)	317.7	272.0	17%
Underlying EBITDA (£m)	184.2	161.5	14%
Total transactions (bn)	3.8	2.9	31%
Total transaction value (£bn)	99.3	85.5	16%
Average transaction value (£)	25.9	29.3	(12)%
Net revenue/transaction value (%)	0.32%	0.32%	–

¹ Net acquiring income is defined as transaction service charges less interchange and scheme fees. Transaction service charges are payable for services provided to process transactions between the customer and an acquiring bank, which is a bank that accepts card payments from the card-issuing banks.

² Income from treasury management and foreign exchange services is generated on settling foreign currency transactions on behalf of customers.

Net acquiring income grew by 20% in 2015 as a result of new business wins and growth of existing customers, particularly in Digital Content, Travel and Global Retail. Scheme fees increased significantly during the period, largely as a result of volume growth and country mix. In addition, a number of new rules and fees were implemented by the schemes in the year which increased fees further. The majority of these increases were charged on to customers.

Revenue from treasury management and foreign exchange services grew by 22% year-on-year as a result of increased volumes in Airlines, Travel and Digital Content. Gateway income was also up 26%, driven by volume increases in Global Retail and Travel and the contribution from Cobre Bem, our provider of gateway service solutions in Latin America.

Global eCom's underlying net revenue as a percentage of total transaction value remained strong at 0.32% for the year ended 31 December 2015, in line with the prior year.

Underlying EBITDA increased by £22.7m, or 14%, to £184.2m in the year ended 31 December 2015 (2014: £161.5m). This increase was driven principally by the growth in net revenue noted above but was offset, in part, by £22.9m higher operating costs year-on-year. This increase in operating costs partly reflects the growth in revenue, but also the investments we have made in people and capability, in both 2014 and 2015, to develop the organisation and deliver further sales growth in the future. In addition, bad debts increased compared to the prior year.

WPUK

WPUK provides in-store, phone, online and mobile payment acceptance solutions for approximately 300,000 UK and Ireland-based customers, from SMEs to large corporates (including Tesco, Asda and Next).

To strengthen Worldpay's leadership in the UK, our strategy is to evolve from simple payment processing to become an added-value payment services and solutions partner for our merchants, across all of our market segments – SME, Small Corporate and Large Corporate. The strategy has three strands, with core growth being driven by a focus on 'Brilliant Basics' and 'Multi-Service Penetration', while we also seek new growth opportunities from transformational products and services.

The success of 'Brilliant Basics' can be seen in the number of new merchants on-boarded through our core channels, which increased significantly during the second half of 2015. We achieved this through a focus on increasing lead generation, improving sales conversion, and working to improve the overall end-to-end efficiency of our sales model, including the final stages of the Cardsave integration. Further improvements in our merchant retention operations, combined with a focus on improving customer experience by addressing the common causes of complaints, also led to a reduction in overall churn rates in the second half of the year.

We also made significant progress with 'Multi-Service Penetration'. The penetration of ecommerce/CNP products amongst new merchants grew by 12% in the last 12 months, driven by a clear focus across our marketing and sales teams. During Q4, we implemented a 'sales-through-service' pilot to promote cross-sales activities within the customer service desk. Following the success of this pilot, we plan to roll out the initiative to full capacity during 2016. Finally, in Q4, we launched Worldpay Business Finance in partnership with Liberis to provide UK SMEs with access to flexible financing via a business cash advance. To date over £2m of funding has been provided to our merchants by Liberis, and we expect to continue to build on this progress in 2016.

Transformational products and services are the drivers for both new revenue growth and increased merchant engagement. In May 2015, we launched My Business Dashboard, our online reporting portal for SME customers, and it had over 14,000 active users by the end of the year. My Business Hub, a tablet-based smart point-of-sale solution, was launched in pilot with a small number of merchants in Q4. We have received extremely positive feedback on both products and they will be scaled up significantly in 2016. Worldpay Total and Worldpay Total Mobile, our omni-channel solutions for corporate customers, continued to register strong sales in the Large Corporate sector. These products have been instrumental in winning new Corporate business against our key competitors, as well as cross-selling new services to existing Corporate customers.

	Year ended 31 December 2015	Pro forma year ended 31 December 2014	Year-on-year change
Net revenue (£m)	405.2	366.0	11%
Underlying EBITDA (£m)	179.2	156.1	15%
Total transactions (bn)	5.4	5.0	8%
Total transaction value (£bn)	202.8	196.6	3%
Average transaction value (£)	37.5	39.2	(4)%
Net revenue/transaction value (%)	0.20%	0.19%	–

Performance review

Our WPUK division grew strongly in 2015 with transactions up 8% to 5.4 billion, driven by new customer wins in both the Corporate and SME sectors and continuing growth in the use of cards as a payment mechanism. Average transaction values fell 4% year-on-year, however, reflecting high street price competition, particularly in the supermarket sector where Worldpay has a high market share, and changing consumer behaviour as the use of contactless increases.

Net revenue increased by £39.2m, or 11%, to £405.2m in the year ended 31 December 2015 (2014: £366.0m), with net acquiring income accounting for the majority of the increase. Net acquiring income grew by 18% reflecting the impact of higher transaction volumes and effective management of pricing on new business and renewals, as well as a net positive impact of lower interchange costs on the acquiring margin which funded the enhancement of our propositions for customers.

Ancillary income¹ grew by 9% year-on-year as a result of increases in authorisation, gateway and other fees.

WPUK's net revenue as a percentage of total transaction value increased slightly to 0.20% for the year ended 31 December 2015 from 0.19% in the prior year, reflecting a change in mix to more credit card transactions and commercial pricing decisions.

Underlying EBITDA increased by £23.1m, or 15%, to £179.2m in the year ended 31 December 2015 (2014: £156.1m). This improvement was driven by the growth in net revenue noted above and strong cost control, underpinned by a drive towards greater efficiency. Operating costs increased in the year by £4.7m, or 3%, reflecting the higher volumes as well as investment to drive future growth. The cost growth was at a significantly lower rate than the net revenue growth, leading to an overall improvement in profit margin.

WPUS

WPUS provides in-store, online and mobile payment acceptance solutions for US-based customers, with a focus on developing omni-channel and integrated payment solutions for its approximately 109,000 SME customers, and vertical-specific solutions for its approximately 13,000 enterprise customers in the Grocery, Petroleum, Restaurant and Retail industries. In addition, we provide ATM services to approximately 100 organisations across the United States.

Our Corporate Business Unit, focused on larger clients operating nationally, continued to grow strongly in 2015. Our strategy to differentiate in this segment using a service-based approach to different vertical industries – especially Petroleum, Quick Serve Restaurants and Grocery Retail, where customer needs and requirements are often unique – is being validated with significant growth in locations, transactions and revenues. Furthermore, our competitive, value-based and high touch approach to clients is driving long-term client retention and life-time value. During 2015, we added to our vertical specialisms by extending our reach in the growing and attractive official payments sector that comprises federal, state and local government payments as well as utility payments.

WPUS' Small Business Unit is focused on delivering powerful but affordable payment solutions to SMEs across the United States through multiple routes to market. In 2015, we delivered strong performance in terms of new sales and customer retention. We also continued our transformational journey to become a leading payment processing partner to the thousands of software, hardware and technology providers that power the point-of-sale environment for the more than seven million small and medium-sized businesses across the country. Customer acquisition in the Small Business Unit is delivered through a range of both direct and indirect/partner channels.

In order to accelerate our evolution to be the payments partner of choice, we completed our integration of the SecureNet business and have delivered the forecast operational efficiencies in line with our expectations. We have now built a technical connection between the SecureNet platform and the WPUS Lynk platform that will allow clients to have access to the ease of technical integration offered through SecureNet, as well as to the rich payment processing features that we already possess.

The US marketplace is moving to the EMV payment standard, requiring merchants to upgrade their point-of-sale systems to accept EMV chip-based cards. Over the past year, WPUS invested heavily in EMV, middleware and unattended testing tools, simplifying the certification process, as well as creating a repeatable, scalable solution for merchants and partners. We will continue to invest further in EMV in 2016.

1 Ancillary income includes fees charged per transaction for providing gateway services, fraud and risk management services, float income, and charges levied for the acceptance of alternative payments. Gateway services work in the same manner as transaction processing services, but are provided for online transactions only.

We also made significant progress in certifying integrated software vendors ('ISVs'), partners, and merchants. During the year, we signed over 80 partners, including partners providing services now integrated into our SME payment solutions, together with partners providing referrals and other sources of new customer income streams.

In addition to payment processing, we continued to offer value added services, such as third-party working capital solutions delivered through the payment processing and settlement cycle, which provide financing options outside of traditional bank loans to help SMEs manage and grow their business.

Performance review

Our WPUS division had a solid year of growth in 2015 with transactions up 9% to 3.8 billion, driven by increased volumes across all business segments as well as the acquisition of SecureNet. Average transaction values decreased by 2% year-on-year, reflecting developments in the Petroleum vertical where a decline in wholesale oil prices resulted in lower prices to consumers at the pump.

Net revenue increased by £33.4m, or 15%, to £258.8m in the year ended 31 December 2015 (2014: £225.4m). Excluding the impact of the SecureNet acquisition in December 2014 and the foreign currency translation impact, net revenue increased by £7.1m, or 3%. This increase was driven principally by growth in acquiring income, reflecting the increase in transaction volumes. Net revenue as a percentage of total transaction value remained in line with the prior year at 0.26%.

Underlying EBITDA decreased by £13.1m, or 17%, to £62.3m in the year ended 31 December 2015 (2014: £75.4m). Excluding the impact of the SecureNet acquisition and the foreign currency translation impact, underlying EBITDA decreased by £14.4m, or 17%. Operating costs (excluding SecureNet and foreign currency translation) increased by £16.5m, reflecting increased costs payable to third-party sales agents and additional investment in people, security and office costs to deliver the strategy. In addition, bad debt provisions increased year-on-year by £3.8m.

SecureNet, which was purchased in December 2014, contributed £9.7m to net revenue in the year (2014: £0.3m) and made a loss of £4.4m (2014: loss of £0.2m). Net revenue was significantly lower than expected due to slower than expected sign-up of new partners. To offset this shortfall, however, certain synergies were realised earlier than anticipated, primarily through a workforce reduction. As a result, overall performance was in line with our expectations.

The Directors believe strongly that we have the right strategy and people in place to deliver sustainable growth in the future but it will take longer than previously anticipated to achieve and we will incur additional costs as a result

	Year ended 31 December 2015	Pro forma year ended 31 December 2014	Year-on-year change
Net revenue (£m)	258.8	225.4	15%
Underlying EBITDA (£m)	62.3	75.4	(17)%
Total transactions (bn)	3.8	3.5	9%
Total transaction value (\$bn)	152.6	143.9	6%
Average transaction value (\$)	39.7	40.7	(2)%
Net revenue/transaction value (%)	0.26%	0.26%	-

Financial review

Income statement

	Year ended 31 December 2015 £m	Pro forma year ended 31 December 2014 £m	Year-on-year change %
Revenue	3,963.0	3,626.6	9%
Interchange and scheme fees	(2,981.3)	(2,763.2)	(8)%
Net revenue ¹	981.7	863.4	14%
Gross profit	860.4	765.3	12%
Underlying EBITDA ²	406.1	374.7	8%
Underlying depreciation and amortisation	(65.6)	(78.4)	16%
Underlying finance costs	(151.2)	(163.2)	7%
Share of result of joint venture and associate	(1.2)	(0.3)	
Underlying profit before tax	188.1	132.8	42%
Separately disclosed items			
– affecting EBITDA	(103.7)	(88.6)	
– affecting depreciation and amortisation	(69.9)	(82.7)	
– affecting finance (costs)/income	4.6	(8.6)	
	(169.0)	(179.9)	6%
Profit/(loss) before tax	19.1	(47.1)	
Tax charge	(48.9)	(2.9)	
Loss for the year	(29.8)	(50.0)	40%
Earnings per share			
Underlying pro forma EPS (p) ³	6.9	4.6	50%
Reported EPS (p)	(1.8)	(3.1)	42%

¹ Net revenue is defined as revenue less interchange and scheme fees

² Underlying EBITDA is defined as earnings before interest, tax, depreciation and amortisation. It also excludes separately disclosed items

³ Underlying pro forma earnings per share is calculated by taking profit/loss for the period before separately disclosed items, divided by the number of shares in issue at the end of 2015

The information presented and discussed in this section includes a number of measures that are not defined or recognised under IFRS including net revenue, underlying EBITDA, underlying pro forma earnings per share and free cash flow. These are considered to be key measures of the Group's financial performance and as such have been included here to aid comparability and enhance usefulness.

Net revenue, defined as revenue less interchange and scheme fees, is presented and discussed in this section as the Directors believe that this best reflects the relationship between revenue and profitability. Underlying EBITDA, being earnings before interest, tax, depreciation and amortisation, excluding separately disclosed items, is considered by the Directors to give a fairer view of the year-on-year comparison of underlying trading performance. Separately disclosed items are costs or income that have been recognised in the income statement which the Directors believe, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying financial performance. These are explained further later in this section.

Underlying pro forma earnings per share is calculated by taking profit/loss for the period before separately disclosed items, divided by the number of shares in issue at the end of 2015. Free cash flow represents the Group's net cash inflow from operating activities, after accounting for the Group's net capital expenditure and underlying finance costs. It excludes any working capital movements associated with the IPO. The Directors believe that free cash flow provides a better reflection of the cash being generated by the business.

On 3 July 2015, in contemplation of the IPO, the Company changed its financial year end from 30 November to 31 December. As a result, the statutory comparative period to the 2015 financial statements is the one month to 31 December 2014. To aid comparability and understanding

of performance, however, we have presented pro forma comparative information for the 12 months to 31 December 2014 in this section. The statutory one-month comparative information can be found in the Financial statements section of this Report.

Revenue

Revenue in the year of £3,963.0m (2014: £3,626.6m) was £336.4m, or 9%, higher than in the prior year. Excluding the impact of acquisitions during the current and prior period (SecureNet and Cobre Bem) and the foreign currency translation impact on our WPUS revenue, growth was 5%. This growth reflects a 23% increase in our Global eCom business and a 6% increase in WPUS, partly offset by an 8% reduction in WPUK.

The increase in Global eCom reflects strong volume growth across all verticals, particularly in acquiring, treasury management and foreign exchange services and gateway income. The decline in WPUK reflects the impact on customers of reductions in cross-border acquired interchange costs in January 2015 and Visa and MasterCard repricing in 2015. The 6% underlying growth in WPUS was driven principally by growth in acquiring income, reflecting an increase in transaction volumes.

SecureNet contributed £31.5m (2014: £1.0m) to revenue in the year and Cobre Bem contributed £1.4m (2014: £nil). The foreign exchange impact on translation of our WPUS results accounted for £127.1m of revenue growth year-on-year.

Net revenue

Net revenue increased by £118.3m, or 14% year-on-year, to £981.7m (2014: £863.4m). Excluding the impact of acquisitions and foreign currency translation on our WPUS revenue, growth was 10%. This growth reflects a 16% increase in our Global eCom business, an 11% increase in WPUK and a 3% increase in WPUS.

The increase in Global eCom reflects the same factors as for revenue above. In WPUK, an increase in transaction volumes and net acquiring income accounted for the majority of the increase. In WPUS, the 6% growth in revenue was partly offset by higher interchange and scheme fees.

SecureNet contributed £9.7m (2014: £0.3m) to net revenue in the year and Cobre Bem contributed £1.3m (2014: £nil). The foreign exchange impact on translation of our WPUS results accounted for £17.0m of net revenue growth year-on-year.

Further details on the segmental breakdown of net revenue performance is provided in the Operating review.

Gross profit

Gross profit increased by £95.1m, or 12% year-on-year, to £860.4m (2014: £765.3m). Excluding the impact of acquisitions and foreign currency translation on our WPUS gross profit, growth was 10%. This reflects an 18% increase in our Global eCom business, an 8% increase in WPUK and a 1% increase in WPUS.

The increase in Global eCom was driven from the revenue improvements noted above. In WPUK and WPUS, increased referral commission payments to partners reduced the underlying gross profit growth.

Underlying personnel and net operating expenses

Underlying personnel and net operating expenses increased by £63.7m, or 16% year-on-year, to £454.3m (2014: £390.6m). Excluding the impact of acquisitions and foreign currency translation on our WPUS expenses, the increase was 11%.

The increase year-on-year reflects higher wages and salaries due to a higher average number of employees, as well as other operating costs associated with supporting the growth in revenue, including the costs of organisational investments made in 2014. In addition, bad debt expenses increased by £6.3m, to £22.5m, in the year.

The average number of employees increased to 4,982 from 4,518 in the prior year. The increase was principally driven by recruitment of personnel to enhance capabilities in sales, marketing and lead generation, product development, product management and data analytics.

Underlying personnel and net operating expenses in SecureNet amounted to £10.7m (2014: £0.4m) in the year with costs in Cobre Bem amounting to £2.8m (2014: £0.5m). The foreign exchange impact on translation of our WPUS results accounted for an increase of £7.9m year-on-year.

Underlying EBITDA

Underlying EBITDA increased by £31.4m, or 8% year-on-year, to £406.1m (2014: £374.7m). Excluding the impact of acquisitions and foreign currency translation on our WPUS EBITDA, the growth was 8%. This reflects an increase in net revenue for the Group of 10%, partly offset by higher third-party commission expenses and higher underlying personnel and net operating costs as we continue to invest in organisational capability to support future growth.

The underlying EBITDA growth of 8% reflected a 15% increase in Global eCom and WPUK, partly offset by a 17% decline in WPUS and a 7% increase in Corporate costs.

SecureNet reported a loss at the underlying EBITDA level of £4.4m (2014: loss of £0.2m) and Cobre Bem reported a loss of £1.5m (2014: loss of £0.5m). The foreign exchange impact on translation of our WPUS results accounted for £5.4m of underlying EBITDA growth year-on-year.

Further details on the segmental breakdown of underlying EBITDA performance is provided in the Operating review.

Underlying depreciation and amortisation

Underlying depreciation and amortisation decreased by £12.8m, or 16% year-on-year, to £65.6m (2014: £78.4m). The decrease largely reflects lower charges in 2015 on items of software, computer equipment and terminals that existed at the time of the divestment from RBS and that

had been fully depreciated at the end of 2014. While additions to computer software have increased during the year, this includes intangible assets under the course of construction relating to our new technology platform which are not being amortised as they are not yet available for use. At 31 December 2015, the total value relating to intangible assets under the course of construction amounted to £235.3m, compared with £145.1m at 31 December 2014. We expect that, as these assets become available for use, this will lead to a substantial increase in the underlying depreciation and amortisation charge. Once in use, these assets will be depreciated over 10 years.

Underlying finance costs

Underlying finance costs decreased by £12.0m, or 7%, year-on-year to £151.2m (2014: £163.2m). The decrease reflects the reduction in borrowings following the IPO, whereby the overall debt fell by £833m and, as a result of the refinancing, the average cost of debt fell from an average of 5.7% in 2014 to 3.1%. The Directors expect underlying finance costs to fall substantially in 2016 as we see a full year benefit from the change in capital structure.

Share of results of joint venture and associate

The share of results of joint venture and associate was a loss of £1.2m (2014: loss of £0.3m) and reflects our investments in Pazien Inc. and SPay, Inc.

On 15 May 2015, the Group purchased 499 Class A shares in SPay, a referral company specialising in the sport sector, representing a 49.9% shareholding based on the shares in issue at that date. On 18 December, SPay issued further shares to another investor, reducing Worldpay's shareholding to 25%.

On 4 June 2015, the Group purchased a further 65,402 shares in Pazien Inc., an innovative start-up company creating products using transaction data to enable more intelligent routing, automated optimisation and reconciliation for our Global eCom merchants. Although the Group holds 51% of shares in Pazien Inc., it does not represent control over the entity as the Board is shared equally between the Group and the founders of the business.

Separately disclosed items

Separately disclosed items in the year amounted to a pre-tax net cost of £169.0m (2014: £179.9m), of which £103.7m (2014: £88.6m) affected EBITDA, £69.9m (2014: £82.7m) affected depreciation and amortisation and a net gain of £4.6m (2014: cost of £8.6m) affected finance costs. Separately disclosed items are costs or profits that have been recognised in the year which the Directors believe, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying financial performance.

The separately disclosed items affecting EBITDA comprise platform-related and other costs incurred in the separation from RBS, non-capitalisable costs of the IPO, reorganisation and restructuring costs, and other costs.

Platform-related separation costs of £33.3m (2014: £35.1m) are non-capitalised costs associated with the upgrade and migration of the Group's core systems from RBS. They are principally personnel, maintenance and consultancy costs. Total costs incurred to date on the platform programme are £449.8m (2014: £361.9m), of which £289.4m (2014: £234.8m) has been included within tangible and intangible assets on the balance sheet, with the remainder charged directly to the income statement.

Other costs related to the separation from RBS of £20.1m (2014: £24.1m) principally relate to system implementation and remediation, double running of property, and the excess costs of interim staff.

In 2016, we expect a further reduction in platform-related and other costs incurred in the separation from RBS as the programme nears completion.

The non-capitalisable costs of the IPO in the year amounted to £35.0m (2014: £nil) and reflect the costs of various share awards granted as part of the IPO, including the all-employee free share award and additional awards given to management.

Reorganisation and restructuring costs of £6.4m (2014: £18.2m) represent costs associated with a variety of projects to develop and implement the strategy of establishing Worldpay as a stand-alone business. Costs in 2015 include the restructuring and further integration of the Cardsave business in WPUK and the sales force reorganisation in WPUS.

Separately disclosed items

	Year ended 31 December 2015 £m	Pro forma year ended 31 December 2014 £m	Year-on-year change £m
Affecting EBITDA			
Separation – platform costs	(33.3)	(35.1)	1.8
Separation – other costs	(20.1)	(24.1)	4.0
IPO-related costs	(35.0)	–	(35.0)
Reorganisation and restructuring costs	(6.4)	(18.2)	11.8
Other costs	(8.9)	(11.2)	2.3
Total affecting EBITDA	(103.7)	(88.6)	(15.1)
Affecting depreciation and amortisation			
Amortisation of business combination intangibles	(67.9)	(73.1)	5.2
Impairment of platform assets	–	(9.6)	9.6
Impairment of other intangibles	(2.0)	–	(2.0)
Total affecting depreciation and amortisation	(69.9)	(82.7)	12.8
Affecting finance (costs)/income			
Costs associated with refinancing	(44.7)	–	(44.7)
Net revaluation gain on Visa Europe asset and related CVRs	54.8	–	54.8
Foreign exchange losses	(5.5)	(8.6)	3.1
Total affecting finance (costs)/income	4.6	(8.6)	13.2
Total (pre-tax)	(169.0)	(179.9)	10.9
Tax credit	0.8	38.2	(37.4)
Total (post-tax)	(168.2)	(141.7)	(26.5)

These are partially offset by the release of provisions for contingent consideration payable on acquisitions no longer required

Other costs of £8.9m (2014: £11.2m) include fees payable to shareholders incurred prior to the IPO in relation to the previous ownership structure and a number of other smaller one-off items

Separately disclosed items affecting depreciation and amortisation amounted to £69.9m (2014: £82.7m). These predominantly relate to the amortisation of business combination intangibles which is a non-cash charge relating to intangible assets recognised on the divestment of the business from RBS, as well as subsequent strategic business acquisitions. In addition, in the year, software development in WPUS of £2.0m was deemed to be impaired and written-off following the integration of the SecureNet business.

Separately disclosed items affecting finance costs in the year were a net gain of £4.6m (2014: cost of £8.6m) and comprise costs associated with the refinancing of the Group (£44.7m), a net revaluation gain on fair value of the Visa Europe shares and related Contingent Value Rights (£54.8m), and FX losses resulting from the translation of the Group's assets and liabilities denominated in currencies other than Sterling (£5.5m). The £44.7m of costs associated with the refinancing represent the write-off of previously capitalised finance costs on repayment of the debt that was in place prior to the IPO. The net revaluation gain on the Visa Europe shares and related Contingent Value Rights is explained in more detail on page 76.

We expect most separately disclosed items to be eliminated from the end of 2016, with the exception of the non-cash charge for amortisation of business combination intangibles, a charge for residual migration activity and the charge for the transitional share award plan, awarded at IPO, which will cease part-way through 2018.

Profit/(loss) before tax

The profit before tax for the year was £19.1m (2014: loss of £47.1m). The improvement year-on-year reflects strong trading performance, together with a reduction in underlying depreciation and amortisation and underlying finance costs and the net gain in relation to the Visa Europe shares.

Tax

The tax charge on underlying results for the Group increased by £8.6m, or 21%, to a charge of £49.7m in the year ended 31 December 2015 (2014 £41.1m), representing both current tax and deferred tax charges. The underlying tax charge was driven principally by taxable profits arising in the UK and the Netherlands, partly offset by taxable losses in the United States.

The charge reflects an effective tax rate on underlying results of 26%, which is higher than the UK headline rate for the year of 20.25% primarily due to higher overseas tax rates and non-deductible financing costs.

The tax credit of £0.8m (2014 £38.2m) arising on separately disclosed items includes a deferred tax charge of £39.2m arising on the proposed disposal of the interest in Visa Europe in 2016.

After including separately disclosed items, the Group's total tax charge increased by £46.0m to £48.9m in the year ended 31 December 2015 (2014 £2.9m), inclusive of the Visa Europe deferred tax liability referred to above.

Earnings per share and dividends

Basic and diluted underlying pro forma earnings per share in the year was 6.9p, an increase of 50% on the pro forma prior year earnings per share. Underlying pro forma earnings per share is calculated by taking profit/loss before separately disclosed items, divided by the number of shares in issue at the end of 2015. The year end number of shares has been used as this avoids the distortion caused by the pre-IPO position and therefore aids comparability this year and in the following year.

On a reported basis, the basic and diluted loss per share for 2015 was 1.8p compared with a loss per share in the prior year of 3.1p.

In line with the guidance given at the time of the IPO, the Directors are not recommending the payment of a dividend in relation to the year ended 31 December 2015. The Group's first dividend as a public company is expected to be declared at the 2016 half year results and paid in November 2016. The Group's dividend policy is based on a pay-out ratio of 20% to 30% of reported profit after tax per annum, with approximately one third of any annual dividend to be paid in respect of the first half and two thirds in respect of the second half.

Cash and liquidity

Cash flow

The net cash inflow from operations in the year increased by £80.1m, or 35%, to £312.1m (2014 £232.0m). The increase reflects improvements to underlying trading and working capital and lower tax payments, partly offset by increased separately disclosed items affecting EBITDA and higher foreign exchange losses. The working capital inflow in the year of £29.2m (2014 outflow of £30.5m) largely reflects an increase in trade payables and accruals as a result of the growth in the underlying business and investment in people and infrastructure. The corresponding growth in trade debtors we would expect to see was partly offset by the impact of reductions in interchange rates during the year, resulting in lower levels of customer funding.

Expenditure on tangible fixed assets and software in the year was £179.0m (2014 £142.7m). The increase year-on-year reflects investment in a number of customer propositions to support the growth plans of our operating divisions, and spend to enhance our data security and improve our data analytics capability. These have been partially offset by lower investment in platform-related expenditure as we transition from the 'build' to the 'test' phase of this project. Total capital expenditure is expected to remain between 16% and 20% of net revenue in 2016 and to decline to approximately 9% to 10% of net revenue in 2017.

Cash flow

	Year ended 31 December 2015 £m	Pro forma year ended 31 December 2014 £m	Year-on-year change £m
Underlying EBITDA	406.1	374.7	31.4
Separately disclosed items affecting EBITDA	(103.7)	(88.6)	(15.1)
Working capital ¹	29.2	(30.5)	59.7
Tax paid	(8.6)	(19.1)	10.5
Non-cash items	(10.9)	(4.5)	(6.4)
Net cash inflow from operating activities	312.1	232.0	80.1
Capital expenditure	(179.0)	(142.7)	(36.3)
Underlying finance costs paid	(100.7)	(88.6)	(12.1)
Free cash flow²	32.4	0.7	31.7
Acquisitions	(16.6)	(99.4)	82.8
Underlying movement in borrowings	(59.1)	94.4	(153.5)
Net impact of IPO and refinancing	37.7	–	37.7
Net cash flow	(5.6)	(4.3)	(1.3)

1 Working capital shown here excludes any movements associated with the IPO

2 Free cash flow represents the Group's net cash inflow from operating activities, after accounting for the Group's net capital expenditure and underlying finance costs. It excludes any working capital movements associated with the IPO

Debt and financing

	As at 31 December 2015 £m	As at 31 December 2014 £m	Year-on-year change £m
Own cash	165.3	168.7	(3.4)
Senior borrowings			
Term Facility 1	(247.1)	–	(247.1)
Term Facility 2	(910.3)	–	(910.3)
Revolving credit facility	(38.4)	–	(38.4)
Senior unsecured notes	(365.6)	–	(365.6)
Other	–	(1,826.1)	1,826.1
	(1,561.4)	(1,826.1)	264.7
Finance leases	(29.2)	(28.2)	(1.0)
Subordinated borrowings	–	(450.5)	450.5
Loan notes	–	(118.0)	118.0
Net debt	(1,425.3)	(2,254.1)	828.8

Underlying finance costs paid in the year were £100.7m (2014: £88.6m). The increase year-on-year reflects the phasing of interest repayments.

As a result of the above movements, free cash flow increased to £32.4m in 2015 compared with £0.7m in 2014.

Expenditure on acquisitions in the year reflects payments in relation to the Cardsave earnout, settlement of deferred consideration for YesPay, and investments made in SPay and Pazien

The underlying movement in borrowings of £59 1m outflow (2014 inflow of £94 4m) included the repayment, in the first half of 2015, of £50 0m that had been drawn under the Group's revolving credit facility in 2014

The net impact of the IPO and refinancing in the year was an inflow of £37 7m (2014 £nil) and principally reflects the proceeds received on issue of shares and the inflows from the refinancing, offset by the amounts paid to previous shareholders and the repayment of pre-IPO debt

Debt and financing

On 16 October, as part of the IPO process, all existing borrowings were repaid and the Group arranged new borrowing facilities totalling £1 7bn. These new borrowings comprised a £600m three-year term facility (Term Facility 1), a £900m five-year term facility (Term Facility 2), and a £200m revolving credit facility. The rates of interest are LIBOR-based plus a margin dependent on leverage. The maximum margin for Term Facility 1 is 2 00% and for Term Facility 2 is 2 50%.

On 10 November 2015, the Group issued €500m 3 75% senior unsecured notes due 2022, the proceeds of which were used to reduce Term Facility 1. The issue extended the average term of the Group's debt, diversified its funding sources and fixed the interest rate on this portion of debt.

Net debt at 31 December 2015 was £1,425 3m (2014 £2,254 1m). The reduction year-on-year reflects the IPO and the resultant refinancing activity.

Proposed disposal of interest in Visa Europe

On 2 November 2015, we announced the proposed disposal of our approximate 5 9% interest in Visa Europe to Visa Inc. The disposal, which is expected to complete in Q2 2016, is a result of Visa Inc.'s agreement to purchase 100% of Visa Europe, subject to the satisfaction of certain conditions.

Under the terms of the disposal, Worldpay will receive a mixture of cash and non-cash consideration currently estimated to be worth in aggregate up to €1 2bn. This is made up of up-front consideration of approximately €544m of cash and €375m of Series B Preferred Stock in Visa Inc. In addition, if the earnout pays out in full, Worldpay could receive in the region of €283m in earnout conditional upon achieving certain criteria relating to the incremental net revenue of Visa Europe during the earnout period. The up-front consideration will be reduced by any final settlement of potential liabilities relating to ongoing interchange related litigation involving Visa Europe. Potential losses from interchange litigation liabilities will be set against the Preferred Stock which can be reduced to absorb those losses. A Loss Sharing Agreement entered into by Worldpay, along with the ten other largest UK members of Visa Europe, provides a second level of protection to Visa Inc., capped at the value of the cash consideration received. The Group's share of such liabilities arising from the UK interchange related litigation is capped at the Group's up-front consideration.

As set out in our IPO Prospectus dated 13 October 2015, the holders of the contingent value rights ('CVRs') (a separate class of shares in the Company) will be entitled to 90% of the net post-tax proceeds of the disposal in accordance with the terms of the CVRs (subject to the Company's right of retention), with Worldpay retaining 10% of the net proceeds. Further details of the CVRs are set out in our Prospectus.

Following the disposal, Worldpay will continue to be a participant in the Visa payments system. It is anticipated that Worldpay will no longer have representation on the Board of Visa Europe following completion of the disposal as a result of Visa Europe ceasing to be a member-owned association.

As at 30 June 2015 and on IPO completion, the Visa Europe asset was recognised in the Group's balance sheet as a financial asset with a fair value of £nil. In accordance with IAS 39, financial assets should be re-measured at each reporting date. In performing the revaluation at 31 December 2015, the offer by Visa Inc. to purchase Visa Europe has been taken into account in the subsequent measure of fair value, despite the fact that there remains some uncertainty around both the likelihood of completion of the deal (which is still subject to anti-trust clearance), and the amount of pre-transaction operational liabilities which would reduce the up-front consideration received.

The CVR liabilities were recognised at £nil fair value on initial recognition. At year end, they were re-measured at amortised cost based on a re-estimation of future cash flows, with any changes being recognised in the income statement.

Based on the above, the fair value of the Visa Europe asset on the Group's balance sheet has increased to £195 7m and the corresponding CVR liabilities have been valued at £140 9m. A deferred tax liability of £39 2m has also been recognised. A net pre-tax revaluation gain of £54 8m has been recognised in finance costs as a separately disclosed item.

Chairman's governance letter

"Your Board has made a firm commitment to apply the highest standards of governance"

Sir Michael Rake
Chairman

Governance

Your Board, under my Chairmanship, has made a firm commitment to apply the highest standards of governance across the Group. The appropriate governance practices in place prior to the IPO in October 2015 have been strengthened with the structures and processes required of a publicly listed company and these will be enhanced during the course of 2016. Our first governance report explains our current arrangements and areas for further development in 2016.

The Board

The appointment of Deanna Oppenheimer on 1 January 2016 further strengthens our Board. She is a leading figure in international finance and, with her unusual combination of banking, retail, innovation, brand and communication skills, will be invaluable to Worldpay. Her appointment brings the number of Independent Non-Executive Directors to three. We recognise that the ratio of Independent Non-Executive Directors on the Board falls short of UK corporate governance and shareholder expectations and we will continue to build our new Board in 2016. In furtherance of this objective, we will have regard to our Board Appointments Policy, which provides for diversity across a range of measures, including skills, experience, knowledge and gender in order to meet the needs of our business.

With new Independent Directors joining the Board, we will provide thorough induction and on-going education programmes in the form of a series of development and strategy support presentations for the entire Board at the end of each of its meetings. This series, together with our normal on-going business reviews, will ensure that the Non-Executive Directors build sufficient knowledge to be able to contribute fully to the Board's review and development of strategy.

We recognise the benefit of a thorough Board effectiveness review and believe the time to do this will be around the anniversary of our IPO, towards the end of 2016.

Risk management and corporate culture

Our risk culture is centred on risk awareness, openness, continuous improvement and encouraging the right behaviour to ensure an appropriate outcome for both the Company and its customers. Our colleagues are required to consider risk in their decision making and take personal accountability for the risks they take. The distillation of a set of everyday working principles and behaviours into the Worldpay Way sets the tone from the top, which together with comprehensive development opportunities to drive our capabilities and specific training programmes to reinforce our legal and regulatory compliance, supports a positive corporate culture.

Participation in these training programmes and the output from our annual colleague survey is regularly reviewed by the Executive Committee and the Board to ensure we maintain a positive culture across the organisation.

Engagement with our shareholders

We place great importance on active engagement with our shareholders and have put in place a programme of meetings to discuss our strategy and performance. In addition, we have also engaged with our major shareholders and a number of governance organisations in respect of our performance measures and targets for our bonus and long-term incentive arrangements, which are fully aligned with our targets and key performance indicators for the delivery of our strategy.

We look forward to engaging with you in 2016 and beyond and look forward to your support at our first annual general meeting on 10 May 2016.

Further details of our governance and remuneration arrangements are detailed on pages 82 to 112.

Sir Michael Rake
Chairman
8 March 2016

Board of Directors

The Board is chaired by Non-Executive Chairman, Sir Michael Rake. In addition to the Chairman, the Board currently includes three Executive Directors, three Independent Non-Executive Directors and two Non-Executive Directors. Each of the Committees of the Board is chaired by an Independent Non-Executive Director, other than the Nomination Committee, which is chaired by the Chairman.

Worldpay appreciates the importance of having a Board of Directors containing the right balance of skills, experience and diversity. The skills and experience of the current Directors and the value they bring to Worldpay Group is described here.

Sir Michael Rake

Chairman

Appointment

Appointed as Chairman of the Board with effect from September 2015

Key strengths

Sir Michael brings to the Board extensive financial and commercial expertise, as well as significant experience in capital markets, technology and digital products.

Experience

Sir Michael is currently Chairman of BT Group plc, Majid Al Futtaim Holdings LLC and International Chamber of Commerce UK and a Director of McGraw Hill Finance Inc. Sir Michael was President of the Confederation of British Industry from 2013 to 2015, a member of the Prime Minister's Business Advisory Group from 2010 to 2015, Non-Executive Director of Barclays plc between 2008 and 2015 (being Deputy Chairman from 2012), Chairman of the private equity oversight group the Guidelines Monitoring Committee from 2008 to 2013, Chairman of easyJet plc from 2010 to 2013, and the first Chairman of the UK Commission for Employment and Skills from 2007 to 2010. He was also a Director of the Financial Reporting Council from 2008 to 2011 and Chairman of Business in the Community from 2004 to 2007. Sir Michael also had a long and extensive career with KPMG, culminating in his appointment as International Chairman between 2002 and 2007.

Chairman of the Nomination Committee and member of the Audit Committee

Philip Jansen

Chief Executive Officer

Appointment

Appointed to Worldpay Group with effect from April 2013

Key strengths

Philip has significant executive management expertise, as well as key strengths in international business transformation, change management and strategy development.

Experience

Philip was Chief Executive Officer of Brakes Group from July 2010 and later Chairman between April 2013 and October 2015. He remains a Senior Advisor to Brakes Group and to Bain Capital. Between 2009 and 2013, Philip was a Non-Executive Director of Travis Perkins plc. He was previously Group Chief Operating Officer and Chief Executive Officer, Europe, South Africa and India for Sodexo. Prior to that, he was Chief Operating Officer of MyTravel plc and Managing Director of Telewest Communications plc, after starting his career at Procter & Gamble.

Rick Medlock

Chief Financial Officer

Appointment

Appointed to Worldpay Group with effect from April 2015

Key strengths

Rick has extensive expertise and 30 years' experience in the financial management of large international technology companies.

Experience

Rick is a qualified chartered accountant. Prior to joining Worldpay, Rick was Chief Financial Officer of Misys. From 2004 to December 2013, Rick was Chief Financial Officer of Inmarsat plc and between 1996 and 2004 he served as Chief Financial Officer and Company Secretary of NDS Group plc. The early part of his career was spent in a variety of roles as Chief Financial Officer of a number of private equity backed technology companies in the UK and the US.

Ron Kalifa

Vice Chairman and Executive Director

Appointment

Appointed to Worldpay Group with effect from August 2010

Key strengths

Ron has significant executive leadership experience within the payments industry, and has developed key strengths in mergers and acquisitions and strategy development.

Experience

Ron was appointed as Vice Chairman and Executive Director of Worldpay Group in 2013, and was Chief Executive Officer of the business for over ten years. Under Ron's leadership, Worldpay acquired and successfully integrated a series of separate businesses from across ecommerce, risk management and acquiring to form one of the world's leading providers of merchant services. Prior to this Ron held various executive roles within RBS and NatWest. Ron is also a member of the Visa Europe board, QIWI plc and UK Cards Association Ltd.

Martin Scicluna

Senior Independent Non-Executive Director

Appointment

Appointed as Senior Independent Director with effect from September 2015

Key strengths

Martin has deep knowledge of auditing and associated regulatory issues

Experience

Martin was appointed as Senior Independent Director in 2015, having joined the Board as a Non-Executive Director in 2013. He is currently Chairman of RSA Insurance Group plc and Great Portland Estates plc. He served as a Non-Executive Director and Chairman of the Audit Committee of Lloyds Banking Group from 2008 to 2013 and was a member of the Financial Services Trade and Investment Board from 2013 to 2015. Prior to this, he was Chairman of Deloitte LLP in the UK for 12 years to May 2007, having been a member of the Deloitte Board from 1990 to 2007. He also has international experience as a member of the Board of Directors of Deloitte Touche Tohmatsu for nine years. Additionally, he was Audit Partner at Deloitte for 26 years and has experience in serving boards and audit committees of FTSE 100 companies as Lead Partner.

Chairman of the Audit Committee and member of the Risk, Nomination and Remuneration Committees

John Allan, CBE

Independent Non-Executive Director

Appointment

Appointed to Worldpay Group with effect from July 2011

Key strengths

John brings a wealth of executive management expertise in commercial and financial services sectors

Experience

John is currently Chairman of Tesco plc, Barratt Developments plc and London First. John was Chairman of Dixons Retail from 2009 to 2014 and later Co-Deputy Chairman and Senior Independent Director of the enlarged Dixons Carphone until 2015. He was also previously Chairman of Care UK Health & Social Care and has been a Non-Executive Director of National Grid plc, the Royal Mail Group plc, the UK Home Office Supervisory Board, 3i Group plc, PHS Group plc, Wolseley plc, Hamleys plc and Connell plc. He was also a member of the supervisory boards of both Lufthansa AG and Deutsche Postbank and Senior Advisor to Deutsche Bank. John has served as an Executive Director at BET plc and was Chief Financial Officer and a Board Member of Deutsche Post DHL following its acquisition of Exel plc in December 2005, where he had been Chief Executive since September 1994.

Chairman of the Remuneration Committee and member of the Audit, Nomination and Risk Committees

Deanna Oppenheimer

Independent Non-Executive Director

Appointment

Appointed to Worldpay Group with effect from January 2016

Key strengths

Deanna has extensive knowledge and experience in retail banking and financial services as well as significant leadership skills

Experience

Deanna is founder of CameoWorks LLC, a retail and financial services advisory firm. Previously, she served in a number of roles at Barclays plc, first as Chief Executive of UK Retail and Business Banking and then as Vice Chair of Global Retail Banking. Prior to Barclays, Deanna worked from 1985 to 2005 at Washington Mutual, Inc. where she was Marketing Director and, later, President of Consumer Banking, helping transform the lender from a regional to a national player. Deanna currently holds Non-Executive Director roles on the Boards of Tesco plc, Tesco Bank, NCR Corporation, AXA Group, the Joshua Green Corporation, and Brooks Sports. Additionally, she is a senior advisor to Bain & Company.

Chair of the Risk Committee and member of the Remuneration Committee

James Brocklebank

Non-Executive Director (not independent)

Appointment

Appointed to Worldpay Group with effect from November 2010

Key strengths

James has extensive financial services experience, including investment banking and private equity

Experience

James joined Advent International in 1997 and has 18 years of private equity experience. James co-heads Advent in Europe and is responsible for the European business and financial services sector team. He is also a member of the European Investment Advisory Committees, the North American Investment Committee and is a member of Advent's global Executive Committee. He currently serves on the boards of Nets (Denmark), ICBPI (Italy) and Advent International plc. Prior to Advent, James worked on international mergers and acquisitions in the London office of investment bank Baring Brothers and its affiliate Dillon, Read & Co. in New York.

Robin Marshall

Non-Executive Director (not Independent)

Appointment

Appointed to Worldpay Group with effect from July 2010

Key strengths

Robin has extensive business and management experience, as well as experience in strategic decision making.

Experience

Robin joined Bain Capital in 2009, where he co-leads the European Business and Financial Services Sector team. Prior to joining Bain Capital, he was a Partner with 3i, where he was Managing Director of 3i's UK business, before founding 3i's US Private Equity Business in New York. Prior to his career in private equity, he was with Procter & Gamble and McKinsey & Company. Robin is currently a Board member of Nets (Denmark), ICBPI (Italy) and BPL.

Derek Woodward

Group Company Secretary

Appointment

Appointed to Worldpay Group with effect from January 2016

Key strengths

Derek has a wealth of experience as Company Secretary of large publicly listed international companies across a range of industries.

Experience

Derek was appointed Group Company Secretary in January 2016. Prior to this, he spent seven years as Group Company Secretary of Thomas Cook Group plc, seven years as Head of Secretariat at Centrica plc and three years as Company Secretary of Allied Zurich plc, the UK listed holding company of the Zurich Financial Services Group. Between 1990 and 1998 he was Assistant Secretary of B A T Industries plc.

Corporate governance report

Compliance with the UK Corporate Governance Code

This report sets out how the Company applied the principles of the UK Corporate Governance Code ('the Code') and the extent to which the Company complied with the provisions of the Code in the period from 16 October 2015, being the date the Company's shares were first listed on the primary market of the London Stock Exchange, to 31 December 2015. Prior to the Company's shares being listed, the Code did not apply to the Company and although governance standards were high under private equity ownership there were certain areas of the Code, mainly in respect of the year end work of the Audit Committee, the Annual General Meeting and re-election of Directors that the Company did not comply with. Therefore, to ensure this report is more meaningful, we also set out the progress made in our governance arrangements up to the date of this report and our intentions for the balance of 2016. As at the date of this report, there were two areas of the Code with which we did not comply. The first of these is the balance of Independent Non-Executive Directors relative to other Directors on the Board (provision B 1 of the Code) and the second is in respect of the requirement to conduct an evaluation of the Board and its Committees (provision B 6 of the Code). Steps are being taken to address these areas with the objective of being fully compliant during the course of 2016. Further explanations around our intentions are given in the relevant part of this report.

The Group's business model and strategy

The Group's business model and strategy are summarised on pages 24 to 51 of this Report.

Responsibilities of the Board of Directors

The Board is responsible for the long-term success of the Group and for ensuring that there is a framework of prudent and effective controls, which enables risk to be assessed and managed. The Board sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives and reviews management performance. The Board also sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

The Board has a schedule of matters reserved for its approval and has a formal structure of delegated authority, whereby specified aspects of management and control of the Group have been delegated to the Board Committees, the Executive Directors, the Group Executive Committee and the operating division management teams. The Board has agreed the terms of reference for the Audit, Risk, Nomination and Remuneration Committees and the role and responsibilities documents for the Chairman and the Chief Executive Officer, all of which can be found on the Group's corporate website at <http://investors.worldpay.com>. The powers of the Directors are set out in the Company's Articles of Association. These are also available on the Company's website.

[GOVERNANCE STRUCTURE DIAGRAM]

Matters reserved for the Board

In accordance with its schedule of matters reserved, the Board is specifically responsible for

- Approval of the Group's strategic aims and objectives,
- Approval of the annual operating and capital expenditure budgets, including all investments in excess of £20m or otherwise as required under the Board's delegation of authority,
- Approval of any material extension of the Group's activities into new business or geographic areas,
- Oversight of the Group's operations and review of performance against the Group's annual budget and its strategic aims and objectives,
- Approval of annual and half-year results and any other Group trading or interim statements, the Annual Report and Accounts, accounting policies and, subject to shareholder approval, the appointment and remuneration of the external auditors,
- Approval of the Group's dividend policy and the payment of Interim and the recommendation of final dividends,
- Changes to the Group's capital structure and the issue of any securities,
- Determining and monitoring the Group's risk appetite, systems of internal control, corporate governance structures, practices and approval authorities,
- Determining the Group's remuneration policy and the remuneration arrangements of the Executive Directors and other senior executives, monitoring executive performance and succession planning, and
- Establishing and reviewing the Group's culture, values and standards, and ensuring that the Group's obligations are understood and met.

The Board has a forward schedule of work to ensure that it meets its responsibilities during the course of the current financial year.

The roles and activities of the Board's Committees are described on pages 87 to 93.

Board activity during the period

At each Board meeting, the Chief Executive Officer presents a comprehensive update on the strategy and trading performance across the Group and the Chief Financial Officer presents a detailed analysis of the financial performance, both at Group and operating division level. In view of their critical importance to the business of the Group, the Board reviews progress on the new payments platform and cyber security at each of its meetings. This is in addition to the regular review by the Audit Committee of in-depth assurance work in respect of those two areas. Senior executives below Board level attend relevant parts of Board and Committee meetings in order to make presentations on their areas of responsibility. This gives the Board access to a broader group of executives and helps the Directors make assessments when considering the Group's succession plans. The Board continually reviews the Group's strategy at each of its meetings and, in addition, holds one dedicated strategy meeting each year.

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A number of development and strategy support presentations will be presented to the Board during 2016.

Board composition

As at 8 March 2016, the Board comprised the Non-Executive Chairman (who was independent on appointment in September 2015), three Executive Directors, three Independent Non-Executive Directors and two Non-Executive Directors. Biographical details of all Directors can be found on pages 78 to 81 and on the Group's corporate website at <http://investors.worldpay.com>

The Chairman

Sir Michael Rake was the Chairman throughout the period from the IPO to the date of this Report.

The roles of the Chairman and Chief Executive Officer are separate and distinct. There are Board-approved Roles and Responsibilities documents for both positions, which clearly set out in writing their respective responsibilities. These documents can be found on the Group's corporate website at <http://investors.worldpay.com>

The Senior Independent Director

Martin Scicluna was the Senior Independent Director throughout the period from the IPO to the date of this Report. The Senior Independent Director is available to shareholders should they have concerns that cannot be resolved through the normal channels involving the Executive Directors or the Chairman. The Board-approved Role and Responsibilities of the Senior Independent Director are set out in writing and can be found on the Group's corporate website at <http://investors.worldpay.com>

Board and Committee membership, appointments and diversity

Following the IPO, Advent and Bain continue to be significant shareholders in the Company and are each entitled to appoint one Non-Executive Director to the Board for as long as they (together with their respective associates as applicable) are entitled to exercise control, directly or indirectly, over the exercise of 10% or more of the votes able to be cast on all or substantially all matters at general meetings of the Company. The first such appointees are James Brocklebank in respect of Advent and Robin Marshall in respect of Bain.

The Board is mindful of the need to also consider the interests of the Company's new investors. Prior to the IPO, the Board appointed Sir Michael Rake as Non-Executive Chairman and John Allan and Martin Scicluna as Independent Non-Executive Directors. On 1 January 2016, Deanna Oppenheimer was appointed to the Board as an Independent Non-Executive Director. Excluding the Chairman, the current ratio of Independent Non-Executive Directors to other Directors is 3/5, which falls short of the Code requirement that, excluding the Chairman, at least half of the Board should comprise Independent Non-Executive Directors. The Board will continue to review its composition and intends to comply fully with the requirements of the Code by the end of the current financial year. Until that objective is achieved, the Board believes that its current composition and the composition of its Committees will provide the appropriate corporate governance balance in light of the interests of Bain, Advent and other shareholders.

The composition of the Board's Committees will be further strengthened upon the appointment of each new Independent Non-Executive Director. Deanna Oppenheimer was appointed Chair of the Risk Committee at the same time as her appointment to the Board on 1 January 2016 and was appointed as a member of the Remuneration Committee on 29 January 2016. Sir Michael Rake was a member of the Remuneration Committee in the period between the IPO and 29 January 2016. Sir Michael Rake is also a member of the Audit Committee, but will step down from that Committee at such time as is appropriate.

The current compositions of the Board's Committees are shown in the relevant Committee sections on pages 87 to 93.

The search, selection and appointment process for Non-Executive Directors is fully described in the section on the Nomination Committee on page 92.

When appointing new Independent Non-Executive Directors, the Board will have regard to its Board Appointments Policy, which provides for diversity across a range of measures, including skills, experience and gender in order to meet the needs of the business. The Board Appointments Policy can be found at <http://investors.worldpay.com>

Directors' conflicts of interest

The Companies Act has codified the Directors' duty to avoid a situation in which they have, or can have, an interest that conflicts, or possibly may conflict, with the interests of the Company. A Director will not be in breach of that duty if the relevant matter has been authorised in accordance with the Articles of Association by the other Directors.

The Board has established a process to identify and authorise conflicts. As part of that process, it has also agreed that the Nomination Committee should review the authorised conflicts every six months or more frequently if a new potential conflict arises for an existing Director. The Nomination Committee reviews the interests of candidates prior to making recommendations for the appointment of new Directors. The Nomination Committee and Board applied the above principles and process throughout the period to the date of this report and confirm that these have operated effectively.

Confirmation of Director Independence

At its March 2016 Board meeting, as part of a thorough review of corporate governance against the Code, the Board considered the independence of the Non-Executive Directors against the criteria specified in the Code and determined that John Allan, Martin Scicluna and Deanna Oppenheimer were independent.

In reaching the above determination of independence, the Board considered the following

- That John Allan and Deanna Oppenheimer currently hold the positions of Chairman and Independent Non-Executive Director at Tesco plc, and
- The payments made prior to the IPO by AB JV Global S à r l (the then ultimate parent company of the Company) to John Allan and Martin Scicluna, which were disclosed fully in the IPO Prospectus and in the Remuneration report on page 106 of this Annual Report and Accounts

The Board agreed that each of John Allan, Deanna Oppenheimer and Martin Scicluna are independent in character and judgement and the above matters have not restricted or impaired his or her effectiveness and independence

Re-appointment of Directors

In accordance with the Code and the Company's Articles of Association, all Directors are subject to election by shareholders. The Board has agreed that the Directors will be subject to annual election. Non-Executive Directors are initially appointed for a three-year term and, subject to review by the Nomination Committee and continued annual election by shareholders, can serve up to a maximum of three such terms.

Board induction and development

An induction programme tailored to meet the needs of individual Directors is provided for each new Director. Overall, the aim of the induction programme is to introduce new Directors to the Group's business, its operations and its governance arrangements.

Such inductions typically include meetings with senior management, both at the Group level and within the operating divisions, where they receive a thorough briefing on the business and meet with the management teams. Individual induction requirements are monitored by the Chairman, with the support of the Group Company Secretary, to ensure that newly appointed Directors gain sufficient knowledge about the Group to enable them to contribute to the Board's deliberations as swiftly as possible. The induction content and process will evolve as we build on the experience of inducting each new Director.

In order to fully support the Directors and to ensure they have a high level of knowledge about the Group's businesses and our strategy, a series of development and strategy support presentations will be given to the Board after each of its meetings. This programme, in addition to the normal business reviews, will ensure that all members of the Board have sufficient and equal knowledge to be able to contribute fully to the Board's review and development of strategy.

At regular Board meetings and, where appropriate, Committee meetings, the Directors receive updates and presentations on business developments. In addition to gaining a better understanding of those businesses, these programmes also increase the exposure of senior talent to the Board and give the Board presence across the Group.

Operation of the Board and its Committees

Prior to each Board meeting, the Chairman meets with the Independent Non-Executive Directors in the absence of the other Non-Executive Directors and the Executive Directors.

The Directors have access to a fully encrypted electronic portal system, which enables them to receive and review Board and Committee papers quickly and securely using electronic tablets. Scheduled Board and Committee meetings are held physically and most ad-hoc meetings are held by phone. The Group Company Secretary attends all Board meetings.

The papers in respect of the Audit, Risk, Nomination and Remuneration Committees are circulated to all the Non-Executive Directors, regardless of Committee membership. Major decisions taken under the Group's Delegation of Authority are reported to the next Board meeting.

The Group Company Secretary, who was appointed by the Board, is responsible for advising and supporting the Chairman, the Board and its Committees on corporate governance matters as well as ensuring that there is a smooth flow of information to enable effective decision making. All Directors have access to the advice and services of the Group Company Secretary and the Group General Counsel and, through them, have access to independent professional advice in respect of their duties, at the Company's expense. The Group Company Secretary acts as secretary to the Board and its Committees.

In accordance with its Articles of Association, the Company has granted a qualifying third-party indemnity, to the extent permitted by law, to each Director and the Group Company Secretary. The Company also maintains Directors' and Officers' liability insurance.

Board meetings and attendance

The Board and its Committees have regular scheduled meetings throughout the year and supplementary meetings are held as and when necessary. The table below shows the number of scheduled Board and Committee meetings attended by each Director out of the number convened during the time served by each Director on the Board or relevant Committee during the period. Non-attendance at Board and Committee meetings was due to, in the case of Rick Medlock, a commitment made prior to joining the Board, and in the cases of Sir Michael Rake and James Brocklebank, unavoidable business commitments. In each case, the Director gave input to the Chairman of the meeting on the business to be conducted prior to the meeting. Each of the Directors has given a firm commitment to being able to give sufficient time to enable them to fulfil their duties, including the attendance of meetings, in 2016.

As well as the scheduled meetings, the Directors attended additional Board and Committee meetings. These were mainly in respect of the IPO of the Company and other strategic matters that the Chairman and Chief Executive Officer decided should be considered by the Board prior to the next scheduled meeting. Despite these meetings being held at relatively short notice, there was full attendance at each of these additional meetings.

Board evaluation

In view of the short period of time between the IPO and the date of this Report, the Board has not yet conducted an evaluation of its effectiveness. However, the Board recognises the benefit of a thorough Board and Committee evaluation process, and believes the time to do this will be around the first anniversary of the IPO, towards the end of 2016. The output from that review will be discussed by the Board and the actions arising, which will be monitored by the Chairman, will be disclosed in the 2016 Annual Report and Accounts.

Separately, the Non-Executive Directors, under the leadership of the Senior Independent Director and with input from the Executive Directors, will conduct an evaluation of the Chairman.

The Group's performance management system applies to management at all levels. The individual performance of the Executive Directors is reviewed separately by the Chairman and the Remuneration Committee. Further details of the Executive Directors' performance measures and objectives are given in the Remuneration report on pages 97 and 109.

Individual Director attendance at scheduled meetings between the IPO and 3 March 2016

Name	Board	Audit Committee	Risk Committee	Nomination Committee	Remuneration Committee
Sir Michael Rake	4/4	2/3	N/A	2/2	2/3
Martin Scicluna	4/4	3/3	1/1	2/2	3/3
John Allan	4/4	3/3	1/1	2/2	3/3
Deanna Oppenheimer ¹	2/2	N/A	1/1	N/A	1/1
Philip Jansen	4/4	N/A	N/A	N/A	N/A
Ron Kalifa	4/4	N/A	N/A	N/A	N/A
Rick Medlock	3/4	N/A	N/A	N/A	N/A
James Brocklebank	3/4	N/A	N/A	N/A	N/A
Robin Marshall	4/4	N/A	N/A	N/A	N/A

¹ Deanna Oppenheimer joined the Board on 1 January 2016 and the Remuneration Committee on 29 January 2016.

The Board's Committees

Audit Committee

Committee Chairman
Martin Scicluna*

Other members
John Allan, CBE Independent Non-Executive Director
Sir Michael Rake* Chairman

Meetings per year. 4

Meetings also regularly attended by
Philip Jansen, Chief Executive Officer,
Rick Medlock, Chief Financial Officer,
Ruth Prior, Deputy Chief Financial Officer,
Michelle Valentine, Group Financial Controller,
Tim Leather, Chief Internal Auditor,
Derek Woodward, Group Company Secretary,
KPMG LLP ('KPMG')

Link to Directors' biographies pages 78-81

*Martin Scicluna and Sir Michael Rake are considered by the Board to have recent and relevant financial experience, as required by the Code

"The Audit Committee's focus is on the integrity of our financial statements, the effectiveness of financial and internal controls and the assurance provided by the Internal Audit function as our third line of defence "

Composition of the Committee

Martin Scicluna, John Allan and Sir Michael Rake were appointed to the Committee prior to the IPO. The Chairman of the Company being a member of the Committee is permitted by the Code (provision C 3.1) because he was independent on appointment as Chairman. However, Sir Michael Rake intends to step down as a member of the Committee when an additional Independent Non-Executive Director is appointed to the Board and the Committee.

Role of the Committee

The Board has delegated to the Committee responsibility for overseeing the financial reporting, internal and external audit and controls, reviewing the scope of the annual audit and non-audit work undertaken by external auditors and for making recommendations to the Board in relation to the appointment of the Company's internal and external auditors.

In accordance with its terms of reference, the Committee, which reports its findings to the Board, is authorised to

- Monitor the integrity of the financial statements including annual and half-year results and any Group trading or interim statements, including a review of the significant financial reporting judgements contained in them,
- Review the content of the Annual Report and advise the Board on whether it is fair, balanced and understandable,
- Review the Company's internal financial controls and the Group's internal control and risk management systems,
- Review and assess the annual Group Internal Audit Plan,
- Monitor and review the effectiveness of the Company's internal audit function,
- Establish and oversee the Company's relationship with its external auditor, including the monitoring of their independence, and the approval of the external auditors' remuneration and terms of engagement,
- Review and approve the annual external audit plan, and
- Assess the effectiveness of the external audit process.

The Committee has a forward work programme to ensure that it will meet its responsibilities in the current financial year. To enable it to carry out its duties and responsibilities effectively, the Committee relies on information and support from management across the business. The full terms of reference of the Committee are available at <http://investors.worldpay.com> or from the Group Company Secretary at the Company's registered office.

Principal activities of the Audit Committee during the period

In the period from the date of the IPO in October 2015 to the date of this report, the Committee reviewed the following

Financial

- The 2015 full year results (including accounting issues and judgements) and the processes underpinning their preparation,
- Information in support of the statements in relation to going concern, longer-term viability, fair, balanced and understandable, and disclosure of information to the auditors.

External audit

- The annual audit plan and scope,
- The auditor's year-end report

Internal audit and controls

- The strengthening and resourcing of the internal audit function*,
- The internal audit plan and the outputs from internal audit activity,
- The new payments platform assurance report

Governance

- The effectiveness of the external audit process

* Prior to the IPO, the Committee decided to strengthen the Internal Audit function, leading to the appointment in September 2015 of a highly experienced Chief Internal Auditor. The new Chief Internal Auditor has the authority of the Committee and executive management to restructure and enhance the skills of the Internal Audit function in order to enhance the quality of assurance work provided to the Group.

Integrity of the results announcements

Within its terms of reference, the Committee is authorised to monitor the integrity of the annual and half-year results, including a review of the significant judgements contained in them. At its meetings prior to the IPO and in December 2015 and January and March 2016, the Committee reviewed a number of papers prepared by the Group Financial Controller which set out the critical accounting judgements applied to the half year and full year accounts and other significant accounting matters such as quality of earnings, going concern, longer-term viability and confirmation that the Group's accounting policies were appropriate and unchanged. It also gave consideration to a number of key disclosure considerations post-IPO and the impact of new accounting developments.

At each of the meetings, the Audit Committee also reviewed papers prepared by the external auditor, which included their view on significant and judgemental reporting and accounting matters. The Committee pays particular attention to matters that it considers to be important by virtue of their impact on the Group results and remuneration of senior management, or the level of complexity, judgement or estimation in their application in preparation of the Group's financial statements. The significant issues considered by the Audit Committee during the year are shown opposite.

External auditors

On 19 September 2012, KPMG were appointed as the auditors to the Worldpay Group and Michael Harper, a Partner of KPMG, was appointed Senior Statutory Auditor.

A policy is in place which requires all material non-audit work proposed to be carried out by the external auditors to be pre-authorised by the Chief Financial Officer and/or the Committee in order to ensure that the provision of non-audit services does not impair the external auditors' independence or objectivity. The policy is published on the Group's corporate website at <http://investors.worldpay.com>.

An analysis of the fees earned by the Group's auditors for audit and non-audit services is disclosed in Note 2e to the financial statements. Of the £4.2m total fee payable to KPMG in 2015, £3.2m was paid in respect of the work they conducted in connection with the Company's IPO in October 2015 (£0.5m in respect of the audit of the Group's historic information and £2.7m in respect of non-audit services as Reporting Accountant in connection with the IPO). The auditors were determined to be the appropriate advisors for the Group to engage, given the scale and complexity of the work involved. This work did not represent a threat to KPMG's independence, as it was permissible work under auditor independence guidelines, was performed by a different and independent engagement team, did not give rise to financial entries, did not result in decisions being made by KPMG on behalf of management, and the fee arrangements were not dependent on the results of the work. KPMG also complied with the independence requirements as set out by the APB Ethical Standards for Reporting Accountants. The IPO-related audit and non-audit fees payable to KPMG are not expected to recur in 2016.

KPMG have confirmed their independence as auditors of the Company in a letter addressed to the Directors.

At its meeting in March 2016, the Audit Committee reviewed the effectiveness of the external audit process. This included reviewing comprehensive papers from both management and the external auditors, which set out the planning and execution of the conduct of the audit. The Audit Committee also held a meeting with the external auditors in the absence of management to discuss further. Upon the recommendation of the Audit Committee, KPMG will be proposed for re-election by shareholders at the AGM to be held on 10 May 2016. In reaching its decision to propose KPMG for re-election, the Audit Committee took into account the effectiveness of the external audit process, and the objectivity and independence and the length of tenure of KPMG as external auditors.

Significant issues considered by the Audit Committee during the year

Significant issue considered by the Committee	How the issue was addressed by the Committee
Going concern Management reviewed the appropriateness of preparing the Group financial statements for the half year and full year on a going concern basis and presented papers to the Committee in August 2015 and March 2016	The Committee considered papers prepared by management and, taking into account the key assumptions and risks and the external auditors' review of these papers, concluded that management's recommendation to prepare accounts on a going concern basis was appropriate
The Group's accounting policies and application of them Each year, the Group Accounting Policies Committee conducts a review of the Group's accounting policies to ensure they remain appropriate The findings from this review were presented to the Audit Committee in December 2015 as part of the Financial Controller update	Having considered the paper, the Committee agreed with management's proposals
Presentation of financial information During the year, management proposed a number of changes to the presentation of financial information including the introduction of 'net revenue' (being total revenue less interchange and scheme fees) on the face of the income statement	The Committee considered management's proposals and agreed to adopt them Net revenue was introduced as it was felt that it enables a simpler discussion of the relationship between revenue and profitability following recent changes in regulation around interchange and scheme fees
Accounting for the IPO, share issues and refinancing The IPO process gave rise to a number of judgemental and complex accounting issues which were brought to the attention of the Audit Committee through papers presented by management These included accounting for the IPO transaction costs, accounting for the transitional and all-employee share awards, and net investment hedging considerations	The Committee reviewed the papers prepared by the Group Financial Controller in which these issues were raised and after due discussion agreed with management's approach
Valuation of Visa Europe membership shares and related CVR liabilities As at 30 June 2015 and on IPO completion, the Visa Europe asset was recognised in the Group's balance sheet as a FVTPL financial asset with a fair value of £nil The CVR liabilities were recognised at £nil fair value on initial recognition Following the announcement in November 2015 of Visa Inc's intention to purchase Visa Europe, the financial assets and related liabilities were revalued to fair value through the income statement Management prepared and presented several papers to the Committee which discussed the initial recognition of the Visa Europe asset and related CVR liabilities, and the subsequent revaluation Audit procedures performed by KPMG and reported to the Committee included an assessment of the facts and circumstances and rights and obligations attached to the Visa Europe asset and CVR liabilities, a review of the key input assumptions within the valuation model, and a review of the adequacy of the Group's disclosures in respect of the fair value hierarchy and sensitivities	The Committee considered the papers prepared by management covering the initial recognition and subsequent revaluation Following detailed discussions with management and with the external auditor who also provided critical challenge and assessment of the key accounting judgements, the Committee endorsed management's proposals
Separately disclosed items The Group has an established policy of separately disclosing items that it believes, due to their size or nature, are not the result of normal operating performance and should be disclosed separately to allow a more comparable view of underlying trading performance	The Committee considered management's presentation of separately disclosed items, in particular items relating to the revaluation of the Visa Europe asset and related CVR liabilities, and the costs associated with the IPO and refinancing Having considered the matter, the Committee agreed to adopt management's proposed presentation
Accuracy, cut-off and classification of revenue and settlement balances The processing of payments, from which the Group generates the vast majority of its revenues, is dependent on highly complex IT systems with a number of different bases for calculating revenue and for settling funds Audit procedures performed by KPMG and reported to the Committee included testing the design, implementation and operating effectiveness of applicable controls, performing reconciliations of cash received to revenue recognised in the year, and obtaining third-party verification of settlement amounts Where applicable, IT audit experts were also used throughout the audit process	<p>The Committee reviewed the strategy document presented by KPMG and agreed with the assessment of significant risks in relation to the audit The Committee also reviewed the findings of the external auditor at both the half year and the year end in respect of the risk</p> <p>The Committee would review any changes in accounting policy, material unusual transactions or any other matters brought to their attention by management in respect of the risk (there were none during the current year)</p> <p>The controls and processes implemented by management are consistent with previous years and are considered to be appropriate by the Committee</p> <p>Considering all of the above, the Committee concluded that it was satisfied with the appropriateness of the reported numbers in the Annual Report</p>
Completeness of trade receivables impairment provisions Provisions	The Committee reviewed the strategy document presented by KPMG and

Significant issue considered by the Committee	How the issue was addressed by the Committee
<p>are made in respect of impairment of trade receivables where there is objective evidence that the Group cannot recover the original expected cash flows from the trade receivable due to events since the trade receivable was initially recognised, or where a merchant defaults or is expected to default on their obligation to deliver services for which the Group has already processed the corresponding payment transaction. The provisioning policy is reviewed annually by management to ensure it is still appropriate and bad debt provisions are discussed as part of the monthly management accounts review process. Material bad debts are reported to the Audit Committee. Audit procedures performed by KPMG and reported to the Committee included assessment of the design and operating effectiveness of the key controls within the Group's merchant onboarding and on-going monitoring processes, consideration of cash collection from merchants subsequent to the year-end, and a critical assessment of the output of the Group's internal monitoring and review processes.</p>	<p>agreed with the assessment of significant risks in relation to the audit. The Committee also reviewed the findings of the external auditor at both the half year and the year end in respect of the risk.</p> <p>The Committee would review any changes in accounting policy, material unusual transactions or any other matters brought to their attention by management in respect of the risk (there were none during the current year).</p> <p>The controls and processes implemented by management are consistent with previous years and are considered to be appropriate by the Committee.</p> <p>Considering all of the above, the Committee concluded that it was satisfied with the appropriateness of the reported numbers in the Annual Report.</p>

The Board's Committees

Risk Committee

Committee Chair:

Deanna Oppenheimer

Other members:

Martin Scicluna, Senior Independent Non-Executive Director

John Allan, CBE Independent Non-Executive Director

Meetings per year 4

Meetings also regularly attended by:

Philip Jansen, Chief Executive Officer,

Rick Medlock, Chief Financial Officer,

Ron Kalifa, Deputy Chairman and Executive Director,

Ian Whyte, Chief Risk Officer,

Mark Edwards, Group General Counsel, Tim Minall, Group Compliance Director, Alan Osborne, Chief Information Security Officer,

Derek Woodward, Group Company Secretary

Link to Directors' biographies pages 78-81

"With the support of the Group Governance and Control Committee, the Risk Committee will focus on the Enterprise Risk Framework, existing and emerging risks on a thematic basis, including reputational and geographic risk."

Composition of the Committee

John Allan and Martin Scicluna were appointed prior to the IPO Deanna Oppenheimer was appointed to the Committee as Chair on 1 January 2016

Role of the Committee

The Board has delegated to the Committee responsibility to articulate the Board's risk appetite to management and to review the Group's enterprise risk management framework, key risks and emerging risks that may affect the long-term success of the Group

The full terms of reference of the Committee are available at [http //investors worldpay com](http://investors.worldpay.com) or from the Group Company Secretary at the Company's registered office

Principal activities of the Risk Committee during the period

At its meetings during the period, the Committee discharged its responsibilities as listed above and in particular

- Reviewed the enterprise risk management framework,
- Reviewed risk governance and the risk work plan for the year, ensuring it is fit for purpose and adequately resourced,
- Reviewed the principal risks on a specific and thematic basis, and
- Developed the approach to its work programme for the year ahead, including the division of work between the Risk Committee and the Audit Committee

Risk appetite and approach to risk management

The Board's risk appetite and the Group's approach to risk management are more fully described in the Principal risks and uncertainties section on pages 55 to 66 Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable, but not absolute, assurance against material misstatement or loss

The Board's Committees

Nomination Committee

Committee Chairman.

Sir Michael Rake

Other members.

Martin Scicluna, Senior Independent Non-Executive Director

John Allan, CBE Independent Non-Executive Director

Meetings per year: 4

Meetings also regularly attended by

Philip Jansen, Chief Executive Officer, Derek Woodward, Group Company Secretary

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"We will further strengthen the Board in 2016."

Composition of the Committee

Sir Michael Rake, Martin Scicluna and John Allan

Role of the Committee

The Board has delegated to the Committee responsibility for reviewing and proposing appointments to the Board and for recommending any other changes to the composition of the Board or its Committees. The principal responsibility of the Committee is to make recommendations to the Board on all new appointments to the Board, having regard for an appropriate balance of skills, knowledge, experience and diversity. The Committee ensures that there is clarity in respect of the role description and capabilities required for such appointments. The Committee is also responsible for reviewing, at least every six months, or more frequently if required, the Directors' potential conflicts of interest and for making recommendations to the Board in respect of authorising such matters.

The full terms of reference of the Committee are available at www.investors.worldpay.com or from the Group Company Secretary at the Company's registered office.

Principal activities of the Nomination Committee during the period

At its meetings during the period, the Committee discharged its responsibilities as listed above and in particular:

- Conducted a thorough process and made recommendations to the Board to appoint an additional Non-Executive Director to strengthen the Board,
- Considered the re-appointment of the Directors before making a recommendation to the Board regarding their re-election at the 2016 AGM, and
- Considered the Directors' potential conflicts of interests.

Board Appointments Policy

Appointments to the Board are made on merit, against objective criteria and with due regard for the benefits of diversity on the Board. This process is led by the Committee which, after evaluating the balance of skills, experience and knowledge of each Director, makes recommendations to the Board. The Board Appointments Policy recognises the benefits of diversity, including gender diversity and reinforces the Board's principle that appointments are made on merit, in line with its current and future requirements, and reflect the UK listing and international activity of the Group. The appointments made prior to the IPO and up to the date of this report have been in line with that policy.

The Board endorses the aims of the Davies' report entitled 'Women on Boards'. A copy of the Group's Board Appointments Policy can be found on our website at <http://investors.worldpay.com>.

Non-Executive appointments

International search and selection firms Spencer Stuart and the Zygos Partnership have been used by the Chairman to identify a range of suitable candidates for review by the Nomination Committee. As a result of this process, Deanna Oppenheimer was appointed to the Board on 1 January 2016. The Chairman and the Committee will continue their work in 2016 to maintain a strong Board.

Spencer Stuart and The Zygos Partnership also conduct executive search assignments for the Group from time to time.

The Board's Committees

Remuneration Committee

Committee Chairman:

John Allan, CBE

Other members

Deanna Oppenheimer, Independent Non-Executive Director

Martin Scicluna, Senior Independent Non-Executive Director

Meetings per year 4

Meetings also regularly attended by

Philip Jansen*, Chief Executive Officer, Andy Doyle*, Chief HR Officer, Martyn Fisher, Reward Director, Deloitte LLP ('Deloitte')

Link to Directors' biographies pages 78-81

*Neither attends in respect of matters relating to their own remuneration

"Our remuneration philosophy and framework have a strong emphasis on pay for performance and are fully aligned with our strategy."

Composition of the Committee

The members of the Committee are Independent Non-Executive Directors. Deanna Oppenheimer was appointed as a member of the Committee on 29 January 2016. Sir Michael Rake was a member of the Committee from the date of the IPO until 29 January 2016 (the Chairman's membership of the Remuneration Committee was permitted under the Code as he was independent on appointment as Chairman (provision D 3.1)).

Principal activities of the Remuneration Committee during the period

The Board has delegated to the Committee responsibility for reviewing and proposing the appropriate remuneration framework which can attract, retain and motivate key management, whilst ensuring full compliance with best practice expected in companies within the FTSE 100 group. The Group's Remuneration Policy and a report detailing the composition, responsibilities and work carried out by the Remuneration Committee during the period, including an explanation of how it applies the Principles of the Code in respect of Executive Directors' remuneration, is included within the Remuneration report on pages 97 to 109.

Management Committees

Group Executive Committee

The Chief Executive Officer leads the Group Executive Committee, which comprises the most senior business leaders and function heads. It is responsible for the day-to-day management of the Group and meets monthly to focus on a range of issues in relation to the strategic and operational development and performance of the businesses. The biographical details of the members of the Group Executive Committee are disclosed on pages 14 and 15.

Operating division management teams

The Group's operating divisions (Global eCom, WPUK and WPUS) are managed by their respective Managing Directors and dedicated management teams. Management team meetings are held monthly to review strategic, operational and financial performance. These meetings are attended by members of the Executive Committee to ensure sufficient oversight and co-ordination on cross-Group developments.

Disclosure Committee

The Disclosure Committee is responsible for implementing and monitoring systems and controls in respect of the management of inside information and the disclosure of such information to the market in accordance with the Company's obligations under the UK Listing Authority's Disclosure and Transparency Rules. The Committee meets to consider the Group's disclosure obligations and to review all results announcements following certification from individual executives from across the Group. The Committee comprises the Chief Executive Officer, who is the Chairman, the Chief Financial Officer, the Group General Counsel, the Group Financial Controller, the Investor Relations Director and the Group Company Secretary.

Group Governance and Control Committee

The Group has established this Committee to provide executive management with a forum to review risk on an enterprise wide basis and provides an escalation point for operating division risks. The Committee also reviews the activities of the Group's assurance functions and operational risk profile and approves the annual Compliance Plan for review by the Risk Committee. The membership of this Committee includes executive management, the Chief Risk Officer, the Chief Internal Auditor, the Chief Information Security Officer, the Group Compliance Director and the Group Company Secretary.

Culture and the Worldpay Way

The distillation of a set of everyday working principles and behaviours into the Worldpay Way sets the tone from the top and supports a positive corporate culture. The Worldpay Way, which was developed and launched in 2015, is based on three core elements: 'Work Smart, Be Spirited and Be Supportive'. During 2015 the implementation of the Worldpay Way was supported through our leadership teams, backed by internal communications and using various training programmes to ensure it became embedded throughout the Group. In addition to our core management and technical training, specific training programmes are in place to support our legal and regulatory compliance in areas such as anti-bribery and corruption, anti-money laundering, competition law, data protection and information security. In 2015, the Group also launched its own Masters Programme qualification in partnership with Middlesex University.

Participation in these training programmes, compliance with their requirements and the output from our annual colleague survey is regularly reviewed by the Executive Committee and the Board to ensure we maintain a positive culture across the organisation.

Whistleblowing

The Worldpay Way also includes full details of the Group's Whistleblowing helpline, which allows employees to raise matters in confidence, should they not wish to raise them with their line manager or a member of the Executive Committee. All matters raised through the helpline are investigated thoroughly and regardless of the outcome, reported to the Risk Committee.

Risk management and internal control

A risk aware culture is embedded throughout the organisation with every single employee responsible for the management of risk.

The Group operates a 'three lines of defence' model, which clearly identifies accountabilities and responsibilities as follows:

1. Business line management has primary responsibility for the management of risk,
2. Risk and compliance functions assist management in developing their approach to fulfil their responsibilities, and
3. The Internal Audit function checks that the risk management process and risk management framework are effective and efficient.

Prior to the IPO, the Board carried out an enterprise-wide assessment of the principal risks of the business. Further details of our risk management system and the principal risks of the Group and how they are being managed and mitigated are included in the Principal risks and uncertainties section on page 55.

The Audit Committee oversees the activity of the Group Internal Audit ('GIA') function. The role of GIA is to evaluate the effectiveness of the Group's risk management, control and governance processes. As mentioned on page 88, the Audit Committee supported the appointment of a high-calibre Chief Internal Auditor with the remit of strengthening and enhancing the skills within the function in order to enhance the quality of assurance work provided to the Group.

A risk-based internal audit plan is prepared by GIA on an annual basis. The audit plan, which is reviewed and approved by the Audit Committee, considers key risks and emerging strategic risks maintained in the risk registers. In addition, as part of the annual planning cycle, GIA consults with Senior Management across the business, considers the results of previous audits (internal and external) and monitors the implementation status of audit recommendations. This activity ensures that the Internal Audit function focuses on the most significant risk areas and related key controls.

A formal audit report is issued for each internal audit undertaken, this includes an overall rating and clear actions to be undertaken to resolve control issues raised

The results of audit activity are also presented to the Audit Committee each quarter. This includes highlighting common issues, themes and areas of concern. A monthly list of internal control issues is also maintained and reported to the business for action.

On a day-to-day basis, the Chief Internal Auditor reports to the Chief Financial Officer. There is a clear reporting line to the Audit Committee Chair and it is the role of the Audit Committee to assess the performance of the Chief Internal Auditor and Group Internal Audit function. This is stated in the Audit Committee terms of reference.

Review of the effectiveness of the risk management and internal control systems

During the period, the Board, through the work of the Risk Committee and the Audit Committee, has conducted a review of the effectiveness of the Group's system of risk management and internal control. Prior to the IPO, there was an on-going process for the identification and evaluation of risk management and internal control processes. This has been improved since the IPO and remains in place up to the date of the financial statements. The work conducted by management is complemented, supported and challenged by the controls assurance work carried out independently by the external auditors, KPMG, and the Group Internal Audit function. Regular reports on control issues are presented to the Audit Committee by the Chief Internal Auditor. The Board, in reviewing the effectiveness of the system of internal control, can confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review.

Internal control and risk management in relation to the financial reporting process

The Group has a thorough assurance process in place in respect of the preparation, verification and approval of periodic financial reports. This process includes:

- The involvement of highly experienced and professional employees,
- Formal sign-offs from appropriate business unit managing directors and finance directors,
- Comprehensive review by key internal Group functions,
- A transparent process to ensure full disclosure of information to the external auditors,
- Engagement of a professional and experienced firm of external auditors,
- Review and challenge by executive management, and
- Oversight by the Group's Audit Committee, involving (among other duties)
 - A detailed review of key financial reporting judgements which have been discussed by management,
 - Review and, where appropriate, challenge on matters including
 - the consistency of, and any changes to, significant accounting policies and practices during the year,
 - significant adjustments resulting from the external audit,
 - the going concern assumption,
 - the viability statement, and
 - the Company's statement on internal control systems

The above process, which is reviewed by the Audit Committee, provides comfort to the Board when considering whether the Annual Report and Accounts are fair, balanced and understandable.

Fair, balanced and understandable

The Directors confirm that they consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. In making this confirmation, the Directors took into account their knowledge of the business, which is kept up to date with regular reports, updates and business reviews circulated prior to and discussed at each Board meeting, and supplemented by a variety of written reports, verbal updates and presentations given at Board and Committee meetings as well as a regular flow of information about the business between meetings. The Directors then took into account the thorough preparation and verification process in respect of the Annual Report and Accounts, which included sufficient time for the Directors to review the Annual Report and Accounts and to feed in their comments to management before approving the document.

Disclosure of information to auditors

Each of the Directors who held office at the date of approval of this Directors' report confirms that so far as he/she is aware, there is no relevant audit information of which the Company's auditors are unaware, and that he/she has taken all steps that he/she ought to have taken as a Director to make him/her aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern

The Board's statement in respect of adopting the going concern basis of accounting is given in Note 1a to the financial statements and on page 66.

Viability

The Board's statement in respect of the Group's longer-term viability is given on page 66.

Shareholder communication and engagement

The Company places considerable importance on communication with its shareholders. The Vice Chairman, Chief Executive Officer and the Chief Financial Officer are closely involved in investor relations supported by the Investor Relations function, which has primary responsibility for day-to-day communication with investors.

The Board recognises the importance of promoting mutual understanding between the Company and its shareholders through a programme of engagement. It is intended that in 2016 this will include the maintenance of a regular dialogue between the Board and senior management and major shareholders. During the period leading up to the IPO and to the date of this report, the Chief Executive Officer, Vice Chairman and Chief Financial Officer conducted a large number of meetings with institutional investors, and it is intended that this dialogue will develop further in 2016 through a programme of meetings with shareholders and potential shareholders, as well as through presentations and meetings at investor conferences, and day-to-day contact with the Investor Relations function. To further support engagement with our shareholders, we also actively engage with sell-side research analysts who provide their recommendations to the market.

The Company makes every effort to ascertain investor perceptions of the Company and regular reports of investor and analyst feedback are provided to the Board. The Investor Relations Director and the Company's brokers present to the Board as required.

The Company uses its website and email as the primary means of communication with its shareholders. This arrangement provides significant benefits for shareholders and the Company in terms of timeliness of information, reduced environmental impact and cost. The Group's Annual Report and Accounts 2015 is available to all shareholders and can be accessed via the Company's website at www.worldpay.com. Shareholders may still opt to receive their communications in a paper format. The Group's interim results are also published on the Company's website, together with other announcements and documents issued to the market, such as trading updates and presentations. Enquiries from shareholders may also be addressed to the Group's investor relations function through the contacts provided on the Group's website.

All shareholders are entitled to attend the Annual General Meeting. Shareholders are given the opportunity to lodge their votes by way of proxy and/or to attend such meetings in person where they have the opportunity to ask questions of the Board including the chairs of the Board Committees, vote by way of a poll and meet informally with the Directors to discuss any issues they may wish to raise.

In January 2016, the Chairman of the Remuneration Committee conducted a consultation with the Group's major shareholders and shareholder representative organisations to gauge their views in respect of the Group's remuneration policy and framework and specifically the proposed performance measures and targets for the next award under the Long Term Incentive Plan. The views expressed by shareholders were taken into account when finalising executive remuneration arrangements.

Remuneration report

"Our remuneration philosophy and framework have a strong emphasis on pay for performance and are fully aligned with our strategy."

John Allan, CBE
Chairman of the Remuneration Committee

Dear shareholder,

On behalf of the Board I am pleased to present our first remuneration report as a listed company for the financial year ending 31 December 2015

The report has been prepared in three sections

- This shareholder letter,
- Our policy report which sets out the Director's remuneration policy for all Directors of Worldpay Group plc and will be subject to a binding vote at our 2016 AGM, and
- Our annual report on remuneration which sets out details of how our Directors were paid during the financial year 2015 and how our policy will be implemented in the coming year. This part of the report is subject to an advisory shareholder vote at our 2016 AGM

Prior to taking on the Chairmanship role, I was a member of the relevant pre-IPO Remuneration Committee. That Committee spent a significant period of time ensuring the remuneration elements would be able to transition into a best practice reward framework expected of a FTSE 100 company. As a result of the extensive work undertaken, I am pleased the policy report outlines the new reward platform that will be deployed from 2016 and beyond.

The Remuneration Committee hopes that you will find the report clear, transparent and informative and that we can rely on your support for our Remuneration Policy and its implementation during the coming year.

Business and remuneration context

Worldpay is a leader in global payments, which is a complex and dynamic market. Our strategy is designed to deliver sustainable, recurring growth over the medium term by supporting our customers with products and services that enable them to drive their sales, reduce their costs and their risk.

One of the key drivers of the Company's success and for the future is the strong, experienced and highly capable management team.

Therefore, it is important that our remuneration philosophy incentivises our senior executives in a manner which is aligned to our strategy.

Prior to our IPO in October 2015, Worldpay was privately owned and the management team previously had personally invested into the business. As a result of the IPO, the management team continue to own a material number of shares (as expressed as a percentage of their base salary) and have agreed to these shares being locked-up for up to three years post-IPO. This helps demonstrate their on-going and personal commitment to the continued success of our business.

Worldpay has a track record of delivering year-on-year growth in revenue and profitability. In turn, this has supported the significant investment that we have made in our engineering and technology capabilities, which supports the growth and development of our new products for our customers. These investments will provide an important growth engine for the future and we anticipate that they will drive future value for our shareholders.

This growth in performance was supported by a remuneration framework with a strong emphasis on pay for performance. As we look forward as a publicly owned company, we intend to continue to apply a remuneration philosophy which is simple, focused on delivering exceptional performance and which is aligned with shareholders' interests, whilst managing risk in a sustainable way.

Our approach to remuneration has, therefore, been to carefully balance what is considered to be best practice for remuneration in a UK-listed environment with the need to ensure that the arrangements in place are competitive in the labour markets in which we compete for talent.

This has resulted in a model where the majority of the remuneration package is performance based and set at a market median level. Fixed pay is set at median levels in comparison to other comparable companies of our size and complexity. The annual incentive opportunity has historically been paid fully in cash. From 2016, the Executive Directors' bonuses earned will be one-third deferred into shares for a period of three years.

2015 pay structure

Prior to the IPO, the remuneration of the Executive Directors was reviewed to ensure that the arrangements in place were appropriate in the context of their roles going forward.

A simple remuneration structure is proposed comprising the following elements:

- Fixed pay (base salary, benefits and pension),
- Short-term annual bonus, and
- Long Term Incentive Plan

Annual bonus

The annual bonus plan is driven by financial measures relevant to the business. For 2015 performance the financial measures chosen were equally weighted between a profit and cash measure. We use EBITDA as the main measure of profit and use a proxy measure for cash that focuses management on the underlying cash generation of the business. The details of this measure are shown later in the report.

In addition to these financial measures, the bonus plan enables the Committee to set key individual strategic objectives. These measures provide individuals with a strong line of sight and are aligned to delivering the key strategic objectives of the business to help deliver long-term sustainable growth.

The 2015 bonus is multiplicative in computation and has been since the Group was privately owned. From 2016, the annual bonus for the Executive Directors will be structured in an additive manner, with 75% based on financial measures and 25% on key strategic objectives, as outlined in the Directors' remuneration policy.

Performance Share Plan

The long-term incentive arrangements for the Executive Directors will be entirely performance-based and fully aligned with best practice for UK-listed companies. The details of the proposed targets are set out in the Remuneration report.

In recognition of the size of the awards, the performance targets are set at stretching levels to ensure that management are only rewarded if significant value is delivered to shareholders.

Clawback and malus

In line with the recent guidance in the UK Corporate Governance Code, all of our share-based incentive plans include malus and clawback provisions.

Shareholder engagement

We engaged with our top 20 shareholders in January 2016 on our proposed remuneration approach and the intended performance measures to be used in our incentive arrangements. We value shareholder feedback and are very encouraged by the support and comments we have received to date. We hope to receive your support for our policy report and our annual report on remuneration at our forthcoming AGM.

John Allan

Chairman of the Remuneration Committee

8 March 2016

Remuneration report:

Directors' remuneration policy

Purpose and link to strategy	Operation	Opportunity	Performance measures
Base salary			
To provide a level of fixed pay which supports the recruitment and retention of Executives of the calibre to deliver the strategy of the business	<p>Base salaries are reviewed annually typically with effect from 1 April</p> <p>When determining salary levels the Remuneration Committee takes account of the following</p> <ul style="list-style-type: none"> • Pay and conditions of the wider workforce • Individual performance • Competitive practice in other FTSE 100 companies and organisations with whom Worldpay directly competes for talent 	<p>To avoid setting expectations of Executive Directors and other employees, no maximum salary is set under the remuneration policy</p> <p>Salary increases for Executive Directors will normally be aligned with those of the wider workforce</p> <p>Increases may be made above this level to take account of individual circumstances, which may include</p> <ul style="list-style-type: none"> • Increases to reflect an individual's development and performance in role. For example, where a new incumbent is appointed on a below market salary • Increase in the size or scope of the role or responsibilities 	n/a
Pension			
To provide appropriate levels of retirement benefit	Executive Directors may receive a cash allowance, contributions into the Worldpay Pension Scheme, a defined contribution scheme or a combination thereof	Executive Directors may receive a maximum contribution from the company of 20% of salary per annum	n/a
Benefits			
To provide a market-competitive level of benefits	<p>Executive Directors may receive various market competitive benefits, which may include a car allowance, use of a driver, reimbursed travel expenses, private medical and annual health check, disability and life assurance</p> <p>Where appropriate, other benefits may be provided to take account of individual circumstances, such as but not limited to expatriate allowances, relocation expense, housing allowance and education support</p>	Benefits for Executive Directors are set at a level which the Remuneration Committee considers to be appropriate against wider employee benefits as well as competitive practice in other FTSE 100 companies and organisations with whom Worldpay directly competes for talent	n/a
Annual bonus and deferred annual bonus			
<p>The role of the annual bonus is to incentivise strong financial performance and reward the delivery of the business strategy on an annual basis</p> <p>Deferral into shares provides alignment with shareholders</p>	<p>Performance is assessed on an annual basis</p> <p>Targets are set by the Remuneration Committee at the start of the financial year. At the end of the year, the Committee determines the level of bonus to be paid taking into account the extent to which these targets have been achieved</p> <p>The Committee has discretion to adjust the formulaic bonus outcomes both upwards and downwards (including to zero) to ensure alignment of pay with performance, e.g. in the event performance is impacted by unforeseen circumstances outside of management control</p> <p>The annual bonus is normally delivered two-thirds in cash and one-third is compulsorily deferred into shares for a period of at least three years. Executives may elect to voluntarily defer more than one-third of</p>	<p>The maximum annual bonus opportunity is 200% of base salary per annum</p> <p>The current maximum bonus levels applying to each of the Executive Directors are included in the annual remuneration report</p>	<p>Bonuses are based on a combination of stretching annual financial and non-financial/strategic performance measures, with the majority of the bonus assessed against financial measures</p> <p>The Remuneration Committee will determine the weighting between different metrics each year according to business priorities</p> <p>For target performance, up to 50% of the maximum bonus</p>

Purpose and link to strategy	Operation	Opportunity	Performance measures
	<p>their bonus into shares</p> <p>Dividend equivalents will be paid in cash or additional shares once the deferred shares are released</p>		<p>opportunity may be received</p> <p>Further details, including the performance measures set for each year, are disclosed in the annual report on remuneration</p>
Performance Share Plan ('PSP')			
<p>The role of the PSP is to incentivise and reward Executive Directors for achieving the long-term performance objectives of the Company which are aligned to the strategic goals</p> <p>The PSP also acts as a retention tool</p>	<p>Awards under the PSP will normally be made in the form of nil cost options over shares but may be made in other forms such as conditional or forfeitable shares or a payment made in cash</p> <p>Awards will be calculated based on a percentage of salary and the market share price at grant in accordance with the rules</p> <p>Prior to awards being granted each year the performance conditions and targets are set to ensure they remain appropriately stretching and aligned to the strategy of the business</p> <p>The PSP has a performance period of at least three years and a minimum vesting period of three years</p> <p>Awards will normally be subject to an additional holding period with 50% of the award being received after four years and the remaining 50% after five years</p> <p>Dividend equivalents may be paid in cash or additional shares on LTIP awards that vest</p> <p>The Committee has discretion to adjust the formulaic outcome of the PSP to ensure the outcome takes account of any major changes to the Company (e.g. as a result of mergers and acquisitions) and is a fair reflection of the performance of the Company</p>	<p>The maximum PSP opportunity is 300% of base salary per annum</p> <p>The current PSP opportunities applying to each of the Executive Directors are included in the annual remuneration report</p>	<p>Vesting of the PSP is subject to continued employment during the performance period and the achievement of key financial and strategic performance conditions which are aligned to the Company's strategic plan</p> <p>At least 50% of a PSP award will be based on financial metrics</p> <p>Threshold performance will result in up to 25% of a PSP award vesting. No part of a PSP award will vest for performance below the threshold</p> <p>Further details, including the performance targets attached to the PSP in respect of each year, are disclosed in the annual report on remuneration</p>
All-employee share plans			
Sharesave ('SAYE') – to be launched in 2016			
<p>Provides all UK employees, including Executive Directors, the opportunity to voluntarily invest in Company shares and be aligned with the interests of shareholders</p> <p>Similar plans may be operated for employees in other countries in which Worldpay operates</p>	<p>UK employees may be eligible to participate in this HMRC approved employee share scheme, which is operated in line with the HMRC requirements</p>	<p>Employees are limited to saving a maximum in line with the HMRC limits</p>	n/a
Share Incentive Plan ('SIP')			
<p>Provide all employees, including Executive Directors the opportunity to receive and invest in Company shares and be aligned with the interests of shareholders</p> <p>Similar plans may be operated for employees in other countries in which Worldpay operates</p>	<p>UK employees may be eligible to participate in this HMRC approved employee share scheme</p> <p>There are no present plans to utilise this plan in 2016</p>	<p>The maximum opportunity for awards will be set in line with HMRC limits</p>	n/a
Legacy Plans			

Purpose and link to strategy	Operation	Opportunity	Performance measures
Transition Award Plan			
The role of the Transition Award Plan is to provide a strong alignment with shareholders and act as a retention tool during the initial years of Worldpay as a quoted company	<p>Awards under the Transition Award Plan were made on a one-off basis upon listing</p> <p>Executive Directors are required to hold at least 100% of basic salary in Worldpay Group plc shares for 36 months from the Admission Date as well as be subject to continued employment</p> <p>Dividend equivalents may be paid in cash or additional shares on awards under the Transitional Award Plan that vest</p>	<p>833,333 shares were awarded to the CEO</p> <p>416,666 shares were awarded to the CFO</p> <p>416,666 shares were awarded to the Vice Chairman and Executive Director</p>	n/a

Notes to the policy table

Payments outside policy

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out in this report where the terms of the payment were agreed (1) before the policy came into effect or (2) at a time when the relevant individual was not a Director of the Company, and in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company

Clawback and malus

The Committee has the discretion to scale back (known as 'malus') Deferred Share Awards made under the Annual Bonus Plan, Performance Share Plan awards and awards under the Transition Award Plan prior to the satisfaction of awards in the event that results are materially misstated, there is gross misconduct or significant reputational damage

Where Deferred Share Awards made under the Annual Bonus Plan, Performance Share Plan awards or awards under the Transition Award Plan have vested the Committee have the discretion to 'clawback' awards up to the fifth anniversary of the grant of the awards in the circumstances described above

Cash bonuses can also be 'clawed back' in the circumstances described above up to the third anniversary of payment

Performance measure selection and approach to target setting

Annual bonus

The annual bonus performance measures are selected to provide an appropriate balance between incentivising Executive Directors to meet the key financial targets of the business for the year and incentivising them to achieve specific strategic objectives. The particular measures each year are chosen to ensure focus on the key objectives aligned with the strategy of the business in each financial year

PSP

In respect of the PSP, the Committee regularly reviews the performance measures to ensure that they are aligned with the Company's strategy in light of the long-term strategic plan and with our shareholders' interests over the longer term

Targets for both the annual bonus and PSP are reviewed annually against a number of internal and external reference points. Targets are set on a sliding scale at levels the Committee considers to be appropriately stretching for the level of award delivered

Remuneration policy for other employees

The remuneration policy for Executive Directors in general is more heavily weighted towards variable pay than for other employees. The majority of employees participate in an annual bonus plan, but PSP awards are only made to the most senior (c 80) individuals in the Group. Individuals below this level may receive annual awards of restricted stock which vest after three years

The Company's approach to annual salary reviews is consistent across the Group, with consideration given to the level of experience, responsibility, individual performance and salary levels for comparable roles in comparable companies

All UK employees may be eligible to participate in the Company's SAYE and SIP plans on identical terms and those outside of the UK in comparable plans where appropriate

Shareholder alignment

The Committee recognises the importance of aligning Executive Directors' and shareholder interests through executives building up significant shareholdings in the Company. Executive Directors are expected to acquire a significant number of shares over a period of five years and retain these until retirement from the Board of Directors. The shareholding requirement is 300% of salary for the CEO and 200% of salary for all other Executive Directors. Details of the Executive Directors' current personal shareholdings are provided in the annual report on remuneration on page 109

Scenario analysis

The charts on the following page provide an estimate of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of remuneration under three different performance scenarios: 'Minimum', 'Target' and 'Maximum'

Non-Executive Director remuneration

The Chairman and Non-Executive Directors do not have service agreements, but are engaged on the basis of a letter of appointment. In line with the UK Corporate Governance Code (September 2014) guidelines, all Directors are subject to re-election annually at the AGM.

It is the policy of the Board of Directors that Non-Executive Directors are not eligible to participate in any of the Company's bonus, long-term incentive or pension schemes.

Details of the policy on fees paid to our Non-Executive Directors are set out in the table on the following page.

[CHARTS REMOVED]

The scenario analysis charts are based on the following assumptions:

Minimum – Base salary as at 31 December 2015 plus pension and fixed allowances

Target – Minimum plus Target annual bonus (including deferred element and represents 50% of maximum bonus) plus Threshold LTIP opportunity (25% of maximum)

Maximum – Minimum plus Maximum annual bonus (including deferred element) plus Maximum LTIP opportunity

Non-Executive Director remuneration

Fees	
To attract and retain Non-Executive Directors of the highest calibre with broad commercial experience relevant to the Company	The fees paid to Non-Executive Directors are determined by the Board of Directors, with recommendations provided by the Chairman and CEO. The fees of the Chairman are determined by the Remuneration Committee.
	Additional fees are payable for acting as Senior Independent Non-Executive Director and as Chairman of the Audit, Remuneration and Risk Committees. Members of the Audit, Remuneration, Nomination and Risk Committees also receive an additional fee.
	Fee levels may be reviewed annually. Fees are reviewed by taking into account external advice on best practice and competitive levels, in particular at FTSE 100 companies. Time commitment and responsibility are also taken into account when reviewing fees.
	Chairman and Non-Executive fees are paid in cash.
	The Committee reimburses the Chairman and Non-Executive Directors for reasonable expenses in performing their duties and may settle any tax incurred in relation to these duties. For any Non-Executive Director that is based overseas, the Company will meet travel and accommodation expenditure as required to fulfil Non-Executive duties.
	The fees paid to the Chairman and Non-Executive Directors in respect of the year under review are disclosed in the annual report on remuneration.
Aggregate fees are limited to £3.0m by the Company's Articles of Association.	

Approach to recruitment remuneration

External appointment

When determining the remuneration package for a new Executive Director, the Committee will take into account all relevant factors based on the circumstances at that time. This may include factors such as the calibre of the individual, the jurisdiction the candidate was recruited from, the candidate's current reward opportunity and the scope of the role to which they are being appointed.

Typically, the package will be aligned to the Company's remuneration policy as set out above. However, should there be a commercial rationale for doing so, the Remuneration Committee has the discretion to include any other remuneration elements which are not included in the on-going remuneration policy, subject to the overall limit on variable remuneration set out below. The Committee does not intend to use this discretion to make non-performance incentive payments and is always mindful of the need to pay no more than is necessary.

The overall limit of variable remuneration will be as set out in the policy table taking into account the maximum value of the annual bonus and the maximum awards under the PSP (i.e. 500% of salary).

The Committee may make an award in respect of a new appointment to 'buy out' incentive arrangements forfeited on leaving a previous employer, i.e. over and above maximum limit on variable remuneration set out above. In doing so, the Committee will consider relevant factors including any performance conditions attached to these awards, the likelihood of those conditions being met and the time over which they would have vested. The intention is that the value of any buy-out award would be no higher than the expected value of the forfeited arrangements and made on a like-for-like basis.

Internal promotion

In cases of appointing a new Executive Director by way of internal promotion, the policy will be consistent with that for external appointees, as detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements even in instances where they would not otherwise be consistent with the prevailing Executive Director remuneration policy at the time of appointment.

Non-Executive Directors

In recruiting a new Non-Executive Director, the Remuneration Committee will use the policy as set out in the table on page 102. A base fee in line with the current fee schedule would be payable for membership of the Board of Directors, with additional fees payable for acting as Senior Independent Non-Executive Director, as Chairman of the Audit, Remuneration and Risk Committees, and for being a member of the Audit, Remuneration, Nomination and Risk Committees.

Service contracts and exit payment policy

Executive Director service contracts, including arrangements for termination, are carefully considered by the Committee. In accordance with general market practice, each of the Executive Directors has a rolling service contract which is terminable on 12 months' notice and this practice will also apply for any new Executive Directors.

In such an event, the compensation commitments in respect of their contracts could amount to one year's remuneration based on base salary, benefits in kind and pension rights during the notice period. Termination payments may take the form of payments in lieu of notice. Payments would be made on a phased basis and subject to mitigation.

Copies of Executive Director service contracts are available to view at the Company's registered office

If the employment is terminated by the Company, the Remuneration Committee retains the discretion to settle any other amounts reasonably payable to the Executive Director including legal fees incurred in connection with the termination and fees for outplacement services. The Company's policy on any termination payments is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms in the executive's service contract and the circumstances of the termination.

The table on the following page summarises how awards under each incentive plan are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion as provided under the rules of the plan.

External appointments

With the approval of the Board of Directors in each case, and subject to the overriding requirements of the Company, Executive Directors may accept one external appointment as a Non-Executive Director of another company and retain the fees paid in this role. Details of external appointments and the associated fees received are included in the annual report on remuneration.

Consideration of conditions elsewhere in the Company

The Committee does not consult with employees specifically on executive remuneration policy. However, the Committee considers pay practices across the Company and is mindful of the salary increases applying across the rest of the business in relevant markets when considering salaries for Executive Directors.

Consideration of shareholder views

The Committee considers shareholder views received during the year and at the Annual General Meeting each year, as well as guidance from shareholder representative bodies more broadly, in shaping remuneration policy. This feedback, and any additional feedback received from time to time, will then be considered as part of the Company's annual review of remuneration. It is the Committee's intention to consult with major shareholders in advance of making any material changes to remuneration arrangements.

Awards under each incentive plan

Annual bonus		
Voluntary resignation or termination with 'cause'	Not applicable	No bonus to be paid for the financial year
All other circumstances	Following the end of the financial year at the usual bonus payment date	Bonuses will be paid only to the extent that objectives set at the beginning of the plan year have been met. Any such bonus will be paid on a pro-rata basis for the period employed.
Deferred shares		
Termination for 'cause'	Not applicable	Awards lapse
Any other circumstances	At the end of the normal vesting period	Awards will vest in full at the end of the deferral period
PSP		
Voluntary resignation or termination with 'cause'	Not applicable	Unvested awards lapse
Ill-health, injury, permanent disability, or any other reason that the Committee determines in its absolute discretion	After the end of the relevant performance period	The Committee determines whether and to what extent outstanding awards vest based on the extent to which performance conditions have been achieved and pro-rated to take into account the proportion of the performance period in employment.
Death	As soon as possible after date of death	Unvested awards will fully vest
Change of control	On change of control	Awards will vest to the extent that any performance conditions have been satisfied (unless the Committee determines that the performance conditions should not apply). Awards will also be reduced pro-rata to take into account the proportion of the performance period not completed, unless the Committee decides otherwise. Awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate.
Transitional awards		
Voluntary resignation or termination with 'cause'	Not applicable	Unvested awards lapse
Ill-health, injury, permanent disability,	After the end of the vesting	Awards would vest at the end of the vesting period, but be reduced to reflect

or any other reason that the Committee determines in its absolute discretion	period	the proportion of the vesting period in employment
Death	As soon as possible after date of death	Unvested awards will fully vest
Change of control	On change of control	<p>Awards will vest but be reduced pro-rata to take into account the proportion of the vesting period completed, unless the Committee decides otherwise</p> <p>Awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate</p>

Remuneration report:

Annual report on remuneration

The following section provides details of how our remuneration policy was implemented during the year ended 31 December 2015

Remuneration Committee membership in 2015

As of 31 December 2015, the Remuneration Committee was made up of the following three Non-Executive Directors

- 1 John Allan (Chairman)
- 2 Martin Scicluna
- 3 Sir Michael Rake

Subsequently, on 29 January 2016, Sir Michael Rake stepped down from the Committee and Deanna Oppenheimer was appointed as a member

The Chairman's membership of the Remuneration Committee was permitted under the Code as he was independent on appointment as Chairman (provision D 3 1)

The Committee's purpose is to assist the Board of Directors in fulfilling its oversight responsibility by ensuring that remuneration policy and practices reward fairly and responsibly, are linked to corporate and individual performance, and take account of the generally accepted principles of good governance

The Committee determines and recommends to the Board

- The Group's policy on executive remuneration,
- The annual report on remuneration to be approved by shareholders, and
- In respect of the Chairman, the Executive Directors and Executive Committee members determines
 - Terms and conditions of employment, including the Executive Directors' service agreements,
 - The level of remuneration (including base salary, benefits, pension, annual bonus and long-term incentives),
 - Performance measures and targets for annual bonus and long-term incentive plans

The Chairman of the Board of Directors and the CEO are responsible for evaluating and making recommendations to the Board of Directors on the remuneration of the Non-Executive Directors. Members of the Remuneration Committee and any person attending its meetings do not participate in any discussion or decision on their own remuneration

Following the IPO, the Remuneration Committee held one meeting during the year. This was held on 8 December 2015

Advisers

Deloitte LLP assisted the Company on remuneration-related matters in the build-up to the IPO and was formally approved as advisor to the Remuneration Committee on 8 December 2015 following the listing of the Company. Deloitte LLP is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. Fees paid to Deloitte as advisors to the Remuneration Committee from the point of listing to 31 December 2015 amounted to £12,600

Single total figure of remuneration for Executive Directors (audited)

Table 1, below sets out a single figure for the total remuneration received by each Executive Director for 2015 from their date of appointment. As the Executive Directors only became Directors of Worldpay Group plc on 3 July 2015, no prior year figures have been shown. The values of each element of remuneration are based on the actual value delivered, where known

Incentive outcomes for the year ended 31 December 2015 (audited)

Annual bonus in respect of 2015 performance

The payments under the annual bonus for 2015 will be made in cash and relate to the annual bonus plan that was set at the start of the financial year, prior to the listing of the Company. Changes have been made to the annual bonus plan for 2016 to simplify arrangements and bring the plan more in line with best practice for a listed company, further details of which are provided on page 99

The CEO had a target bonus opportunity of 100% of base salary and the other Executive Directors a target opportunity of 80% of salary (with the exception of the Executive Director and Vice Chairman who had an historic arrangement whereby his target was 100% of base salary and which was amended in-line with policy on 1 September 2015). If maximum performance is achieved, 2x the target opportunity may be received. For 2015, the annual bonus was assessed taking into account both financial and personal performance on a multiplicative basis. Financial performance was assessed against EBITDA and Cash (E-C-S* (see table 2 footnote)) performance targets, each with a 50% weighting

Table 1 Single total figure of remuneration for Executive Directors (audited)

Name	Base salary	Taxable benefits ¹	Annual bonus ²	LTIP	Other ³	Pension benefit ⁴	Total
Philip Jansen	£387,882	£15,599	£637,500	n/a	£2,000,000	£67,122	£3,108,103
Rick Medlock	£250,000	£3,028	£300,000	n/a	£1,000,000	£50,000	£1,603,028
Ron Kalifa ⁵	£228,032	£6,209	£294,550	n/a	£1,000,000	£42,122	£1,570,913

¹ Taxable benefits consist primarily of car allowance, private medical insurance, life assurance and PHI where applicable

² Cash payment for performance during the year. See Table 3 on page 106 for details

³ The values reflect the awards the Executive Director's received under the Transition Award Plan ("TAP") upon IPO which will vest in October 2018 subject to continued employment and a shareholding requirement. See Table 5 on page 106 for details

⁴ Pension benefits in the year comprised of 20% of base salary from 1 September. Between 3 July and 31 August, the pension allowance of the CEO, CFO, Vice Chairman and Executive Director were 10%, 20% and 15% respectively

⁵ Ron Kalifa additionally received a cash payment of £198,065 plus 157,905 Workday Group plc shares in lieu of his pre-IPO A class shares held in Ship Luxco Holding & Cy SCA. The shares are locked in and may only be sold accordingly: one-third for 12 months, one-third for 24 months, and the final third for 36 months

Table 2, opposite provides a summary of the level of performance achieved against each of the financial targets set

Based on the financial multiplier set out in table 2, the annual bonus payments for each Executive Director have been calculated as shown in table 3, opposite

The personal multipliers outlined in table 3 were in consideration of the achievement of key strategic objectives set at the start of the financial year. These focused on the following areas:

- Successful completion of the IPO
- Creation of Ambition 2020
- Significant progress in our new technology platform
- Continuous product development
- Increased colleague engagement scores

Single total figure of remuneration for Non-Executive Directors (audited)

Table 4, opposite sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 December 2015 from their dates of appointment

Scheme Interests awarded in 2015 (audited)

Transitional Award Plan ("TAP")

Upon the IPO, Executive Directors and other key executives were made a one-off award of shares under the TAP. The objective of these awards is to focus individuals on a successful transition from a private to a public company and to retain key individuals over the next three years

Awards will vest after a period of three years, subject to continued employment and each individual holding shares representing 100% of base salary for the duration of the vesting period, as shown in table 5, opposite

Table 2 Summary of the level of performance achieved against each of the financial targets set (audited)

Measure	Weighting	Actual	Threshold (50%)	Target (100%)	Maximum (200%)	Multiplier
EBITDA ¹	50%	£405.0m	£400.0m	£405.0m	£413.0m	100%
E-C-S ²	50%	£169.1m	£164.1m	£169.1m	£179.1m	100%
Weighted financial multiplier						100%

¹ A downward adjustment from the reported underlying EBITDA of £406.1m was made relating to the capitalisation of the new technology platform reward

² E-C-S: EBITDA less capital expenditure less certain separately disclosed items, which acts as a proxy for cash

Table 3 Annual bonus payments for Executive Directors (audited)

Executive	Target bonus opportunity (% salary)	Financial multiplier	Personal multiplier	Actual bonus (% salary as at 31 Dec 2015)
Philip Jansen	100%	100%	150%	150%
Rick Medlock	80%	100%	150%	86% ¹
Ron Kalifa	100% until 31 August	100%	150%	150% of salary in period
	80% from 1 September	100%	150%	120% of salary in period

¹ Pro-rated from date of joining the Group. Annual equivalent is 120%.

Table 4 Single total figure of remuneration for Non-Executive Directors (audited)

Non-Executive Director	2015 fees
Sir Michael Rake	£141,667
John Allan ^{1,2}	£43,333
Martin Scicluna ²	£53,333
Robin Marshall	None
James Brocklebank	None

1 John Allan additionally received a cash payment of £265,663 plus 211,799 Worldpay Group plc shares in lieu of his pre-IPO A class shares held in Ship Luxco Holding & Cy SCA. The shares are locked in whereby one-third are available in October 2016 and two-thirds in October 2017.

2 Also, in connection with the reorganisation that took place prior to the IPO, John Allan and Martin Scicluna waived their respective entitlements to any interest in Contingent Value Rights ('CVRs') a separate class of shares in the Company. In order to recognise the obligations and responsibilities associated with their role as Independent Non-Executive Directors, John Allan and Martin Scicluna received one-off payments from AB JV Global S.à r.l (the then ultimate parent Company of the Company) of £1.9m and £365,000 respectively. At the time they were made, these lump sum payments were not referable to the potential value of the CVRs, which did not have any value for accounting purposes. 50% of the after tax proceeds from these lump sum payments were reinvested in ordinary shares, in respect of which they have entered into a 365-day lock-up agreement with the Company and the Underwriters to the IPO.

Table 5 Scheme Interests awarded in 2015 (audited)

Executive	Date of grant	Number of shares awarded	Share price ¹	Face value of award	Vesting date
Philip Jansen	16/10/2015	833,333	£2.40	£2,000,000	16/10/2018
Rick Medlock	16/10/2015	416,666	£2.40	£1,000,000	16/10/2018
Ron Kalifa	16/10/2015	416,666	£2.40	£1,000,000	16/10/2018

1 The share price on the date of listing (16 October 2015) was used to determine the number of shares awarded.

Table 6 Chief Executive Officer's historic pay for 2015

Remuneration element	3 July 2015 to 31 December 2015
CEO single figure of remuneration	£3,108,103
Annual bonus award against maximum opportunity	75%
LTI award against maximum opportunity	n/a

Percentage change in CEO remuneration

This section is not applicable as the Company only listed on 16 October 2015 and as such there is no prior year comparator which can be shown.

Relative importance of spend on pay

There were no dividends paid or share buybacks implemented in 2015. For comparison, the total employee expenditure is £334.5m as set out in Note 2c in the notes to the financial statements.

Exit payments made in the year (audited)

No exit payments were made during the year.

Payments to past Directors (audited)

No payments were made to past Directors in the year.

External appointments

Philip Jansen acts as an advisor to Bain Capital, for which he received a fee of £75,000. Philip was also a Non-Executive Director and Chairman of Cucina Investments (UK) until 20 October 2015 after which he remained a paid advisor. He received total fees of £19,400 from 3 July 2015 to 31 December 2015.

Ron Kalifa is a Director of Visa Europe and Qwip plc. The fees for Visa Europe are paid directly to Worldpay and are not passed on to Ron. However, he does retain the fees relating to his Qwip plc appointment which amounted to \$150,000 in 2015.

Review of past performance

Historical Total Shareholder Return ('TSR') performance

The graph below shows the TSR of the Company and the FTSE 100 Index over the period from Admission on 16 October 2015 to 31 December 2015. The index was selected on the basis that the Company is a member of the FTSE 100 Index.

The graph shows the growth in the value of a hypothetical holding of £100 invested at admission to 31 December 2015.

[TSR CHART REMOVED]

Historical CEO pay

Table 6, above sets out information regarding the CEO's historic pay from his date of appointment on 3 July 2015

Implementation of Executive Director remuneration policy for 2016

Base salary

Base salaries were set at listing taking into account competitive practice for similar roles in other FTSE 100 companies of a similar size. The current salaries of the Executive Directors, effective from 1 September 2015, are set out below

Executive Director	Current base salary
Philip Jansen	£850,000
Rick Medlock	£500,000
Ron Kalifa	£475,000

The Executive Directors' base salaries were set in 2015 and will not increase in April 2016 as part of the normal annual pay review. The Committee intends to review these salaries later this year to ensure they are competitive and reflect the Company's desired market position.

Pension

All Executive Directors receive a cash allowance of 20% of salary in lieu of a pension contribution.

Annual bonus

For 2016 the CEO will have a maximum bonus opportunity of 200% of salary. The other Executive Directors will have a maximum bonus opportunity of 160% of salary. 50% of the maximum bonus opportunity will be paid for on-target performance.

Two-thirds of any bonus paid will be received in cash with the remaining third being deferred into Worldpay Group plc shares for a period of three years.

The annual bonus for 2016 will be based on the following measures and weightings:

Measure	Weighting
EBITDA	37.5%
Cash metric	37.5%
Personal objectives	25%

We intend to disclose the targets in respect of each financial metric on a retrospective basis at the same time the performance outcome is disclosed in the remuneration report after the end of each financial year.

Cash bonuses may be clawed back up to the third anniversary of payment and any deferred share awards may be subject to malus and/or clawback up to the fifth anniversary of the date of grant, in the event that results are materially misstated, there is gross misconduct, or significant reputational damage.

Worldpay LTIP

For 2016 the CEO will receive an award under the Worldpay LTIP with a maximum opportunity of 200% of salary. The maximum opportunity for other Executive Directors will be 150% of salary.

The LTIP award granted in 2016 will be assessed against the following performance measures and targets which will be measured over three financial years, as shown in table 7, above:

EPS and EBITDA have been selected as measures as they are the financial performance measures which will most closely reward the delivery of our growth strategy.

The strategic measures for the PSP awards to be made in 2016 will reward the growth of our customer numbers in our small and medium segments, as well as completing the migration of customers onto our new technology platform, as these will be key areas of focus for the business. The performance target ranges have been set at stretching levels taking into account both internal and external forecasts, with maximum vesting only occurring for significant outperformance.

To provide further alignment with shareholders over the longer term any awards that vest for the Executive Management team will be subject to an additional holding period. Half of the shares will be released on the fourth anniversary of the date of grant and the remaining half released after five years.

Awards under the PSP may be clawed back up to the fifth anniversary of the date of grant in the event that results are materially misstated, there is gross misconduct, or significant reputational damage.

Implementation of Non-Executive Director remuneration policy for 2016

Chairman and Non-Executive Director fees

The fees payable to the Chairman of the Board of Directors and other Non-Executive Directors are outlined in table 8, above

Executive Directors' shareholding requirements (audited)

In line with Worldpay's remuneration policy, the CEO is required to hold shares in the Company equivalent to 300% of base salary (200% of salary for other Executive Directors). They have five years over which to reach this shareholding requirement

Table 9, opposite shows the shareholding of each Executive Director, and any relevant connected persons, against their respective shareholding requirement as at 31 December 2015

Non-Executive Directors' shareholding (audited)

Table 10, opposite shows the shareholdings of each Non-Executive Director and their connected persons as at 31 December 2015. No prior year data is available given IPO occurred in October 2015

No further shares were acquired by the Non-Executive Directors between 31 December 2015 and 7 March 2016

Table 7 Performance measures to be used to assess the LTIP award granted in 2016

Measure	Weighting	Threshold Target (25% vesting) ¹	Maximum Target (100% vesting) ¹
Cumulative EPS	37.5%	26.0p	30.0p
EBITDA growth	37.5%	8% p.a.	12% p.a.
Strategic measures			
– Customers Net SME adds	12.5%	30,000	40,000
– New technology platform	12.5%	Complete customer migration by 1 January 2018	Complete customer migration by 1 July 2017

¹ Awards will vest on a straight-line basis between the Threshold and Maximum Target

Table 8. Chairman and Non-Executive Director fees

Role	Total fee
Chairman ¹	£425,000
Non-Executive Director basic fee	£70,000
Chairman of Audit Committee	£30,000
Chairman of Remuneration Committee	£30,000
Chairman of Risk Committee	£30,000
Member of Audit Committee	£10,000
Member of Remuneration Committee	£10,000
Member of Risk Committee	£10,000
Member of Nomination Committee	£10,000
Senior Independent Director	£30,000

¹ Inclusive of all Board fees

Note

Robin Marshall and James Brockiebank are not entitled to an annual fee

Table 9 Executive Directors' shareholding at 31 December 2015 (audited)

Executive	Shares owned outright or vested ¹	Unvested shares not subject to performance	Unvested shares subject to performance	Current shareholding (% salary)	Shareholding guideline (% salary)
Philip Jansen ²	11,262,134	833,333	0	4,072%	300%
Rick Medlock ²	5,602,920	416,666	0	3,444%	200%
Ron Kalifa ²	7,593,021	416,666	0	4,912%	200%

¹ Vested shares remain subject to a time-based lock-in, whereby one third are available in October 2016, one-third in October 2017 and the final third in October 2018

² The CEO, CFO and Vice Chairman and Executive Director respectively held 823,255,384,185 and 548,836 CVRs in Ship Luxco Holding & Cy SCA

Table 10 Non-Executive Directors' shareholding (audited)

Non-Executive Director	Total number of shares owned as at 16 October 2015	Total number of shares owned as at 31 December 2015
Sir Michael Rake	83,333	83,333
John Allan ¹	2,652,125	2,652,125
Martin Scicluna ¹	495,808	495,808
Robin Marshall	None	None
James Brocklebank	None	None

¹ All vested shares remain subject to a time-based lock-in, whereby one-third are available in October 2016 and two-thirds in October 2017, except for 209,792 for John Allan and 40,302 for Martin Scicluna which fully vest in October 2016

Other corporate disclosures

As permitted by legislation, some of the matters normally included in this report have instead been included in the Strategic report on pages 8 to 76 as the Board considers them to be of strategic importance. Specifically, these relate to the Company's business model and strategy, future business developments and risk management. The Corporate governance report on pages 82 to 96 and Remuneration report on pages 97 to 109 are incorporated in this report by reference.

Relationship Agreement with the Significant Shareholder

In accordance with the Listing Rules, the Company entered into a Relationship Agreement with Ship Global 2 & CY S C A (the 'Significant Shareholder') on 12 October 2015. The principal purpose of the Relationship Agreement is to ensure that the Company is capable of carrying on its business independently of its Significant Shareholder.

Advent and Bain, who are associates of the Significant Shareholder and continue to be significant investors in the Company, are each entitled under the Relationship Agreement to appoint one Non-Executive Director to the Board for as long as Advent and Bain are respectively entitled to exercise, or to control, directly or indirectly, 10% or more of the votes at general meetings of the Company. The first nominee Directors are James Brocklebank in respect of Advent and Robin Marshall in respect of Bain.

Under the Relationship Agreement, the Significant Shareholder has undertaken that it shall not (and shall procure that its associates shall not)

- Take any action that would preclude or inhibit the Company or any member of the Group from operating independently of the Significant Shareholder,
- Take any action that would prevent the Company from complying with its obligations under the Listing Rules,
- Propose any shareholder resolution which is intended to circumvent the Listing Rules,
- Conduct any transactions and arrangements with the Group other than on an arm's-length basis and on normal commercial terms,
- Act in any way which it knows will render the Company unsuitable for continued listing on the London Stock Exchange, and
- Vote on any resolution to approve a 'related party transaction' where the Significant Shareholder is the related party.

The Company has complied with and, so far as the Company is aware, the Significant Shareholder has complied with (and has procured compliance by its associates with) the independence provisions under the Relationship Agreement outlined above.

Directors' appointment, conflicts of interest and powers of Directors

Directors' appointment

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the UK Corporate Governance Code, the Companies Act 2006, and related legislation. Directors may be appointed by the Company by ordinary resolution or by the Board, on recommendation of the Nomination Committee. In addition, the Relationship Agreement between the Company and the Company's Significant Shareholder (see paragraph 1 above) provides for the latter to appoint Non-Executive Directors to the Board. A Director appointed by the Board holds office only until the following Annual General Meeting and is then eligible for election by shareholders. The Company may, in accordance with and subject to the provisions of the Companies Act 2006, by ordinary resolution of which special notice has been given, remove any Director before the expiration of his or her term of office.

Further information on the appointments to the Board is set out in the Corporate governance report on pages 82 to 96.

The current Directors were appointed to Worldpay Group plc on the date shown against their names.

Director	Appointment date
Sir Michael Rake	1 September 2015
Philip Jansen	3 July 2015
Rick Medlock	3 July 2015
Ron Kalifa	3 July 2015
Martin Scicluna	8 September 2015
John Allan	8 September 2015
Deanna Oppenheimer	1 January 2016
James Brocklebank	5 November 2013
Robin Marshall	5 November 2013

Conflicts of interest

The Board considers and authorises potential or actual conflicts as appropriate. Directors with a conflict do not participate in the discussion or vote on the matter in question.

Powers of Directors

Subject to the Company's Articles of Association, the prevailing legislation and any directions given by special resolution, the business and affairs of the Company will be managed by the Directors.

Other statutory disclosures

Dividends

The Group's dividend policy is set out on page 74 in the Financial review. A dividend of £1.5m was paid in the year to the Group's former parent company prior to the IPO.

Greenhouse gas emissions

The disclosures concerning greenhouse gas emissions required by law are included in the Strategic report on page 33.

Employees

Disclosures relating to the Group's employees are included in the Strategic report on pages 28 to 30.

Research and development

Disclosures in relation to the Group's research and development are included in the Strategic report on pages 30 to 32.

Donations

No political donations were made and no political expenditure was incurred during the year.

Details of the Group's charitable activities are set out in the Strategic report on page 33.

Share capital and related matters

Share capital

The structure of the issued share capital of the Company at 31 December 2015 and information about the issue of shares during 2015 are set out in Note 5f to the financial statements. The Company has two classes of shares: Ordinary Shares and CVR non-voting redeemable shares.

Shareholders' rights

The rights attaching to the Ordinary Shares are governed by the Company's Articles of Association and prevailing legislation. There are no specific restrictions on the size of a holding. Subject to applicable law and the Articles of Association, holders of Ordinary Shares are entitled to receive all shareholder documents, including notice of any general meeting, attend, speak and exercise voting rights at general meetings, either in person or by proxy, and participate in any distribution of income or capital.

Restrictions on voting

There are no specific restrictions on the shareholder's ability to exercise their voting rights, save in situations where the Company is legally entitled to impose such restrictions (usually where amounts remain unpaid on the shares after request, or the shareholder is otherwise in default of an obligation to the Company). Currently, all issued Ordinary Shares are fully paid.

Shares held by the Company's employment benefit trust

The Company's offshore employee benefit trust ("EBT") is used to purchase Worldpay Group shares for the benefit of employees, including satisfying outstanding awards made under its employee share plans. In respect of all shares held in the EBT, the trustee has waived its right to receive dividends and will not exercise voting rights. Further details regarding the EBT are contained in Note 1a and 5h to the Financial statements.

Restrictions on the transfer of Ordinary Shares

From admission of the Company's securities on the Main Market of the London Stock Exchange, Ship Global 2 & CY S C A (the 'Significant Shareholder') entered into a lock-up period of 180 days and the Company's Directors entered into a lock-up period of 365 days. During the lock-up periods, the Significant Shareholder and the Directors agree not to dispose of any securities held in the Company. Certain of the underwriting banks may, however, waive the restrictions in respect of the lock-up periods before they expire.

The transfer of Ordinary Shares is governed by the general provisions of the Company's Articles of Association and prevailing legislation. There are no restrictions on the transfer of the Ordinary Shares other than (i) as set out in the lock-up arrangements described in the preceding paragraph, (ii) as set out in the Articles of Association, (iii) certain restrictions which may from time to time be imposed by laws and regulations (for example, insider trading laws), and (iv) pursuant to the Listing Rules of the Financial Conduct Authority whereby certain Directors, officers and employees of the Company require approval to deal in the Ordinary Shares in accordance with the Company's share dealing rules.

Notifiable interests in share capital

At 31 December 2015, the interests in voting rights over the issued share capital of the Company had been notified, as shown in the table below.

Shareholder	As at 31 December 2015	
	Number of shares	% interest in shares
Ship Global 2 & Cy S C A	839,481,879	41.97
BlackRock, Inc	107,115,455	5.35

On 1 March 2016, the Company received notice that BlackRock, Inc. had increased its holding to 129,183,963 shares representing 6.45% of the Company's total voting rights.

At 7 March 2016, the Company had not received any further disclosures of major holdings of voting rights, pursuant to the requirements of Rule 5 of the Financial Conduct Authority Disclosure Rules and Transparency Rules

No Directors and their connected persons have an interest in 3% or more of the voting rights of the Company as at 7 March 2016

Amendment of Articles of Association

The Company's Articles of Association may be amended by special resolution of shareholders. The Company's Articles of Association adopted by shareholders on 12 October 2015 are available on the Group's website

Provisions of change of control

The senior facilities agreement entered into by the Company and various lenders on 4 September 2015 to refinance existing borrowings as part of the IPO (comprising the Term Facility 1, Term Facility 2 and the revolving credit facility) provides for the repayment of all sums utilised together with interest on 30 days notice in the event of (i) any sale of substantially all of the businesses or assets of the Company, or (ii) if any person or group of persons acting in concert acquire more than 50% of the issued voting share capital of the Company. In addition, the senior unsecured notes issued by Worldpay Finance plc on 10 November 2015 and guaranteed by the Company, contain a repurchase provision at 101% of the value of the notes plus interest accrued but unpaid that may be exercised by holders of the notes on the same events as well as on certain forms of merger of the Company

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts and the Group and parent Company financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework.

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 Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company 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,
- For the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU,
- For the parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its 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 Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate governance statement that complies with that law and those regulations.

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.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and
- The Strategic report and the Directors' report include a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Strategic report and the Directors' report comprising pages 8 to 112 have been approved and are signed by order of the Board by

Derek Woodward
Group Company Secretary
8 March 2016

Registered office
The Walbrook Building
25 Walbrook
London
EC4N 8AF

Registered number
08762327

Independent auditor's report to the members of Worldpay Group plc

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of Worldpay Group plc for the year ended 31 December 2015 set out on pages 118 to 166. In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2015 and of the Group's loss for the year then ended,
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union,
- The parent Company financial statements have been properly prepared in accordance with UK Accounting Standards, including FRS 101 *Reduced Disclosure Framework*, and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the Group financial statements, Article 4 of the IAS Regulation

2 Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Accuracy, cut-off and classification of transaction-based revenue and settlement balances, Revenue (£3,963.0m), Merchant float (£696.4m), Scheme debtors (£534.5m), Merchant creditors (£1,230.9m)

Refer to page 90 (Audit Committee statement), pages 127 and 143 (accounting policy) and pages 129 and 145 (financial disclosure)

The risk

The recognition of transaction-based revenue and settlement balances arising in the payment processing cycle may be misstated or not presented in the correct financial period. Furthermore, the settlement balances may be inappropriately classified within the balance sheet.

The processing of payments, from which the Group generates the vast majority of its revenues, is dependent on highly complex IT systems with a number of different bases for calculating revenue and for settling funds. There were in excess of 13 billion transactions processed in the year with total gross transaction value in excess of £400bn, all requiring a correct IT outcome. In addition, the appropriate recognition of revenue and settlement balances is dependent on core finance processes and controls accurately reporting on and reconciling these transactions.

There is a risk that a system may not be configured correctly from the outset such that revenues and settlement amounts are calculated incorrectly, that the output from the operational systems does not correctly flow through to the financial information systems, and that unauthorised changes may be made to any of these systems, which may result in the misstatement of revenue and settlement balances.

The output from these operational IT systems is used in the reconciliation of settlement funds. The correct classification of amounts within the balance sheet is dependent upon achieving appropriate cut-off which accurately reflects the status of all in progress transactions at year-end.

Our response

Our audit procedures varied by business unit and therefore we have split our response into two sections. Whilst the risk is consistent across all business units, the nature of systems, processes and controls vary between the business in the UK and in the US and therefore different audit procedures are used in each case. Our audit procedures included, amongst others, the use of IT audit experts throughout the audit process.

We tested general IT controls related to access to programs and data, program change and development and computer operations in order to address the risk of unauthorised changes being made to the operation of IT application controls.

We critically assessed the design, implementation and operating effectiveness of IT application controls and tested that the systems are configured appropriately. We tested controls around customer set up and changes to master data that are designed to ensure the appropriate rates are assigned to each merchant in the system based on signed contract terms. We also tested the manual controls over the reconciliation of settlement accounts to scheme, merchant and internally generated reports.

- **WPUK and Global eCom:** Data was extracted from the systems and revenue was recalculated for a sample of merchants based on transaction data and contracted rates to test the completeness, existence and accuracy of revenue. Further analytical procedures were performed over the entire merchant population, using transaction data and contracted rates. Controls testing was performed to assess completeness and accuracy of the key inputs used in these procedures.

We agreed scheme debtor, merchant creditor and merchant float amounts to third-party confirmations and critically assessed the year-end cut-off, paying particular attention to the classification between settlement funds and own cash on the balance sheet based upon the underlying legal and commercial rights to funds.

- **WPUS:** A sample of revenue was tested through examination of merchant cash receipts, confirmations and inspection of transaction detail. In conjunction with this, a detailed trend analysis of revenue by month was performed to identify one-off or unusual transactions and

trends

Settlement balances were agreed to external data. For example, the scheme debtors balance was agreed to the network remittance report and to subsequent receipt per the bank statement, the net settlement receivables and payables per the year-end settlement reconciliation were agreed to subsequent cash receipts or payments, including examination of a sample of payments to assess whether they had been properly included or excluded from the balance sheet, and the merchant creditor balance was agreed to actual bank settlement activity after the year-end.

Other key substantive procedures over settlement balances included selecting a sample of payments on the first day subsequent to the year-end, for which we obtained remittances in order to assess whether they were properly included or excluded from the reported liability, and inspecting contracts and settlement activity for a sample of the largest merchants in order to assess whether the transactions were processed and recorded in the correct period. These procedures provided evidence in respect of the classification between settlement funds and own cash on the balance sheet.

- Financial statement disclosures. We also assessed whether the Group's disclosures in respect of revenue recognition and settlement accounts provided sufficient detail for users to understand the nature of settlement transactions.

Valuation of Visa Europe membership shares ('VE shares') (£195.7m) and related Contingent Value Rights ('CVRs') (£140.9m)

Refer to page 89 (Audit Committee statement), pages 154 and 155 (accounting policy and financial disclosure)

The risk

VE shares and CVRs are financial instruments (VE shares being a financial asset and CVRs being a financial liability for the Group). The carrying value of these financial instruments is dependent upon the classification of those financial instruments on initial recognition, and subsequently upon the latest available information and the Directors' judgements at each reporting date. The CVRs are a financial liability that is recognised initially at fair value, and subsequently at amortised cost, with any changes being recorded in the Consolidated Income Statement. The VE shares are a financial asset and the Directors have designated them as at fair value through profit or loss, therefore the VE shares will be measured at fair value at each reporting period with any changes being recorded in the Consolidated Income Statement.

- VE shares. There is no current active market for the shares and therefore these instruments fall within level 3 of the fair value hierarchy which requires significant judgement in determining fair value. The Directors are required to construct a valuation model that considers the potential cash flows for a range of possible outcomes. Due to the potentially large range of outcomes in value terms, there is a high level of judgement required and therefore there is a risk of material misstatement in the valuation of this financial asset.
- CVRs. The measurement of the CVRs at amortised cost requires the Directors to estimate the future cash flows related to the instrument. Similar to the VE shares above, there is a large range of potential outcomes in value terms, and therefore there is a risk of material misstatement in the carrying value of this financial liability.

Our response

- VE shares. Our audit procedures included, amongst others, an assessment of the facts and circumstances and rights and obligations attached to the instrument against the accounting literature, and consideration of a range of possible alternatives with respect to classification and valuation of the instrument.

We compared the key input assumptions within the Directors' valuation model to externally and internally derived data as well as our own assessments. Key inputs included the likelihood of a transaction between Visa Inc. and Visa Europe occurring, the value and form of possible consideration for the VE shares, the nature of potential clawbacks arising from Visa Europe contingent liabilities, and the applicable risk, discount factors and likelihood applied to each possible outcome. We considered the correlation between the information obtained and the judgements made by the Directors and evaluated the consistency of the judgements made by the Directors with the relevant International Financial Reporting Standards. We utilised our own valuations specialists to support our challenge of the Directors' key judgements. Our assessment included consideration of the potential risk of management bias. We gathered internal and external information in relation to both the characteristics of, and the demand for, these instruments. We also considered contradictory or disconfirming evidence as relevant information. Sensitivity analysis was performed in order to assess the reasonableness of the assumptions applied by management in arriving at the expected cash flows.

- CVRs. Our audit procedures included, amongst others, an assessment of the facts and circumstances and rights and obligations attached to the instrument against the accounting literature, and consideration of a range of possible alternatives with respect to classification and measurement of the instrument.

We obtained the calculation of the carrying amount of the CVRs provided by the Group and assessed the appropriateness of the inputs into the calculation, recalculated the key components of the calculation and considered whether the methodology applied was consistent with the definition of amortised cost under IFRS (as adopted by the EU).

The key input into the calculation was the forecast future cash flows in relation to the CVRs. As the CVRs represent 90% of the net post tax proceeds from a sale of the VE shares, the future cash flows of the CVRs are intrinsically linked to the VE shares and therefore the assumptions applied are similar.

Sensitivity analysis was performed in order to assess the reasonableness of the assumptions applied by management in arriving at the expected cash flows.

- Financial statement disclosures. We also assessed the adequacy of the Group's disclosures in respect of the fair value hierarchy and

sensitivities

Completeness of trade receivables impairment provisions (£38.0m) and MPL (£0.1m)

Refer to page 90 (Audit Committee statement), page 126 (accounting policy) and pages 143 to 145 (financial disclosure)

The risk

Worldpay support over 400,000 merchants, most of which are small and medium sized, which makes the assessment of impairment of trade receivables inherently difficult to track. Reporting capabilities are limited for certain IT systems in the Group which makes it difficult to obtain up to date, complete and relevant data required to monitor and manage collections across the entire merchant portfolio, and therefore to reliably assess potential exposure and the resulting provision requirement.

Provisions are made in respect of impairment of trade receivables where there is objective evidence that the Group cannot recover the original expected cash flows from the trade receivable due to events since the trade receivable was initially recognised.

In addition, the Group also bears the risk of recoverability of gross cardholder transaction amounts due from a merchant that arise from a chargeback being raised by a cardholder (i.e. a claim from a cardholder where the payment has been made but the merchant has failed to deliver the goods or services). The Group refers to this as the Merchant Potential Liability ('MPL') exposure.

With regards to MPL, significant judgement is required in assessing the risk of future chargebacks being raised in respect of payments that have already been processed and the recoverability of those amounts from merchants, for example due to bankruptcy or other merchant failure.

Our response

Our audit procedures included, amongst others, assessment of the design and operating effectiveness of key manual controls within the Group's merchant onboarding and ongoing monitoring processes.

Our procedures to assess the accuracy of the bad debt provision included consideration of cash collection from merchants subsequent to the year-end. We deducted post year-end cash collections during the period of our testing from the year-end trade receivables amount, and critically assessed the adequacy of the bad debt provision against the remaining outstanding receivable. Where amounts remain unpaid, we evaluated the Directors' judgements on recoverability, taking into account specific customer circumstances known to the Directors, and publicly available data on liquidations and insolvencies post year-end.

With respect to MPL our procedures included a critical assessment of the output of the Group's internal monitoring and review processes, focusing, in particular, on industries where there is a delay between a cardholder paying for a good or service and when that good or service is delivered by the merchant.

We obtained copies of publicly available industry outlook reports in order to assess the Directors' judgements in respect of amounts recorded for potential chargebacks that may not be recoverable from merchants. Where a specific risk was identified for a particular merchant, we evaluated the Directors' judgements on potential exposure and recoverability, taking into account specific customer circumstances known to the Directors and publicly available information on the financial performance of that merchant. In addition, we considered publicly available data on liquidations and insolvencies post year-end.

- **Financial statement disclosures** We also assessed the adequacy of the Group's disclosure about significant judgements in relation to trade receivables impairment provisions and MPL.

3 Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £20m, determined with reference to a benchmark of total revenues of £3,963.0m of which it represents 0.5%. We consider revenue to be the most appropriate benchmark as it provides a more stable measure year-on-year than Group profit before tax at this point in the Group's development after separation from RBS and given its capital structure pre-IPO.

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £1m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 31 reporting components, we subjected four to audits for Group reporting purposes and two to specified risk-focused audit procedures. The components for which we performed specified risk-focused procedures were not individually financially significant enough to require an audit for Group reporting purposes, but did include specific individual risks that needed to be addressed. The Group team also performed audit work over interest and finance cost-related account balances as part of the audit of the Group consolidation. The audits of the four reporting components and the work performed on the Group consolidation covered 96% of total Group revenue, 83% of total profits and losses that made up the Group profit before tax, and 92% of total Group assets, and 58% of total Group liabilities.

The specified risk-focused procedures covered 4% of total Group assets (relating to settlement balances) and 39% of total Group liabilities (relating to the borrowings as shown on page 148). The aggregate coverage achieved was 96% of total Group revenue, 83% of total profits and losses that made up the Group profit before tax, 96% of total Group assets, and 97% of total Group liabilities. The remaining 17% of total Group profit before tax is represented by 27 reporting components, none of which individually represented more than 4% of Group profit before tax. For these remaining components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors as to the significant areas to be covered, and the information to be reported. The Group audit team approved the component materialities, which ranged from £8m to £15m, having regard to the mix of size and risk profile of the Group across the components. The work on one of the four components was performed by a component auditor and the rest by the Group audit team.

The Group audit team visited the component auditor in the United States, including an assessment of the audit risk and strategy, and telephone meetings were held with the component auditor throughout the year. At these visits and meetings, the Group audit team also discussed the findings reported in more detail and assessed the adequacy of the work performed by the component auditor.

4 Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion

- The part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- The information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- The information given in the Corporate governance statement set out on page 95 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements

5 We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to

- The Directors' statement of principal risks and uncertainties on pages 55 to 66, concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Group's continuing in operation over the three years to 2018, or
- The disclosures in Note 1 of the Financial statements concerning the use of the going concern basis of accounting

6 We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the Financial statements, a material misstatement of fact, or that is otherwise misleading

In particular, we are required to report to you if

- We have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the Annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, or
- The Audit Committee report does not appropriately address matters communicated by us to the Audit Committee

Under the Companies Act 2006 we are required to report to you if, in our opinion

- Adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- The parent Company financial statements and the part of the Directors' Remuneration report to be audited 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, or
- A Corporate governance statement has not been prepared by the Company

Under the Listing Rules we are required to review

- The Directors' statement, set out on page 66, in relation to going concern, and
- The part of the Corporate governance statement on pages 82 to 96 relating to the Company's compliance with the 11 provisions of the 2014 UK Corporate Governance Code specified for our review

We have nothing to report in respect of the above responsibilities

Other matter – prior period financial statements

In forming our opinion on the financial statements, which is not modified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited.

Scope and responsibilities

As explained more fully in the Directors' responsibilities statement set out on page 112, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Michael Harper (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

8 March 2016

Chartered Accountants

15 Canada Square

London

E14 5GL

Consolidated income statement

For the year ended 31 December 2015 (with prior year statutory one-month comparatives)

	Notes	Year ended 31 December 2015			One-month period ended 31 December 2014		
		Underlying result £m	Separately disclosed items (Note 2b) £m	Total £m	Underlying result £m	Separately disclosed items (Note 2b) £m	Total £m
Revenue	1a,2a	3,963.0	–	3,963.0	364.2	–	364.2
Interchange and scheme fees		(2,981.3)	–	(2,981.3)	(273.0)	–	(273.0)
Net revenue	1a,2a	981.7	–	981.7	91.2	–	91.2
Other cost of sales		(121.3)	–	(121.3)	(9.1)	–	(9.1)
Gross profit		860.4	–	860.4	82.1	–	82.1
Personnel expenses	2c	(271.9)	(62.6)	(334.5)	(17.6)	(3.6)	(21.2)
General, selling and administrative expenses	2d	(182.4)	(41.1)	(223.5)	(11.7)	(3.5)	(15.2)
EBITDA*		406.1	(103.7)	302.4	52.8	(7.1)	45.7
Depreciation, amortisation and impairment	3b,3c	(65.6)	(69.9)	(135.5)	(8.9)	(9.1)	(18.0)
Operating profit		340.5	(173.6)	166.9	43.9	(16.2)	27.7
Finance (costs)/income	5a	(151.2)	4.6	(146.6)	(14.8)	(1.2)	(16.0)
Share of results of joint venture and associate	6b	(1.2)	–	(1.2)	–	–	–
Profit/(loss) before tax	2f	188.1	(169.0)	19.1	29.1	(17.4)	11.7
Tax (charge)/credit	2g	(49.7)	0.8	(48.9)	(5.0)	3.7	(1.3)
Profit/(loss) for period		138.4	(168.2)	(29.8)	24.1	(13.7)	10.4
Total earning/(loss) per share (pence)							
Basic	2j	8.2		(1.8)	1.5		0.6
Diluted	2j	8.2		(1.8)	1.5		0.6

* EBITDA is defined as earnings before interest, tax, depreciation and amortisation

The accompanying notes on pages 124 to 161 form an integral part of these financial statements

Consolidated income statement

For the year ended 31 December 2015 (with prior year pro forma 12-month comparatives)

	Notes	Year ended 31 December 2015			Pro forma information for year ended 31 December 2014		
		Underlying result £m	Separately disclosed items (Note 2b) £m	Total £m	Underlying result £m	Separately disclosed items (Note 2b) £m	Total £m
Revenue	1a,2a	3,963.0	–	3,963.0	3,626.6	–	3,626.6
Interchange and scheme fees		(2,981.3)	–	(2,981.3)	(2,763.2)	–	(2,763.2)
Net revenue	1a,2a	981.7	–	981.7	863.4	–	863.4
Other cost of sales		(121.3)	–	(121.3)	(98.1)	–	(98.1)
Gross profit		860.4	–	860.4	765.3	–	765.3
Personnel expenses	2c	(271.9)	(62.6)	(334.5)	(230.8)	(32.2)	(263.0)
General, selling and administrative expenses	2d	(182.4)	(41.1)	(223.5)	(159.8)	(56.4)	(216.2)
EBITDA*		406.1	(103.7)	302.4	374.7	(88.6)	286.1
Depreciation, amortisation and impairment	3b,3c	(65.6)	(69.9)	(135.5)	(78.4)	(82.7)	(161.1)
Operating profit		340.5	(173.6)	166.9	296.3	(171.3)	125.0
Finance (costs)/income	5a	(151.2)	4.6	(146.6)	(163.2)	(8.6)	(171.8)
Share of results of joint venture and associate	6b	(1.2)	–	(1.2)	(0.3)	–	(0.3)
Profit/(loss) before tax	2f	188.1	(169.0)	19.1	132.8	(179.9)	(47.1)
Tax (charge)/credit	2g	(49.7)	0.8	(48.9)	(41.1)	38.2	(2.9)
Profit/(loss) for period		138.4	(168.2)	(29.8)	91.7	(141.7)	(50.0)
Total earning/(loss) per share (pence)							
Basic	2j	8.2		(1.8)	5.7		(3.1)
Diluted	2j	8.2		(1.8)	5.7		(3.1)

* EBITDA is defined as earnings before interest, tax, depreciation and amortisation

The accompanying notes on pages 124 to 161 form an integral part of these financial statements

Consolidated statement of comprehensive income

For the year ended 31 December 2015

	Year ended 31 December 2015 £m	Pro forma information for year ended 31 December 2014 £m	One-month period ended 31 December 2014 £m
(Loss)/profit for the period	(29 8)	(50 0)	10 4
Items that are or may subsequently be reclassified to profit or loss			
Currency translation movement on net investment in subsidiary undertakings	1 2	1 7	(4 8)
Currency translation movement due to net investment hedging	(8 2)	(4 5)	2 1
Total comprehensive income for the period	(36 8)	(52 8)	7 7

The accompanying notes on pages 124 to 161 form an integral part of these financial statements

Consolidated balance sheet

As at 31 December 2015

	Notes	2015 £m	2014 £m
Non-current assets			
Goodwill	3a	1,275.3	1,260.9
Other intangible assets	3b	719.4	673.7
Property, plant and equipment	3c	122.3	126.7
Investment in joint venture and associate	6b	5.2	3.2
Deferred tax assets	2i	12.9	25.0
		2,135.1	2,089.5
Current assets			
Inventory	4b	0.4	1.3
Trade and other receivables	4c	396.5	382.5
Financial assets – Visa Europe shares	5i	195.7	–
Scheme debtors	4a	534.5	414.9
Current tax assets	2h	7.5	–
Merchant float	4a	696.4	769.9
Own cash and cash equivalents	5b	165.3	168.7
		1,996.3	1,737.3
Current liabilities			
Trade and other payables	4d	(334.3)	(268.8)
Merchant creditors	4a	(1,230.9)	(1,184.8)
Current tax liabilities	2h	(9.6)	(9.5)
Derivative financial instruments		(0.2)	(1.2)
Financial liabilities – CVR liabilities	5i	(140.9)	–
Borrowings	5c	(9.2)	(117.1)
Finance leases	5d	(15.0)	(12.7)
Provisions	4e	(8.0)	(13.1)
		(1,748.1)	(1,607.2)
Non-current liabilities			
Borrowings	5c	(1,552.2)	(2,277.5)
Finance leases	5d	(14.2)	(15.5)
Provisions	4e	(0.7)	(8.3)
Deferred tax liabilities	2i	(145.1)	(110.4)
		(1,712.2)	(2,411.7)
Net assets/(liabilities)		671.1	(192.1)
Equity			
Called-up share capital	5f	60.0	50.0
Share premium		883.8	818.7
Own shares		(23.7)	–
Capital contribution reserve		38.1	6.7
Merger reserve		(374.5)	(374.5)
Foreign exchange reserve		(9.3)	(2.3)
Retained earnings/(deficit)		96.7	(690.7)
Total equity		671.1	(192.1)

The accompanying notes on pages 124 to 161 form an integral part of these financial statements. The financial statements were approved by the Board of

Directors and authorised for issue on 8 March 2016 They were signed on its behalf by

A handwritten signature in black ink, appearing to be 'RM' followed by a stylized flourish.

Rick Medlock
Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 31 December 2015

	Notes	Called-up share capital £m	Share premium £m	Own shares £m	Capital contribution reserve £m	Merger reserve £m	Foreign exchange reserve £m	Retained earnings/ (deficit) £m	Total £m
At 1 December 2014		50.0	818.7	–	6.7	(374.5)	0.4	(701.1)	(199.8)
Profit for the period		–	–	–	–	–	–	10.4	10.4
Foreign currency translation		–	–	–	–	–	(4.8)	–	(4.8)
Foreign currency translation – net investment hedging		–	–	–	–	–	2.1	–	2.1
Total comprehensive income for the period		–	–	–	–	–	(2.7)	10.4	7.7
At 31 December 2014		50.0	818.7	–	6.7	(374.5)	(2.3)	(690.7)	(192.1)
Loss for the period		–	–	–	–	–	–	(29.8)	(29.8)
Capital reduction	5h	–	(818.7)	–	–	–	–	818.7	–
Ordinary Shares conversion		(1.8)	–	–	–	–	–	–	(1.8)
Ordinary Shares issuance		11.8	936.0	–	–	–	–	–	947.8
IPO fees capitalised		–	(52.2)	–	–	–	–	–	(52.2)
Capital contributions received from former parent companies	5h	–	–	–	31.4	–	–	–	31.4
Dividend paid		–	–	–	–	–	–	(1.5)	(1.5)
Investment in own shares	5h	–	–	(23.7)	–	–	–	–	(23.7)
Foreign currency translation		–	–	–	–	–	1.2	–	1.2
Foreign currency translation – net investment hedging		–	–	–	–	–	(8.2)	–	(8.2)
Total comprehensive income for the period		10.0	65.1	(23.7)	31.4	–	(7.0)	787.4	863.2
At 31 December 2015		60.0	883.8	(23.7)	38.1	(374.5)	(9.3)	96.7	671.1

The accompanying notes on pages 124 to 161 form an integral part of these financial statements

Consolidated cash flow statement

For the year ended 31 December 2015

	Notes	Year ended 31 December 2015 £m	Pro forma information for the year ended 31 December 2014 £m	One-month period ended 31 December 2014 £m
Cash flows from operating activities				
Cash generated by/(used in) operations	4f	345.7	251.1	(43.4)
Tax paid		(8.6)	(19.1)	(2.9)
Net cash inflow/(outflow) from operating activities		337.1	232.0	(46.3)
Investing activities				
Purchase of intangible assets	3b	(148.8)	(116.3)	(13.1)
Purchases of property, plant and equipment	3c	(30.2)	(26.4)	(4.4)
Acquisitions		(16.6)	(99.4)	(80.0)
Net cash used in investing activities		(195.6)	(242.1)	(97.5)
Financing activities				
Finance costs paid		(208.7)	(89.4)	—
New finance leases		15.8	10.8	2.7
Repayment of finance lease obligations		(14.5)	(10.0)	(1.4)
Repayment of loan notes		(101.8)	(0.2)	—
Proceeds on issue of shares		947.8	—	—
Costs incurred for the issue of shares, taken directly to equity		(52.2)	—	—
Proceeds on new borrowings		1,895.3	139.6	—
Repayment of borrowings		(2,615.4)	(41.2)	(7.2)
Payment of new borrowing fees		(19.6)	(3.8)	—
Equity contributions received from shareholders		31.4	—	—
Investment in own shares		(23.7)	—	—
Payment of dividend		(1.5)	—	—
Net cash (used in)/from financing activities		(147.1)	5.8	(5.9)
Net decrease in own cash and cash equivalents		(5.6)	(4.3)	(149.7)
Own cash and cash equivalents at beginning of period		168.7	181.6	321.6
Effect of foreign exchange rate changes		2.2	(8.6)	(3.2)
Own cash and cash equivalents at end of period		165.3	168.7	168.7

The accompanying notes on pages 124 to 161 form an integral part of these financial statements

Notes to the consolidated financial statements

Section 1 – Basis of preparation

This section sets out the accounting policies of Worldpay Group plc and its subsidiaries (the 'Group' and the 'Worldpay Group') that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

This section also details new accounting standards that have been endorsed in the period and have either become effective in 2015 or will become effective in later periods

Note 1a

The Company was incorporated and registered in England and Wales on 5 November 2013 under the Companies Act 2006 as a private company limited by shares with the name Ship Blackjack Limited. On 3 July 2015, the Company changed its name to Ship Group Limited and subsequently, on 29 July 2015, it changed its name again to Worldpay Group Limited. The Company was re-registered as a public limited company under the name Worldpay Group plc on 30 September 2015.

On 16 October 2015, the Company's shares were admitted to the London Stock Exchange through a placing of 1,035,000,000 Ordinary Shares of £0.03 each.

The Group's consolidated financial statements include those of the Company and its subsidiaries (together referred to as the 'Group') and equity accounts the Group's interest in joint ventures and associates.

On 3 July 2015, the Company changed its financial year end from 30 November to 31 December. As a result, the comparative period to these financial statements is 1 December 2014 to 31 December 2014.

To aid comparability and understanding of performance, however, management has also presented pro forma comparative information for the 12 months to 31 December 2014.

The consolidated financial statements for all periods have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS').

The financial statements are presented in Sterling which is the Company's functional currency. All information is given to the nearest one hundred thousand pounds.

The financial statements are prepared on the historical cost basis except for the derivative financial instruments and the Group's membership stake in Visa Europe, which are stated at their fair value.

On 12 December 2013, the Company acquired all of the issued share capital of Ship Luxco 2 S à r l and its subsidiaries. The acquisition has been accounted for using the principles of reverse acquisition accounting. Therefore when preparing the financial statements, it has been assumed that the Company has always been the ultimate parent Company of the Group.

The Group includes a column for separately disclosed items on the face of its consolidated income statement. Separately disclosed items are costs or income that have been recognised in the income statement which the Directors believe due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying trading performance. They are presented in their relevant income statement category, but highlighted through separate disclosure.

Net revenue, which is defined as revenue less interchange and scheme fees, is presented on the face of the income statement as the Directors believe that this best reflects the relationship between revenue and profitability.

The Group's cash flow statement is presented excluding merchant float. Merchant float represents surplus cash balances that the Group holds on behalf of its customers when the incoming amount from the card schemes or networks precedes when the funding to customers falls due.

The funds are held in a fiduciary capacity and cannot be utilised by the Group to fund its own cash requirements. The merchant float is also subject to significant period by period fluctuations depending on the day of the week a period end falls. For these reasons, the Directors have excluded the merchant float from the cash flow statement to allow a better understanding of the Group's underlying own cash flows.

Going concern

The Group has made losses in 2015, primarily due to finance costs incurred on the Group's external borrowings. As at year-end, the Group was in a net asset position of £671.1m (2014 net liability position of £192.1m).

In considering the going concern basis for preparing the financial statements, the Board have reviewed the Group's trading forecasts for the next 12 months. These forecasts, which include detailed cash flow projections, comprise assumptions as to sales and profit performance by business unit and by month. It demonstrates the Group's ability to operate within its current borrowing facilities.

Notwithstanding the above, however, there remains a risk that a downturn in the economy could result in the Group's sales and profits being worse than the Board is currently envisaging.

As a result, the Directors have also reviewed forecasts which include sensitivities that make allowance for this risk. Should such a scenario arise the Directors are confident they have adequate liquidity and covenant headroom to ensure that the Group can meet its liabilities as they fall due for the foreseeable future

Accordingly, the Directors believe that it is appropriate to prepare these financial statements on a going concern basis

Accounting policies

Foreign exchange

The consolidated financial statements of the Worldpay Group are presented in Sterling, which is the functional currency of the Company and the presentational currency of the Group

The net assets of foreign subsidiaries are translated to Sterling as follows

- The assets and liabilities of the entity (including goodwill and fair value adjustments on acquisition) are translated at the rate prevailing at the end of the reporting period.
- Income and expenses are translated at the rate ruling on the date of the transaction or an appropriate average rate
- Equity elements are translated at the date of the transaction and not retranslated in subsequent periods

All exchange differences arising on consolidation are taken through other comprehensive income to the Foreign Currency Translation Reserve

Foreign currency transactions are initially recorded at the rate ruling on the date of the transaction. At the end of each reporting period, foreign currency items on the balance sheet are translated as follows

- Non-monetary items, including equity, held at historic cost are not retranslated
- Non-monetary items held at fair value are translated at the rate ruling on the date the fair value was determined
- Monetary items are retranslated at the rate prevailing at the end of the reporting period

Foreign exchange gains and losses arising from the retranslation of foreign currency transactions are recognised in the income statement

Netting

The Group is party to a number of arrangements, including master netting agreements, that give it the right to offset financial assets and financial liabilities

Where it does not intend to settle the amounts net or simultaneously, the assets and liabilities concerned are presented gross

Own shares held in Employee Benefit Trust ('EBT')

The consideration for any Ordinary Shares of the Company held by the EBT is deducted from equity attributable to the owners of the Company until the shares are cancelled or reissued

On the sale or reissue of these shares the consideration received is credited to equity, net of any directly attributable incremental costs and related tax

The EBT purchases the Group's shares in order to hedge the cash outflow upon the exercise of a share option or a share award

Accounting developments

Impact of new accounting standards

There have been no new or amended accounting standards that have been adopted by the Group in the year ended 31 December 2015

New standards and interpretations not yet adopted

The following standards are in issue but not yet effective and have not been adopted by the Group

- IFRS 9 'Financial Instruments' (2009 and 2010) – not yet endorsed by the European Union. It will eventually replace IAS 39 but currently only details the requirements for recognition and measurement of financial assets
- IFRS 15 'Revenue from Contracts with Customer' – replaces IAS 18 'Revenues', and introduces a five-step approach to revenue recognition based on performance obligations in customer contracts. The International Accounting Standards Board ('IASB') has proposed to issue some clarifications and to defer the standard's effective date of 1 January 2017 to 1 January 2018. The effective date for the Group is also subject to European Union endorsement
- Amendment to IAS 1 on presentation of financial statements. The effective date for the Group is also subject to European Union endorsement.
- Amendment to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' on depreciation and amortisation
- Annual Improvements to IFRSs 2012-14 Cycle

The Group has not completed its assessment of the impact of these pronouncements but the implementation of these new standards is not expected to have a material impact on the consolidated results, financial position or cash flows of the Group

Note 1b

Critical accounting estimates and judgements

The reported results of the Group for the financial year ended 31 December 2015 are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements

The judgements and assumptions involved in the Group's accounting policies that are considered by the Directors to be the most important to the portrayal of its financial condition are discussed below

The use of estimates, assumptions or models that differ from those adopted by the Group would affect its reported results

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques that take into consideration market inputs such as interest rates and volatility

Fair value of Visa Europe asset and related Contingent Value Rights ('CVRs')

As at 30 June 2015 and on IPO completion, the Visa Europe asset was recognised in the Group's balance sheet as a FVTPL financial asset with a fair value of £nil. In accordance with IAS 39, financial assets should be re-measured at each reporting date. In performing the revaluation at 31 December 2015, the offer by Visa Inc. to purchase Visa Europe has been taken into account in the subsequent measure of fair value, despite the fact that there remains some uncertainty around both the likelihood of completion of the deal (which is still subject to anti-trust clearance), and the amount of pre-transaction operational liabilities which could reduce the up-front consideration received.

In order to fair value the financial asset as at 31 December 2015, the Directors have considered a range of potential outcomes and calculated a weighted average, considering the likelihood of various factors, including the expected likelihood of the transaction completing, the likely value of the potential level of Visa Europe liabilities that the Group may be liable for and the timing of cash flows.

The CVR liabilities were recognised at £nil fair value on initial recognition. At year end, they were re-measured based on a re-estimation of future cash flows, with any changes in value being recognised in the income statement.

The weighted average of the outcomes was discounted to reflect the time value of money. Sensitivity analysis has been performed on key assumptions used in the valuation.

Income and deferred taxes

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges calculated by reference to the legal requirements applying to each jurisdiction in which the Group operates.

As an integral part of this process, the Group applies its judgement in order to determine the tax charge applying to those matters for which the final tax treatment is considered by the Group to be uncertain.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences are recognised in the period in which such determination is made.

Trade receivable impairment provisions

A trade receivable is impaired when there is objective evidence that, due to events since the trade receivable was created, the Group cannot recover the original expected cash flows from the trade receivable. Trade receivable impairment provisions can be either bad debt provisions or merchant potential liability provisions.

A bad debt provision represents the difference between the carrying value of the trade receivable and the present value of estimated future cash flows.

A merchant potential liability provision is required when a merchant goes into liquidation or bankruptcy and the Group is exposed to potential chargebacks. Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise and to quantify the possible range of any financial settlement.

Separate disclosure of profits and losses in the consolidated income statement

Separately disclosed items are costs or income that are recognised in the income statement which the Directors believe, due to their size or nature, are not the result of normal operating performance. They are therefore separately disclosed on the face of the income statement to allow a more comparable view of underlying trading performance.

Capitalisation of software development costs

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets. These costs include directly attributable employee costs. However, any costs incurred in the research phase or as maintenance are expensed as incurred.

The Directors monitor the costs incurred and capitalised on an ongoing basis. Any impairment identified is written off to the income statement.

Whilst not considered to be a critical accounting estimate or judgement, revenue recognition and presentation of settlement assets and liabilities is considered to be a critical accounting policy. Refer to Section 2 for further details.

Section 2 – Results for the period

This section focuses on the results and performance of the Group in the financial year ended 31 December 2015

Accounting policies

Revenue recognition

Revenue represents the consideration received or receivable from the merchants for services provided. Key revenue streams that the Group reports are

Transaction service charges relate to services provided to process transactions between the customer and an acquiring bank, which is a bank that accepts card payments from the card-issuing banks. Revenue is recognised when the transactions are successfully processed and is recognised per transaction.

Terminal rental fees are due from terminal lessees. Revenue is recognised on a straight-line basis over the terms of the lease agreements.

Income from treasury management and foreign exchange services is generated on settling foreign currency transactions on behalf of customers. Revenue is recognised when the Group's obligation in relation to the transaction is fulfilled.

Ancillary income includes fees charged per transaction for providing gateway services, fraud and risk management services, float income, and charges levied for the acceptance of alternative payments. Gateway services work in the same manner as transaction processing services, but are provided for online transactions only. Local and alternative payment services allow merchants to accept payments worldwide which do not directly involve a credit or debit card. Revenue is recognised when the transactions are successfully processed.

Costs of sales which primarily consist of fees charged by card schemes (scheme fees) as well as acquiring banks (interchange fees), are matched to the revenue generated and are recognised when incurred.

Net revenue is revenue after deducting scheme fees and interchange fees. Other cost of sales are recognised in the period to which they relate.

Items paid in advance or invoiced in arrears are shown as prepayments or accruals, as appropriate, on the balance sheet at the end of the period.

Note 2a**Segmental information**

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker (the Executive Committee) to allocate resources and assess performance. For each identified operating segment, the Group has disclosed information for the key performance indicators that are assessed internally to review and steer performance in the Operating review included in the Strategic report.

The Group reports four segments: Global eCom, WPUK, WPUS and Corporate. Further details about the three trading segments can be found in the Operating review on pages 67 to 70. Corporate principally contains central personnel costs and consultancy spend.

Year ended 31 December 2015	Global eCom £m	WPUK £m	WPUS £m	Corporate £m	Total £m
Income statement					
Revenue	898.6	1,130.7	1,933.7	–	3,963.0
Net revenue	317.7	405.2	258.8	–	981.7
Underlying EBITDA	184.2	179.2	62.3	(19.6)	406.1
Underlying depreciation and amortisation	(13.6)	(34.0)	(17.4)	(0.6)	(65.6)
Underlying operating profit	170.6	145.2	44.9	(20.2)	340.5
Separately disclosed items	(16.2)	(28.0)	(44.3)	(85.1)	(173.6)
Operating profit	154.4	117.2	0.6	(105.3)	166.9
Underlying finance costs					(151.2)
Separately disclosed items affecting finance (costs)/income					4.6
Share of results of joint venture and associate					(1.2)
Profit before tax					19.1
Tax					(48.9)
Loss for the period					(29.8)
Pro forma information for year ended 31 December 2014					
Income statement					
Revenue	731.2	1,229.0	1,666.4	–	3,626.6
Net revenue	272.0	366.0	225.4	–	863.4
Underlying EBITDA	161.5	156.1	75.4	(18.3)	374.7
Underlying depreciation and amortisation	(28.5)	(36.7)	(12.2)	(1.0)	(78.4)
Underlying operating profit	133.0	119.4	63.2	(19.3)	296.3
Separately disclosed items	(16.7)	(49.3)	(32.6)	(72.7)	(171.3)
Operating profit	116.3	70.1	30.6	(92.0)	125.0
Underlying finance costs					(163.2)
Separately disclosed items affecting finance (costs)/income					(8.6)
Share of results of joint venture					(0.3)
Loss before tax					(47.1)
Tax					(2.9)
Loss for the period					(50.0)

Pro forma information for year ended 31 December 2014	Global eCom £m	WPUK £m	WPUS £m	Corporate £m	Total £m
One-month period ended 31 December 2014	Global eCom £m	WPUK £m	WPUS £m	Corporate £m	Total £m
Income statement					
Revenue	70.5	135.1	158.6	–	364.2
Net revenue	27.6	39.3	24.3	–	91.2
Underlying EBITDA	19.0	23.7	12.1	(2.0)	52.8
Underlying depreciation and amortisation	(3.1)	(0.8)	(4.9)	(0.1)	(8.9)
Underlying operating profit	15.9	22.9	7.2	(2.1)	43.9
Separately disclosed items	(1.4)	(6.9)	(2.9)	(5.0)	(16.2)
Operating profit	14.5	16.0	4.3	(7.1)	27.7
Underlying finance costs					(14.8)
Separately disclosed items affecting finance (costs)/income					(1.2)
Profit before tax					11.7
Tax					(1.3)
Profit for the period					10.4

Segmental information by revenue streams

	31 December 2015 £m	Pro forma information for year ended 31 December 2014 £m	One-month period ended 31 December 2014 £m
Transaction service charges	3,508.1	3,209.7	314.9
Terminal rental fees	65.7	67.6	5.4
Treasury management and foreign exchange services	128.8	108.6	9.1
Ancillary income	260.4	240.7	34.8
Revenue	3,963.0	3,626.6	364.2

The Group's revenue is generally consistent with the geographical locations of the operating segments, with the exception of the Global eCom business, whose revenue is derived from worldwide sources. No individual customer accounts for more than 10% of Group revenue.

Note 2b**Separately disclosed items**

Separately disclosed items are costs or income that have been recognised in the income statement which the Directors believe, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying financial performance. They are presented in their relevant income statement category, but highlighted through separate disclosure. The following table gives further details of the items included.

	Year ended 31 December 2015 £m	Pro forma information for year ended 31 December 2014 £m	One-month period ended 2014 £m
Affecting earnings before interest, tax, depreciation and amortisation (EBITDA)			
Separation – platform costs	(33.3)	(35.1)	(3.6)
Separation – other costs	(20.1)	(24.1)	(0.1)
IPO-related costs	(35.0)	–	–
Reorganisation and restructuring costs	(6.4)	(18.2)	(0.7)
Other costs	(8.9)	(11.2)	(2.7)
Total affecting EBITDA	(103.7)	(88.6)	(7.1)
Affecting depreciation and amortisation			
Amortisation of business combination intangibles	(67.9)	(73.1)	(5.8)
Impairment of platform assets	–	(9.6)	(3.3)
Impairment of other intangibles	(2.0)	–	–
Total affecting depreciation and amortisation	(69.9)	(82.7)	(9.1)
Affecting finance (costs)/income			
Costs associated with refinancing	(44.7)	–	–
Net valuation gain on Visa Europe asset and related CVRs	54.8	–	–
Foreign exchange losses	(5.5)	(8.6)	(1.2)
Total affecting finance (costs)/income	4.6	(8.6)	(1.2)
Total (pre-tax)	(169.0)	(179.9)	(17.4)
Tax credit	0.8	38.2	3.7
Total (post-tax)	(168.2)	(141.7)	(13.7)

Separately disclosed items in the year amounted to a net cost of £169.0m (2014: £179.9m), of which £103.7m (2014: £88.6m) affected EBITDA, £69.9m (2014: £82.7m) affected depreciation and amortisation and a net gain of £4.6m (2014: cost of £8.6m) affected finance costs.

The separately disclosed items affecting EBITDA comprise platform-related and other costs incurred in the separation from RBS, non-capitalisable costs of the IPO, reorganisation and restructuring costs, and other costs.

Platform-related separation costs of £33.3m (2014: £35.1m) are non-capitalised costs associated with the upgrade and migration of the Group's core systems from RBS. They are principally personnel, maintenance and consultancy costs. Total costs incurred to date on the platform programme are £449.8m (2014: £361.9m), of which £289.4m (2014: £234.8m) has been included within tangible and intangible assets on the balance sheet, with the remainder charged directly to the income statement.

Other costs related to the separation from RBS of £20.1m (2014: £24.1m) principally relate to system implementation and remediation, double running of property, and the excess costs of interim staff.

The non-capitalisable costs of the IPO in the year amounted to £35.0m (2014: £nil) and reflect the costs of various share award programmes that were put in place as part of the IPO, including the all-employee free share award and additional awards given to management.

Reorganisation and restructuring costs of £6.4m (2014: £18.2m) represent costs associated with a variety of projects to develop and implement the strategy of establishing Worldpay as a stand-alone business. Costs in 2015 include the restructuring and further integration of the Cardsave business in WPUK and the sales force reorganisation in WPUS. These are partially offset by the release of provisions for contingent consideration no longer required.

Other costs of £8.9m (2014: £11.2m) include fees payable to shareholders incurred prior to the IPO in relation to the previous ownership structure and a number of other smaller one-off items.

Separately disclosed items affecting depreciation and amortisation amounted to £69.9m (2014: £82.7m). This predominantly relates to the amortisation of business combination intangibles which is a non-cash charge relating to intangible assets recognised on the divestment of the business from RBS, as well as subsequent strategic business acquisitions. In addition, in the year, software development in WPUS of £2.0m was deemed to be impaired and written off following the integration of the SecureNet business.

Separately disclosed items affecting finance costs in the year were a net gain of £4.6m (2014: cost of £8.6m) and comprise costs associated with the refinancing of the Group (£44.7m), a net revaluation gain on the Visa Europe shares and related Contingent Value Rights (£54.8m), and FX losses resulting from the translation of the Group's assets and liabilities denominated in currencies other than Sterling (£5.5m). The £44.7m of costs associated with the refinancing represent the write-off of capitalised finance costs on repayment of the debt that was in place prior to the IPO.

The net revaluation gain on the Visa Europe shares and related Contingent Value Rights is discussed in more detail in Note 5.

The tax credit of £0.8m arising on separately disclosed items (2014: £38.2m) includes a deferred tax charge of £39.2m arising on the proposed disposal of the interest in Visa Europe in 2016.

Note 2c

Personnel expenses

Expenses related to services rendered by employees are recognised in the period in which the service is rendered. This includes wages and salaries, social security contributions, pension contributions, bonuses and termination benefits.

Where payments of amounts due are outstanding at the end of the reporting period, an accrual is recognised. Where payments have been made in advance prior to the end of the reporting period, a prepayment is recognised.

The Group operates defined contribution pension schemes. The amounts charged to the profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments on the balance sheet.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based upon estimation of the shares will eventually vest, with a corresponding increase in equity. Fair value is measured by reference to the market value of the Group's shares, adjusted as necessary for the terms and conditions of the award, or an appropriate option pricing model, depending on the nature of the award.

All employee share award

Following a successful IPO, the Group made a one-off award of shares to all employees who joined the Group prior to 1 July 2015 and were still under employment at the date of the IPO. The award was granted on 18 September 2015. Given the short period between the grant date and the vesting date (i.e. the IPO date on 16 October 2015), it has been considered that the fair value at grant date would not be materially different from the fair value at the vesting date. Total expenses recognised in the Group's income statement are £12.6m.

Phantom share award

Certain employees were granted a cash-settled award scheme which was settled in the year. Total expenses recognised in the Group's income statement is £16.7m.

Transitional award

On the date of the IPO, the Group granted a transitional share award plan to certain members of the senior management team. Shares will be given to eligible employees three years after the date of grant, subject to satisfaction of the minimum shareholding requirement and continued employment. An expense of £1.2m was recognised in the Group's income statement in 2015.

The average number of employees was

	Year ended 31 December 2015 £m	Pro forma information for year ended 31 December 2014	One-month period ended 31 December 2014
WPUK	1,350	1,533	1,544
WPUS	1,316	1,169	1,208
Global eCom	485	446	436
Corporate	1,831	1,370	1,562
Total	4,982	4,518	4,750

	Year ended 31 December 2015 £m	Pro forma information for year ended 31 December 2014 £m	One-month period ended 31 December 2014 £m
Total underlying personnel expenses	271.9	230.8	17.6
Separation – platform	11.5	14.4	1.4
Separation – other	7.9	2.8	0.3
Cost of IPO	34.1	–	–
Reorganisation and restructuring costs	9.0	12.4	1.2
Other	0.1	2.6	0.7
Total personnel expenses in separately disclosed items	62.6	32.2	3.6
Total personnel expenses	334.5	263.0	21.2
Wages and salaries including redundancy costs	297.2	230.3	18.4
Pensions	14.5	14.2	1.5
Social security costs	22.8	18.5	1.3
Total personnel expenses	334.5	263.0	21.2

Directors' emoluments

The Directors' emoluments, pension contributions and share options are disclosed in the Remuneration report

Prior to the Admission to the London Stock Exchange, the Group paid a management fee to its previous owners for their services as Directors of the Company. This fee was included within a total management charge of £2.4m (full year 2014: £3.2m, Dec 2014: £0.3m). It is not possible to accurately apportion the total remuneration included within this charge.

Note 2d

General, selling and administrative expenses

	Year ended 31 December 2015 £m	Pro forma information for year ended 31 December 2014 £m	One-month period ended 31 December 2014 £m
Selling costs	12.3	10.1	1.1
Operating costs	58.3	56.1	4.2
Office costs	31.9	29.6	2.4
Administrative costs	32.0	24.1	2.3
Professional fees	22.9	22.6	1.6
Bad debt expense	22.5	16.2	0.3
Other	2.5	1.1	(0.2)
Total underlying general, selling and administrative expenses	182.4	159.8	11.7

	Year ended 31 December 2015 £m	Pro forma information for year ended 31 December 2014 £m	One-month period ended 31 December 2014 £m
Separation – platform	21.8	20.7	2.2
Separation – other	12.1	21.3	(0.2)
Costs of IPO	0.9	–	–
Reorganisation and restructuring costs*	(2.6)	5.9	(0.5)
Other	8.9	8.5	2.0
Total general, selling and administrative expenses in separately disclosed items	41.1	56.4	3.5
Total general, selling and administrative expenses	223.5	216.2	15.2

* Includes release of provisions for contingent consideration no longer required

Note 2e
Auditor remuneration

	Year ended 31 December 2015 £m	Pro forma information for year ended 31 December 2014 £m	One-month period ended 31 December 2014 £m
Fees payable to the Group's auditor for the audit of the Group's Annual Report and Accounts	0.8	0.8	0.1
Fees payable to the Group's auditor and its associates for other services			
Other assurance services	0.1	0.1	–
Other non-audit services – IPO	3.2	–	–
Other non-audit services – refinancing	0.1	–	–
	4.2	0.9	0.1

Note 2f
Profit/(loss) before tax
Profit/(loss) before tax is stated after charging

	Year ended 31 December 2015 £m	Pro forma information for year ended 31 December 2014 £m	One-month period ended 31 December 2014 £m
Interchange and scheme fees	(2,981.3)	(2,763.2)	(273.0)
Other cost of sales	(121.3)	(98.1)	(9.1)
Depreciation of property, plant and equipment	(34.4)	(39.7)	(3.0)
Amortisation of business combination intangibles	(67.9)	(73.1)	(5.8)
Amortisation of other intangibles	(31.0)	(38.7)	(5.9)
Impairment of property, plant and equipment	(0.2)	–	–
Impairment of other intangibles	(2.0)	(9.6)	(3.3)
Operating lease costs	(18.5)	(19.4)	(1.5)
Foreign exchange losses	(5.5)	(8.6)	(1.2)

Research and development expenditure recognised was £33.3m (full year 2014: £35.1m, Dec 2014: £3.6m). This represents the amount charged to the profit and loss account in relation to the Platform project.

Note 2g

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Current tax, including all applicable UK and foreign taxes, is the expected tax payable on the taxable income for the year, using tax rates and bases of calculation which have been enacted or substantively enacted in the applicable jurisdiction for the current accounting period, together with any necessary adjustments to tax payable in respect of previous accounting periods. Current tax is recognised in the income statement unless it arises from a transaction recognised directly in equity, in which case the associated tax is also recognised directly in equity. Relief for foreign taxation in calculating UK taxation liabilities is taken into account where appropriate.

	Year ended 31 December 2015 £m	Pro forma information for year ended 31 December 2014 £m	One-month period ended 31 December 2014 £m
Current taxation			
UK corporation tax charge for the financial period	5.6	6.4	1.0
Prior period adjustment	(3.8)	(2.1)	(0.1)
Foreign corporation tax charges	0.3	23.7	2.5
	2.1	28.0	3.4
Deferred taxation			
UK charge/(credit) for the financial period	45.2	(15.9)	(1.3)
Foreign credit for the financial period	(8.0)	(10.5)	(0.9)
Prior period adjustment – UK	9.2	(1.3)	(0.1)
Prior period adjustment – foreign	1.0	1.6	0.1
Effect of rate changes – UK	(0.7)	1.2	0.1
Effect of rate changes – foreign	0.1	(0.2)	–
	46.8	(25.1)	(2.1)
Tax charge for the financial period	48.9	2.9	1.3

The Group is mainly exposed to UK, US and Netherlands tax. The actual tax charge differs from the expected tax charge computed by applying the average UK corporation tax of 20.25% (full year 2014: 21.5%, Dec. 2014: 21.0%) as follows:

	Year ended 31 December 2015 £m	Pro forma information for year ended 31 December 2014 £m	One-month period ended 31 December 2014 £m
Expected tax charge/(credit)	3.9	(11.1)	2.3
Non-deductible items	16.0	20.2	1.6
Visa Europe non-deductible CVR obligations (see Note 5i)	28.2	–	–
Prior period adjustment	(3.8)	(2.1)	(0.1)
Tax exempt income	(1.4)	(3.1)	(0.3)
Effect of tax rates in foreign jurisdictions	(6.3)	1.8	1.3
Reduction in tax rate	(0.5)	1.0	0.1
Deferred tax prior period adjustment	10.2	0.3	(3.2)
Deferred tax on intangible assets	(5.0)	(12.7)	(1.1)
Deferred tax assets not recognised	7.6	8.6	0.7
Actual tax charge for the financial period	48.9	2.9	1.3

Note 2h**Current tax assets/(liabilities)**

The Group's current tax assets/(liabilities) at each period end are analysed as follows

	31 December 2015 £m	31 December 2014 £m
Current tax – UK	(9.6)	(8.0)
Current tax – foreign	7.5	(1.5)
	(2.1)	(9.5)

Note 2i**Deferred tax**

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes

The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax charges and credits are recognised in the income statement unless they arise from a transaction recognised directly in equity, in which case the associated deferred tax is also recognised directly in equity.

Analysis of deferred tax assets and deferred tax liabilities recognised by the Group

	31 December 2015 £m	31 December 2014 £m
Deferred tax assets		
To be recovered within one year	4.1	8.1
To be recovered after more than one year	8.8	16.9
	12.9	25.0
Deferred tax liabilities		
To be recovered within one year	(60.2)	(21.9)
To be recovered after more than one year	(84.9)	(88.5)
	(145.1)	(110.4)
Net deferred tax liabilities	(132.2)	(85.4)

The gross movement on the deferred tax account is as follows

	Deferred capital allowances £m	Provisions £m	Intangibles £m	Total £m
At 1 December 2014	12.0	12.7	(112.1)	(87.4)
Additions	–	0.2	(0.1)	0.1
Credit to income statement	–	0.1	2.0	2.1
Foreign exchange rate impact	–	–	(0.2)	(0.2)
At 31 December 2014	12.0	13.0	(110.4)	(85.4)
(Charge)/credit to income statement	(20.3)	(37.4)	10.9	(46.8)
At 31 December 2015	(8.3)	(24.4)	(99.5)	(132.2)

Note 2]**Earnings per share**

Basic earnings/(loss) per share amounts are calculated by dividing the profit/(loss) attributable to owners of the parent by the weighted average number of Ordinary Shares in issue during the financial period

Diluted earnings/(loss) per share amounts are calculated by dividing the profit/(loss) attributable to owners of the parent by the weighted average number of Ordinary Shares in issue during the financial period adjusted for the effects of potentially dilutive options. The dilutive effect is calculated on the full exercise of all potentially dilutive Ordinary Share options granted by the Group, including performance-based options which the Group considers to have been earned

When a loss is recognised during a financial period, a basic loss per share rather than a basic earnings per share will be recognised. The dilutive effects will not be considered in calculating the diluted loss per share as this would reduce the loss per share

The weighted average number of shares used to determine earnings per share have been calculated in accordance with the principle of reverse acquisition accounting

Underlying basic and diluted earnings per share are included as the Directors believe this provides a better reflection of the Group's performance

	31 December 2015	Pro forma information for year ended 31 December 2014	One-month period ended 31 December 2014
Profit/(loss) (£m)			
Underlying results	138.4	91.7	24.1
Total (loss)/profit for the period	(29.8)	(50.0)	10.4
Weighted average number of shares for (millions)			
Basic	1,690.5	1,605.1	1,605.1
Diluted	1,691.0	1,605.1	1,605.1
Basic earnings/(loss) per share (pence)			
Underlying basic earning per share	8.2	5.7	1.5
Total basic loss per share	(1.8)	(3.1)	0.6
Diluted earnings/(loss) per share (pence)			
Underlying diluted earning per share	8.2	5.7	1.5
Total diluted loss per share	(1.8)	(3.1)	0.6

During 2015, the Company's 50,000,000 Ordinary Shares were split into 1,605,083,333 Ordinary Shares without a corresponding change in share capital. As a result, the weighted average numbers of shares for the comparative periods have been adjusted for in accordance to IAS 33

Notes to the consolidated financial statements

Section 3 – Non-current assets

This section shows assets used by the Group to generate revenue and profits. These assets include customer relationships, brands, computer software and goodwill. The Group's physical assets are also shown in this section.

Note 3a

Goodwill

Goodwill arising on the acquisition of a business represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, less any non-controlling interest. Goodwill is carried at the cost established at the date of acquisition of the business less accumulated impairment losses, if any, and is not amortised.

	£m
Cost	
At 1 December 2014	1,215.7
Acquisition of SecureNet	44.7
Foreign exchange impact	0.5
At 31 December 2014	1,260.9
Adjustment to SecureNet goodwill	0.2
Foreign exchange impact	14.2
At 31 December 2015	1,275.3
Net Book Value	
At 31 December 2015	1,275.3
At 31 December 2014	1,260.9

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units ('CGU') to which goodwill has been allocated. The value in use calculation is performed at least annually and requires the Directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

The corporate planning process includes the preparation of the annual budget as well as the Group's long-term strategic plan. The strategic plan provides medium to long-term direction for the Group and is reviewed on an annual basis. It includes a five-year outlook for the business including management's view on the future achievable growth in market share and the capital expenditure required to achieve it. The cash flows included in the strategic plan are used for the value in use calculations.

Key assumptions used in the value in use calculation are:

	Average growth rate in sales	Average growth rate in costs	Terminal growth rate	Discount rate
31 December 2015	5.3-16.9%	2.6-12.5%	2.0%	8.0-10.0%
31 December 2014	7.0-17.3%	3.3-18.2%	2.0%	10.6-11.5%

The sensitivity of goodwill carrying values to reasonably possible changes in key assumptions has been performed. No changes produce a significant movement in the carrying value of goodwill allocated to a CGU and therefore no sensitivity analysis is presented.

Should the value in use be lower than the carrying value, the resultant impairment loss is first allocated to goodwill, then to remaining assets of the CGU pro rata based on their carrying amount. No asset is impaired below its own recoverable amount. The impairment loss is recognised immediately in separately disclosed items in the income statement. Impairment losses on goodwill cannot be reversed in subsequent periods.

The carrying value of goodwill allocated to cash-generating units is as follows:

	2015 £m	2014 £m
Global eCom (including Envoy and Cobre Bem)	267.3	269.2
WPUK (including Cardsave and YESPay)	717.5	717.3
WPUS (including Century and SecureNet)	290.5	274.4
	1,275.3	1,260.9

Note 3b**Other Intangible assets**

Intangible assets acquired in a business combination and recognised separately from goodwill include brands and customer relationships. These are initially recognised at their fair value at the acquisition date. Subsequently, they are reported at cost less accumulated amortisation and impairment losses, if any.

Amortisation is recognised on a straight-line basis over the estimated useful economic life. The estimated useful economic lives and the amortisation method are reviewed at the end of each reporting period, with any changes being accounted for on a prospective basis.

The useful lives applied by the Group are:

Customer relationships	3 to 20 years
Brands	3 to 25 years

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets. These costs include directly attributable employee costs. However, any costs incurred in the research phase or as maintenance are expensed as incurred.

Computer software is amortised over its useful life which is three to ten years.

	Business combination intangibles			Total £m
	Customer relationships £m	Brands £m	Computer software £m	
Cost				
At 1 December 2014	744.6	19.8	306.9	1,071.3
Additions	–	–	13.1	13.1
Acquisition of SecureNet	6.0	5.1	14.9	26.0
Foreign exchange impact	0.4	–	0.3	0.7
At 31 December 2014	751.0	24.9	335.2	1,111.1
Additions	–	–	148.8	148.8
Transfer to property, plant and equipment	–	–	(4.1)	(4.1)
Disposals	–	–	(2.8)	(2.8)
Foreign exchange impact	9.3	0.7	3.6	13.6
At 31 December 2015	760.3	25.6	480.7	1,266.6
Accumulated amortisation				
At 1 December 2014	(283.1)	(10.3)	(128.3)	(421.7)
Charge for the period	(5.6)	(0.2)	(5.9)	(11.7)
Impairment charge	–	–	(3.3)	(3.3)
Foreign exchange impact	(0.4)	–	(0.3)	(0.7)
At 31 December 2014	(289.1)	(10.5)	(137.8)	(437.4)
Charge for the period	(65.5)	(2.4)	(31.0)	(98.9)
Impairment charge	–	–	(2.0)	(2.0)
Disposals	–	–	0.4	0.4
Foreign exchange impact	(7.3)	(0.2)	(1.8)	(9.3)
At 31 December 2015	(361.9)	(13.1)	(172.2)	(547.2)
Net book value				
At 31 December 2015	398.4	12.5	308.5	719.4
At 31 December 2014	461.9	14.4	197.4	673.7

At 31 December 2015, £235.3m (2014: £145.1m) of intangible assets under the course of construction are shown within computer software. These assets are not yet being amortised.

Note 3c**Property, plant and equipment**

Property, plant and equipment includes terminals, leasehold improvements and computers and office equipment

Property, plant and equipment is initially recognised at cost. Cost includes all expenditure directly attributable to bringing the asset to the location and working condition for its intended use. Subsequent measurement of property, plant and equipment is at cost less accumulated depreciation and impairment losses.

Subsequent expenditure is capitalised only when it is probable that it will give rise to future benefits, i.e. maintenance expenditure is excluded but enhancement costs may be included.

Property, plant and equipment is depreciated to its residual value over its useful life on a straight-line basis. Estimates of the useful life and residual value, as well as the method of depreciation, are reviewed as a minimum at the end of each reporting period. Any changes are classified as a change in accounting estimate and so are applied prospectively.

Depreciation rates for each category of property, plant and equipment are as follows:

Terminals	one to five years
Leasehold improvements	five to twenty years
Computers and office equipment	three to five years

Depreciation begins when the asset is ready for use and ceases on disposal of the asset, classification as held for sale or the end of its useful life, whichever is the sooner.

The gain or loss on disposal is the difference between the net proceeds received and the carrying amount of the asset.

	Terminals £m	Leasehold improvements £m	Computers and office equipment £m	Total £m
Cost				
At 1 December 2014	88.1	10.7	119.8	218.6
Additions	1.8	0.6	2.0	4.4
Acquisition of SecureNet	–	–	1.7	1.7
Disposals	(1.2)	(0.1)	(1.3)	(2.6)
At 31 December 2014	88.7	11.2	122.2	222.1
Transfer from intangible fixed assets	–	0.4	3.7	4.1
Additions	12.7	0.1	17.4	30.2
Disposals	(13.5)	(1.6)	(3.2)	(18.3)
Foreign exchange impact	–	0.2	0.4	0.6
At 31 December 2015	87.9	10.3	140.5	238.7
Accumulated depreciation				
At 1 December 2014	(56.0)	(2.1)	(37.3)	(95.4)
Charge for period	(1.4)	(0.1)	(1.5)	(3.0)
Disposals	1.2	0.1	1.3	2.6
Foreign exchange impact	–	–	0.4	0.4
At 31 December 2014	(56.2)	(2.1)	(37.1)	(95.4)
Charge for period	(13.9)	(2.0)	(18.5)	(34.4)
Impairment charge	(0.2)	–	–	(0.2)
Disposals	13.5	0.2	0.2	13.9
Foreign exchange impact	–	(0.1)	(0.2)	(0.3)
At 31 December 2015	(56.8)	(4.0)	(55.6)	(116.4)
Net book value				
At 31 December 2015	31.1	6.3	84.9	122.3
At 31 December 2014	32.5	9.1	85.1	126.7

At 31 December 2015, £51.3m (2014: £52.2m) of assets under the course of construction are shown within Computers and office equipment. These assets are not yet being depreciated.

Terminals are leased by the Group to third-party merchants under operating leases. The future minimum lease rental receivables from operating leases are as follows:

	31 December 2015 £m	31 December 2014 £m
Terminal rentals		
Within one year	36.5	26.5
Between one and five years	33.2	23.6
Total	69.7	50.1

Impairment of non-current assets

The Group assesses its other intangible assets and property, plant and equipment for indicators of impairment at least annually. If such indicators exist, the recoverable amount of the asset or its cash-generating unit, if the asset does not generate largely independent cash flows, is estimated. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows from the asset or the cash-generating unit, discounted at the appropriate pre-tax rate.

The Group recognises any impairment loss resulting from these reviews in separately disclosed items in the income statement. Impairment losses, except those arising on goodwill, may be reversed in subsequent periods. However, the revised carrying value of the asset may not exceed the carrying value had the original impairment not arisen.

An exercise was undertaken to ascertain whether any of the Platform assets were impaired. This review resulted in an impairment loss of £nil (2014: £9.6m) which has been included within separately disclosed items.

Note 3d

Capital commitments

Capital commitments at 31 December 2015 were £3.4m (2014: £6.0m) and consisted of contractual commitments for office premise renovation and IT hardware and software development.

Note 3e

Location of non-current assets

Other than non-current assets held in our US businesses, all material assets are held in UK entities. US non-current assets at 31 December 2015 amount to £401.1m (2014: £397.9m). Non-current assets in this context includes goodwill, other intangible assets, property, plant and equipment and investments in joint ventures and associates.

Section 4 – Trading assets and liabilities

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result

Note 4a

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 represents surplus cash balances that the Group holds on behalf of its customers, when the incoming amount from the card schemes or networks precedes when the funding to customers falls due. The funds are held in a fiduciary capacity. They are excluded from the Group cash flow statement to provide greater clarity over the Group's own cash movements.

Scheme debtors consist primarily of

- The Group's receivables from the card schemes or networks for transactions processed on behalf of customers, where it is a member of that particular scheme or network,
- The Group's receivables from the card schemes or networks for transactions where it has (by exception) funded customers in advance of receipt of card association funding, and
- Other net receivables from the schemes

Merchant creditors consist primarily of

- The Group's liability to customers for transactions that have been processed but not yet funded by the card schemes or networks, where it is a member of that particular scheme or network,
- The Group's liability to the customers for transactions for which it is holding funding from the members under the sponsorship agreement but has not funded customers on behalf of the members, and
- Merchant reserves and the fair value of the Group's guarantees of cardholder chargebacks. These are amounts held as deposits from customers, either from inception of Worldpay's working relationship with them, or accrued throughout the relationship due to payment issues arising or potential chargebacks.

Note 4b

Inventory

The Group's inventory consists of terminals held for sale of £0.4m (2014: £1.3m). Inventory is measured at the lower of cost and net realisable value. Net realisable value is reassessed at each reporting date. Cost is based on the weighted average cost of the items held in stock, calculated monthly.

Any write down to net realisable value is recognised in the income statement in the period in which it occurs, similarly any reversal of this write down is recognised in the income statement in the period in which it occurs.

When inventory is sold, its current carrying value is recognised as an expense in the period in which the associated revenue is recognised.

Note 4c

Trade and other receivables

Trade and other receivables are initially recognised at fair value in the period to which they relate. They are held at amortised cost, less any provision for bad or doubtful debts. Provisions for bad or doubtful debts are presented net with the related receivable on the balance sheet.

Trade receivables primarily include amounts due from merchants for services provided to process transactions between the cardholder and an acquiring bank.

	31 December 2015 £m	31 December 2014 £m
Trade receivables	288.8	276.4
Prepayments and accrued income	93.6	74.7
Other receivables	14.1	29.9
Amount due from former parent companies	–	1.5
	396.5	382.5

The trade receivables balance can be further analysed as follows

	31 December 2015 £m	31 December 2014 £m
Gross trade receivables	326.8	308.7
Impairment provisions	(38.0)	(32.3)
Net trade receivables	288.8	276.4

The movement in the impairment provision can be further analysed as follows

	31 December 2015 £m	Pro forma information for year ended 31 December 2014 £m	One-month period ended 31 December 2014 £m
At period start	(32.3)	(27.5)	(33.2)
Additional provision in the period	(16.8)	(17.4)	(1.5)
Released	1.3	1.0	0.1
Utilised in the period	9.7	11.4	2.3
Foreign exchange	0.1	0.2	–
At period end	(38.0)	(32.3)	(32.3)

Impaired financial assets are analysed as follows

	31 December 2015 £m	31 December 2014 £m
Cost of impaired receivables	42.0	41.5
Impairment provision	(38.0)	(32.3)
Net book value	4.0	9.2

£26.9m (2014: £16.3m) of trade receivables were between zero and three months past due at the balance sheet date but not considered impaired

Note 4d

Trade and other payables

Trade and other payables are recognised initially at fair value in the period to which they relate. They are subsequently held at amortised cost using the effective interest rate method. They are derecognised when payment has been made.

	31 December 2015 £m	31 December 2014 £m
Trade payables	133.8	126.8
Accruals and deferred income	140.6	94.7
Other liabilities	59.9	38.6
Amount due to Employee Benefit Trust and former parent companies	–	8.7
	334.3	268.8

Note 4e

Provisions

The Group recognises a provision for a present obligation resulting from a past event when it is probable that it will be required to transfer economic benefits to settle the obligation, and the amount of the obligation can be estimated reliably.

Onerous contracts are recognised immediately as a provision. The amount recognised is the excess of the unavoidable costs of the contract over any expected economic benefits arising from the contract.

Restructuring provisions are only recognised when there is a detailed plan of the restructure that has been communicated and the proposed restructure is sufficiently imminent to mean that it is unlikely any significant changes will be made to the plan. The provision recognised includes costs that are directly attributable to the restructure and excludes any costs on ongoing activities, such as relocation or training of staff and marketing costs.

	Merchant potential liabilities £m	Reorganisation and restructuring £m	Deferred and contingent consideration £m	Onerous lease provision and dilapidations £m	Other £m	Total £m
At 1 December 2014	(1.0)	(0.1)	(21.4)	(1.2)	(0.9)	(24.6)
Utilised in period	0.7	0.1	2.7	0.2	0.2	3.9
Released	–	–	–	–	0.1	0.1
Unwind of discounting	–	–	(0.2)	–	–	(0.2)
Additions	–	–	(0.6)	–	–	(0.6)
At 31 December 2014	(0.3)	–	(19.5)	(1.0)	(0.6)	(21.4)
Utilised in period	0.2	0.9	14.0	–	0.3	15.4
Released	–	–	4.0	0.5	0.1	4.6
Additions	–	(2.1)	(1.4)	(0.3)	(3.8)	(7.6)
Foreign exchange	–	–	0.3	–	–	0.3
At 31 December 2015	(0.1)	(1.2)	(2.6)	(0.8)	(4.0)	(8.7)

	2015 £m	2014 £m
Current	(8.0)	(13.1)
Non-current	(0.7)	(8.3)
	(8.7)	(21.4)

Merchant potential liabilities are projected chargebacks anticipated to be incurred in future periods in relation to merchant accounts where any trade receivable balance has been fully provided (Note 4c).

A provision for severance payments is recognised when a plan has been communicated to relevant employees and the Group has an obligation to settle the liability.

Contingent consideration is recognised when relevant criteria in the purchase agreements are met.

The utilisation of the deferred and contingent consideration provision in the period relates to payments for the acquisitions of Cardsave, YESPay and Pazien. Where provisions for deferred and contingent consideration were released or revalued in the year, they are shown in separately disclosed items.

Dilapidation provisions represent the liabilities incurred to date in order to restore the leased properties to their original state at the end of the lease terms. An onerous lease provision is required when the Group vacates a leased property but is still liable for the rent payments.

Note 4f**Note to cash flow statement**

Cash and cash equivalents comprises cash 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. Merchant float is excluded from the cash flow statement.

The table below reconciles the profit/(loss) for the period before tax to cash generated by operations

	31 December 2015 £m	Pro forma information for year ended 31 December 2014 £m	One-month period ended 31 December 2014 £m
Operating activities			
Profit/(loss) before tax	19.1	(47.1)	11.7
Adjustments for			
Depreciation and impairment of property, plant and equipment	34.6	39.7	3.0
Amortisation and impairment of intangible assets	100.9	121.4	15.0
Foreign exchange gains	(10.1)	(7.3)	(2.2)
(Profit)/loss on sale of assets	(0.8)	2.8	—
Share of results of joint venture and associate	1.2	0.3	—
Finance costs	146.6	171.8	16.0
Net cash inflow from operating activities	291.5	281.6	43.5
Increase in trade and other receivables	(9.5)	(74.1)	(94.1)
Increase in trade and other payables	63.2	54.9	8.4
Increase/(decrease) in provisions	0.5	(11.3)	(1.2)
Net cash inflow/(outflow) from operating activities before tax	345.7	251.1	(43.4)

Notes to the consolidated financial statements

Section 5 – Financing and equity

This section details the Group's debt and the related financing costs. It also shows the Group's capital

Note 5a

Finance (costs)/income

	31 December 2015 £m	Pro forma information for year ended 31 December 2014 £m	One-month period ended 31 December 2014 £m
Underlying finance costs			
Effective interest on borrowings	(119.8)	(133.6)	(11.9)
Effective interest on finance leases	(1.1)	(2.7)	(0.2)
Loan notes – interest	(12.1)	(15.4)	(1.3)
Amortisation of banking facility fees	(11.9)	(7.0)	(1.5)
Fair value losses	(0.6)	(0.6)	–
Other finance (costs)/income	(5.7)	(3.9)	0.1
	(151.2)	(163.2)	(14.8)
Separately disclosed finance (costs)/income			
Finance income on Visa Europe asset	195.7	–	–
Finance costs on CVRs	(140.9)	–	–
Write-off of banking facility fees on refinancing	(44.7)	–	–
Foreign exchange losses	(5.5)	(8.6)	(1.2)
	4.6	(8.6)	(1.2)
Total finance (costs)/income	(146.6)	(171.8)	(16.0)

Note 5c includes details of the refinancing that took place during 2015 as part of the IPO process and the subsequent issue of senior unsecured notes in November 2015

Note 5b

Net debt

	Own cash and cash equivalents £m	Senior bank borrowings £m	Senior unsecured notes £m	Subordinated borrowings £m	Loan notes £m	Finance leases £m	Total £m
At 1 December 2014	321.6	(1,827.1)	–	(447.1)	(116.7)	(26.7)	(2,096.0)
Cash flows	(149.7)	7.2	–	–	–	(1.3)	(143.8)
Finance costs	–	(8.5)	–	(3.4)	(1.3)	(0.2)	(13.4)
Other non-cash flows	–	(1.5)	–	–	–	–	(1.5)
Exchange movements	(3.2)	3.8	–	–	–	–	0.6
At 31 December 2014	168.7	(1,826.1)	–	(450.5)	(118.0)	(28.2)	(2,254.1)
Cash flows	(5.6)	769.5	(356.6)	483.0	130.1	0.1	1,020.5
Finance costs	–	(85.3)	(2.0)	(32.5)	(12.1)	(1.1)	(133.0)
Impact of changes in effective interest rate	–	(0.6)	–	–	–	–	(0.6)
Other non-cash flows	–	(38.5)	4.9	–	–	–	(33.6)
Exchange movements	2.2	(14.8)	(11.9)	–	–	–	(24.5)
At 31 December 2015	165.3	(1,195.8)	(365.6)	–	–	(29.2)	(1,425.3)

Note 5c

Borrowings

The Group classifies its borrowings between senior bank borrowings and senior unsecured notes. Both are held at amortised cost using the effective interest method.

Interest accruals and other costs related to borrowings are shown as finance costs in the income statement. The effective interest calculation on senior and subordinated borrowings includes capitalised finance costs.

On 16 October 2015, as part of the IPO process, all existing borrowings were repaid and the Group arranged new borrowing facilities totalling £1.7bn. These new borrowings comprised of a £600m three-year term facility (Term Facility 1), a £900m five-year term facility (Term Facility 2) and a £200m revolving credit facility (RCF). The rates of interest are LIBOR based plus a margin dependent on leverage. The maximum margin for Term Facility 1 is 2.00% and for Term Facility 2 is 2.50%.

On 10 November 2015, the Group issued €500m 3.75% senior unsecured notes due 2022, the proceeds of which were used to reduce Term Facility 1. The issue extended the average term of the Group's debt, diversified its funding sources and fixed the interest rate on this portion of the debt.

	Senior bank borrowings £m	Senior unsecured notes £m	Subordinated borrowings £m	Loan notes £m	Total £m
Current	(76.6)	–	(40.5)	–	(117.1)
Non-current	(1,749.5)	–	(410.0)	(118.0)	(2,277.5)
At 31 December 2014	(1,826.1)	–	(450.5)	(118.0)	(2,394.6)
Current	(7.2)	(2.0)	–	–	(9.2)
Non-current	(1,188.6)	(363.6)	–	–	(1,552.2)
At 31 December 2015	(1,195.8)	(365.6)	–	–	(1,561.4)

The key terms on the Group's senior bank borrowings are as follows:

Facility	GBP £m	CCY	Repayment type	Coupon rate
Facility 1	247.1	GBP	Bullet	LIBOR + 1.75%
Facility 2	572.3	GBP	Bullet	LIBOR + 2.25%
Facility 2	338.0	USD	Bullet	LIBOR + 2.25%
RCF	38.4	GBP	Revolver	LIBOR + 2.25%
Senior unsecured notes	365.6	EUR	Bullet	3.75%
Total	1,561.4			

Undiscounted cash flow due in	£m
2016	9.2
2018	246.3
2020	942.3
2022	363.6
Total	1,561.4

Note 5d

Lease arrangements

Leases are classified as either operating or finance leases. Classification depends on the substance of the lease transaction rather than the legal form of the lease agreement. Where substantially all of the risks and rewards of ownership lie with the lessee, the lease is classified as a finance lease. All other arrangements identified as leases are considered to be an operating lease.

Finance leases

Where the Group is lessee of a finance lease, it recognises both the leased asset and a finance lease liability. The asset is amortised or depreciated over its useful life or the lease term, whichever is the shorter. The finance lease liability is unwound over the life of the lease at the rate implicit in the lease.

Finance lease liabilities are payable as follows

	2015			2014		
	Future minimum lease payments £m	Interest £m	Present value of minimum lease payments £m	Future minimum lease payments £m	Interest £m	Present value of minimum lease payments £m
Less than one year	16.1	(1.1)	15.0	13.9	(1.2)	12.7
One to five years	14.8	(0.6)	14.2	16.2	(0.7)	15.5
	30.9	(1.7)	29.2	30.1	(1.9)	28.2

The Group entered into leasing arrangements for certain tangible fixed assets in 2015. The majority of finance leases have a lease term of five years.

For the current financial period the average effective borrowing rate was 5.2% (2014: 5.3%).

Interest rates are fixed at the contract date and all finance lease obligations are denominated in Sterling. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' rights over the leased assets.

Operating lease arrangements

Operating lease income/expense is taken to the income statement on a straight-line basis. Any lease incentives are spread over the life of the lease.

At 31 December 2015, the Group had obligations to make non-cancellable operating lease payments as follows:

	2015			2014		
	Land and buildings £m	Office equipment £m	Vehicles £m	Land and buildings £m	Office equipment £m	Vehicles £m
Within one year	8.5	0.4	–	6.1	–	0.5
Between one and five years	47.7	0.4	–	37.0	–	0.7
After five years	70.6	–	–	80.3	–	–
Total	126.8	0.8	–	123.4	–	1.2

Note 5e

Financial Instruments

On initial recognition, financial assets and liabilities are classified into the relevant category and recognised at fair value. Their subsequent measurement, at either fair value or amortised cost, is dependent upon their initial classification.

Amortised cost is calculated using the effective interest rate method. Individual non-derivatives and their treatment are explained in their separate notes.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, there is a legally enforceable right to set off the recognised amounts. Financial assets are derecognised when the Group transfers the financial asset, or the contractual rights expire. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

The Group operates net investment hedges, using foreign currency borrowings. The effective portion of the foreign exchange gain or loss on retranslation of the hedging instrument is taken to the foreign currency translation reserve. Any ineffective portion is recognised immediately in the income statement. If the hedged investment is disposed of then any balance held in reserves is recycled to the income statement.

In the current year, a loss of £8.2m (2014: £4.5m) was taken to the foreign exchange reserve in relation to net investment hedging.

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross-currency swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in separately disclosed items in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship.

The Group's financial assets and liabilities are as follows

Financial assets

	31 December 2015 £m	31 December 2014 £m
Trade receivables	288.8	276.4
Other receivables	14.1	29.9
Own cash and cash equivalents	165.3	168.7
Financial assets – Visa Europe shares (see Note 5i)	195.7	–
Amount due from former parent companies	–	1.5
	663.9	476.5

Financial liabilities

	31 December 2015 £m	31 December 2014 £m
Trade payables	(133.8)	(126.8)
Other liabilities	(59.9)	(38.6)
Finance leases	(29.2)	(28.2)
Borrowings	(1,561.4)	(2,394.6)
Financial liabilities – CVR liabilities (see Note 5i)	(140.9)	–
Amount due to Employee Benefit Trust and former parent companies	–	(8.7)
	(1,925.2)	(2,596.9)

Market risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

Foreign currency risk management

The Group operates throughout the world, with major operations in the United Kingdom, Europe and the US.

Foreign currency risk is managed at a Group level, focusing on two distinct areas: Group assets and liabilities and customer transactions (relating to the Group's payment business).

Financial assets

	31 December 2015 £m	31 December 2014 £m
EUR	319.0	134.9
GBP	154.5	117.5
USD	148.1	168.4
Other	42.3	55.7
	663.9	476.5

Financial liabilities

	31 December 2015 £m	31 December 2014 £m
EUR	(508.7)	(219.9)
GBP	(989.5)	(1,531.4)
USD	(424.7)	(845.2)
Other	(2.3)	(0.4)
	(1,925.2)	(2,596.9)

Customer transactions

Scheme receipts generally match merchant payments in each currency. Where there is a difference in settlement currency, the time between receipt and settlement is generally limited to a small number of days and therefore the foreign exchange risk is substantially mitigated.

Foreign currency sensitivity analysis

The sensitivity analysis below details the impact of a 1% strengthening in the Group's significant currencies against Sterling, applied to the net monetary assets or liabilities of the Group.

31 December 2015 (£m)	EUR	USD	Other
Monetary assets	319.0	148.1	42.3
Monetary liabilities	(508.7)	(424.7)	(2.3)
Net monetary (liabilities)/assets	(189.7)	(276.6)	40.0

Currency impact

In £m	(1.9)	(2.8)	0.4
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31 December 2014 (£m)	EUR	USD	Other
Monetary assets	134.9	168.4	55.7
Monetary liabilities	(219.9)	(845.2)	(0.4)
Net monetary (liabilities)/assets	(85.0)	(676.8)	55.3

Currency impact

In £m	(0.9)	(6.8)	0.6
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The following significant exchange rates versus Sterling applied during the period and in the prior periods:

	Average		Reporting date	
	2015	2014	2015	2014
EUR	1.38	1.24	1.36	1.29
USD	1.53	1.65	1.47	1.56

Interest rate risk management

The Group is exposed to cash flow interest rate risk on borrowings and cash balances held at variable rates and mismatches on maturities between borrowings and cash, resulting in variable interest cash flows.

The Group's debt agreements include contractual interest rate floors. Cash held at variable rates offsets risk arising from changing interest rates on the Group's borrowings.

Interest rate sensitivity analysis

	EUR		GBP		USD		Other	
	31 December 2015 £m	31 December 2014 £m	31 December 2015 £m	31 December 2014 £m	31 December 2015 £m	31 December 2014 £m	31 December 2015 £m	31 December 2014 £m
Own cash and cash equivalents	103.8	117.1	10.7	(68.2)	22.1	66.4	28.7	53.4
Merchant float	181.6	143.2	390.1	514.9	117.3	111.0	7.4	0.8
Borrowings	(365.7)	(212.6)	(857.7)	(1,405.0)	(338.0)	(776.9)	–	(0.1)
Net variable rate (liabilities)/assets	(80.3)	47.7	(456.9)	(958.3)	(198.6)	(599.5)	36.1	54.1

A 1% increase in interest rates would result in

- An incremental increase of 0.76% (2014: 0.38%) on debt costs, as the senior unsecured notes have a fixed interest rate of 3.75%
- An increase of 1.00% in float income arising from cash balances receiving floating rate interest.

The net impacts of the above would be increased costs of £8.6m (2014: £3.7m increase in costs)

The Group's Sterling senior bank debt at 31 December 2015 does not have a floor rate (2014: 1.25%)

Credit risk management

Credit risk arises from the failure of a merchant or partner bank or alternative payments provider to meet its obligations in accordance with agreed terms. Further information is included in the Principal risks and uncertainties section of this report on page 61.

Liquidity risk management

The Group's liquidity risk management focuses on two distinct areas, own cash and settlement cash for customers (relating to the Group's payment business).

Own cash

The Group is committed to ensuring it has sufficient liquidity to meet its payables as they fall due.

This is achieved by holding significant cash balances and maintaining sufficient committed headroom. As at 31 December 2015, the Group had own cash balances of £165.3m (2014: £168.7m) and available headroom under its revolving credit facility of £160.0m. The revolving credit facility the Group used to have prior to the IPO had a limit of £75.0m, out of which £25.0m was available at the end of 2014.

Settlement cycle

The Group's payment business has a short-term settlement cycle where card schemes (predominantly Visa and MasterCard) remit cash and the Group pays merchants from these remittances within three days.

The majority of funds are received prior to remittance to the merchant, resulting in significant cash balances relating to the settlement cycle. The Group has an Intra-Day Agreement Facility of £1.4bn to ensure payments can be processed whilst awaiting card scheme remittances.

Note 5f

Share capital

	Nominal value £	Number of shares	Par value £m
Ordinary Shares at 1 December 2014 and 31 December 2014	1.00	50,000,000	50.0
Conversion of ordinary shares into CVRs ('Contingent Value Rights')	1.00	(1,847,500)	(1.8)
Sub-total ordinary shares after CVR conversion	1.00	48,152,500	48.2
Sub-division of remaining Ordinary Shares	0.03	1,605,083,333	48.2
New share issued	0.03	394,916,667	11.8
Total Ordinary Shares in issue at 31 December 2015	0.03	2,000,000,000	60.0

On 12 October 2015, the Company converted 1,847,500 Ordinary Shares into CVRs which is a separate class of shares in the Company in the form of Contingent Value Rights. These shares are a liability by nature and therefore are classified as liabilities on the balance sheet and are described in more detail in Note 5i. On the same day, the Company sub-divided the remaining Ordinary Shares by reducing the nominal value from £1.00 per share to £0.03 per share.

On 16 October 2015, the Company issued 394,916,667 Ordinary Shares with a premium of £2.37 per share. At 31 December 2015, all Ordinary Shares are fully paid up at par.

The holders of Ordinary Shares are entitled to dividends and one vote per share at meetings of the Company

Note 5g

Capital resources

The Group's capital consists of equity, comprising issued share capital, share premium, capital contribution and retained earnings. The regulated entities within the Group are required to maintain minimum regulatory capital. This ensures the Company has sufficient capital resources for the activities required to undertake payment services.

The capital employed in the Company, together with the reserves, ensure that a buffer to the minimum regulatory capital requirement is achieved.

Note 5h

Other equity

As part of the Group restructuring in preparation for the IPO, the Company effected a capital reduction which resulted in a transfer of £818.7m from share premium to retained earnings.

During the IPO process, £31.4m was received from the former parent companies to fund various share award schemes the Group granted. Details of the two awards can be found in Note 2c.

When the share award schemes were granted, the Group purchased its own shares in order to hedge the cash outflow upon the exercise of the schemes. As at year end, the Group held 9,866,475 of its own shares (£23.7m).

Note 5i

Visa Europe asset

The Visa Europe asset represents the Group's approximate 5.9% interest in Visa Europe. It is classified as a Fair Value through Profit and Loss ('FVTPL') financial asset with the gain or loss on its fair value recognised in finance income in the Group's income statement.

Contingent Value Rights ('CVRs')

CVRs are a separate class of shares in the Company. They are non-voting and are not convertible into Ordinary Shares. Given the nature of the CVRs, they are classified as financial liabilities recognised initially at fair value and subsequently at amortised cost, with the gain or loss recognised in finance costs in the Group's income statement. Further details of the CVRs are set out in Worldpay's Prospectus dated 13 October 2015.

Proposed disposal of Visa Europe shares

On 2 November 2015, we announced the proposed disposal of our interest in Visa Europe to Visa Inc. The disposal, which is expected to complete in Q2 2016, is a result of Visa Inc.'s agreement to purchase 100% of Visa Europe, subject to the satisfaction of certain conditions.

Under the terms of the disposal, Worldpay will receive a mixture of cash and non-cash consideration currently estimated to be worth in aggregate up to €1.2bn. This is made up of up-front consideration of approximately €544m cash and €375m of Series B Preferred stock in Visa Inc. In addition, if the earnout pays out in full, Worldpay could receive in the region of €283m in earnout conditional upon achieving certain criteria relating to the incremental net revenue of Visa Europe during the earnout period. The up-front consideration will be reduced by any final settlement of potential liabilities relating to ongoing interchange related litigation involving Visa Europe. Potential losses from interchange litigation liabilities will be set against the Preferred stock which can be reduced to absorb those losses. A Loss Sharing Agreement entered into by Worldpay, along with the ten other largest UK members of Visa Europe, provides a second level of protection to Visa Inc., capped at the value of the cash consideration received. The Group's share of such liabilities arising from the UK interchange related litigation is capped at the Group's up-front consideration.

The holders of the CVRs will be entitled to 90% of the post-tax net proceeds of the disposal in accordance with the terms of the CVRs (subject to the Company's right of retention mentioned above), with Worldpay retaining 10% of the net proceeds.

Following the disposal, Worldpay will continue to be a participant in the Visa payments system. It is anticipated that Worldpay will no longer have representation on the Board of Visa Europe following completion of the disposal as a result of Visa Europe ceasing to be a member-owned association.

Accounting treatment

Visa Europe asset

As at 30 June 2015 and on IPO completion, the Visa Europe asset was recognised in the Group's balance sheet as a FVTPL financial asset with a fair value of £nil. In accordance with IAS 39, financial assets should be re-measured at each reporting date. In performing the revaluation at 31 December 2015, the offer by Visa Inc. to purchase Visa Europe has been taken into account in the subsequent measure of fair value, despite the fact that there remains some uncertainty around both the likelihood of completion of the deal (which is still subject to anti-trust clearance), and the amount of pre-transaction operational liabilities which would reduce the up-front consideration received.

When measuring the fair value of those assets, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Visa Europe asset is classified as Level 3 due to the lack of identical transactions with regularly available market prices

In order to fair value the financial asset as at 31 December 2015, the Directors have considered a range of potential outcomes and calculated a weighted average, considering the likelihood of various factors, including the expected likelihood of the transaction completing, the likely value of the potential level of Visa Europe liabilities that the Group may be liable for and the timing of cash flows

CVR liabilities

The CVR liabilities were recognised at £nil fair value on initial recognition. At year end, they were re-measured at amortised cost based on a re-estimation of future cash flows, with any changes being recognised in the income statement

Discounting

The weighted average of the outcomes were discounted to reflect the time value of money. Under IAS 39, the financial asset should be discounted using the market participants' weighted average cost of capital ('WACC') whereas the financial liabilities should be discounted using the Group's WACC. In this instance, the difference between using the market participants' WACC and the Group's WACC is not material

Conclusion

Based on the above, the following has been recognised in the Group's 2015 financial statements

	Year ended 31 December 2015 £m
Balance sheet	
Financial assets – Visa Europe shares	195.7
Financial liabilities – CVR liabilities	(140.9)
Deferred tax liabilities	(39.2)
Net assets	15.6
Income statement	
Financial income – Visa Europe shares	195.7
Finance costs – CVR liabilities (not tax deductible see Note 2g)	(140.9)
Profit before tax	54.8
Taxation	(39.2)
Profit after tax	15.6

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects

	Financial assets – Visa Europe shares £m	Financial liabilities – CVR liabilities £m	Profit after tax £m
5% change in the likelihood of the transaction completion	12.3	8.8	0.9
5% swing in the estimation of the impact of the loss-sharing agreement	19.6	14.1	1.6

Section 6 – Group comparison – subsidiaries, acquisitions and disposals

This section shows the Group's subsidiaries, details about subsidiaries the Group has acquired during the period and prior periods and details about any subsidiaries that have been disposed of during the period and prior periods

Consolidation

The consolidated financial statements incorporate the financial statements of Worldpay Group plc and entities controlled by it (its subsidiaries)

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate

Total comprehensive income of subsidiaries is attributed to the owners of Worldpay Group plc and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance

The period end assets and liabilities of the entities are consolidated with those of Worldpay Group plc and presented in the consolidated balance sheet

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the IFRS policies used by the Group and for any fair value adjustments required on consolidation

All intra-Group balances, income and expenses and the effect of any intra-Group profits on the balance sheet are eliminated in full on consolidation

Note 6a

Investments in subsidiaries

An entity is classified as a subsidiary of the Group when the Group has control over that entity, either through majority shareholding or other means

Acquisitions

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, it includes cash, other assets transferred and any contingent consideration due to the former owners of the acquiree. Acquisition-related costs are recognised in the income statement as incurred. The identifiable assets acquired and the liabilities assumed are recognised at their fair value as at the acquisition date.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and any non-controlling interest over the fair value of the net identifiable assets acquired, liabilities assumed plus any existing interest in the business acquired. If the consideration transferred is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised immediately in profit or loss as a gain on a bargain purchase.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the following reporting period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Disposals

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Non-controlling interests

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The Group has the following subsidiaries

	Country of Incorporation	Nature of business	Registration numbers for UK companies	Ordinary shares held %
UK subsidiaries				
WorldPay (UK) Limited	England	Provision of terminal card payment clearing services	07316500	100
WorldPay Limited	England	Provision of online card payment clearing services	03424752	100
WorldPay Limited	Jersey	Holding company	69490	100
Ship Midco Limited*	England	Holding company servicing Group debt	07330127	100
Ship Holdco Limited*	England	Holding company	07329558	100
Worldpay Finance plc*	England	Holding company	07392739	100
WorldPay eCommerce Limited*	England	Holding company servicing Group debt	07357615	100
Cardsave Group Limited*	England	Provision of merchant terminals and related membership services	06281817	100
WorldPay AP Limited (formerly Envoy Services Limited)	England	Provision of alternative card payment clearing services	05593466	100
YESPay International Limited*	England	Provision of innovative all in one solutions for payment processing	04509853	100
Tayvin 346 Limited*	England	Support YESpay International Limited	05671088	100
Yes-Secure com Limited*	England	Support YESpay International Limited	06785381	100
Cardsave Acquisitions Limited*	England	Support Cardsave Group Limited	06281830	100
Cardsave Community Limited*	England	Support Cardsave Group Limited	06874423	100
Cardsave Holdings Limited*	England	Support Cardsave Group Limited	05207657	100
Cardsave Online Limited*	England	Support Cardsave Group Limited	06663768	100
Cardsave Merchant Services Limited*	England	Support Cardsave Group Limited	06874395	100
Cardsave (UK) Limited*	England	Support Cardsave Group Limited	03923838	100
Cardsave EBT Limited*	England	Support Cardsave Group Limited	05799005	100
Cardsave Finance Limited*	England	Support Cardsave Group Limited	03889530	100
Modacs Limited*	England	Support Cardsave Group Limited	02896295	100
Cardsave Terminals Limited*	England	Support Cardsave Group Limited	03103708	100
Worldpay Latin America Limited*	England	Provision of approval technology and other card payment services to merchants	09086632	100
Payment Trust Limited*	England	Online payments clearing	03447368	100
Overseas subsidiaries				
Ship Luxco 2 S à r l	Luxembourg	Holding company		100
Ship Luxco 3 S à r l	Luxembourg	Holding company		100
WorldPay US, Inc	USA	Provision of terminal card payment clearing services and ATM services		100
WorldPay US Finance LLC	USA	Holding company servicing Group debt		100
WorldPay B V	Netherlands	Provision of terminal and online card payment clearing services		100
Worldpay US Holdco Inc	USA	Holding company		100
Worldpay Inc	USA	Holding company		100
Ship US Holdco, Inc	USA	Holding company		100

	Country of Incorporation	Nature of business	Ordinary shares held %
YESpay International Limited	Canada	Support YESpay International Limited	100
YESpay IT Services (India) Private Limited	India	Support YESpay International Limited	100
EBOT IT Services Private Limited	India	Support YESpay International Limited	100
Enviado Transacciones Sociedad Limitada	Spain	Support Worldpay AP Limited	100
Envoy Services Bulgaria Limited	Bulgaria	Support Worldpay AP Limited	100
Envoy Services South Africa (Pty) Limited	South Africa	Support Worldpay AP Limited	100
Envoy Services Denmark APS	Denmark	Support Worldpay AP Limited	100
Envoy Services Pty Limited	Australia	Support Worldpay AP Limited	100
Worldpay Sweden AB	Sweden	Support Worldpay AP Limited	100
Canadian Envoy Technology Services Limited	Canada	Support Worldpay AP Limited	100
Envoy Services OU	Estonia	Support Worldpay AP Limited	100
Worldpay Canada Corporation	Canada	Research and development	100
Worldpay Pte	Singapore	Distribution of Worldpay TM e-commerce solutions	100
Worldpay K K	Japan	Provision of card payment clearing services	100
Bibit Payment K K	Japan	Provision of approval technology and other card payment services to merchants	100
Bibit Secure Internet Payments Inc	USA	Provision of approval technology and other card payment services to merchants	100
Worldpay S A R L	France	Provision of approval technology and other card payment services to merchants	100
Bibit Spain S L U	Spain	Provision of approval technology and other card payment services to merchants	100
Worldpay do Brasil Processamento de Pagamentos Ltda	Brazil	Provision of alternative card payment clearing services	100
Worldpay SN, Inc	USA	Provision of alternative card payment clearing services	100
Worldpay Pty Ltd	Australia	Provision of terminal card payment clearing services	100
Worldpay Holdings Brasil Participacoes Ltda	Brazil	Holding company	100
Worldpay Marketing Consulting (Shanghai) Co Limited	China	Sales organisation	100
SMG09 Securenet AIV Blocker Inc	USA	Holding company	100

* As permitted by s479A of the Companies Act 2006, the Group has taken the advantage of the audit exemption in relation to the individual accounts of these companies

All significant subsidiary undertakings have 31 December as their financial year ends. Worldpay Group plc had 30 November as its financial year end until it was changed to 31 December on 3 July 2015. All the above companies have been included in the Group consolidation.

The Group also has a joint venture and an associate as disclosed in Note 6b.

Note 6b

Joint ventures and associates

Joint ventures and associates are accounted for using the equity method whereby the interest in the joint ventures and associates is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets less any impairment in the value of individual investments. The profit or loss of the Group includes the Group's share of the profit or loss of the joint ventures and associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition is recognised as goodwill.

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment.

The table below sets out the aggregated amounts relating to joint venture and associate

	£m
At 1 December 2014 and 31 December 2014	3.2
Additions	3.2
Share of loss	(1.2)
At 31 December 2015	5.2

Summary aggregated financial results and position of joint venture and associate

	2015 £m	2014 £m
Total assets	7.6	1.4
Total liabilities	(0.3)	—
Net assets	7.3	1.4
Group share of net asset	2.3	0.7
Joint venture and associate revenue	0.2	—
Loss for the year	(2.8)	(0.6)
Group share of joint venture and associate loss for the year	(1.2)	(0.3)

Details of the joint venture and associate are as follows

	Place of Incorporation	Proportion of ownership interest %	Proportion of voting power held %
Pazien Inc	USA	51.0	50.0
SPay, Inc	USA	25.0	40.0

On 8 May 2014, the Group purchased 65,402 Series A Preferred Shares issued by Pazien Inc for US\$3m. Pazien Inc is an innovative start-up creating products using transaction data to enable more intelligent routing, automated optimisation and reconciliation for Global eCom merchants.

At the time, the Group's stake represented 34% shareholding.

At the same time, the Group entered into an agreement and is obliged to purchase a further 65,402 Series A Preferred Shares in Pazien Inc in 2015 for the same amount of consideration subject to the completion of a specified milestone event.

On 4 June 2015, the Group purchased the further 65,402 shares. Although the Group now holds 51% of shares in Pazien Inc, it does not represent control over the entity as the Board is shared equally between the Group and the founders of the business.

On 15 May 2015, the Group purchased 499 Class A Shares of SPay, Inc representing 49.9% shareholding at the time.

On 18 December 2015, SPay, Inc issued further shares to another investor which reduced the Group's shareholding to 25.0%.

Section 7 – Other notes

This section includes disclosure on contingent liabilities and related parties.

Note 7a

Contingent liabilities

Contingent liabilities are disclosed when the associated outflow of economic benefits is considered possible. Their nature and other pertinent details are disclosed, along with their expected value.

Certain subsidiaries within the Group have guaranteed the obligations and liabilities of each other under the facilities agreement dated 4 September 2015 between, among others, Worldpay Group plc as parent and The Royal Bank of Scotland PLC as agent. The subsidiaries which have granted such guarantees are Worldpay Group plc, Ship Holdco Limited, Ship Midco Limited, Worldpay Finance plc, Worldpay (UK) Limited, Worldpay eCommerce Limited, Worldpay Limited, Ship US Holdco, Inc., Worldpay US, Inc., Worldpay Limited (Jersey) and Worldpay B.V. These subsidiaries have not granted any security interests over their assets to secure the obligations and liabilities of members of the Group under the facilities agreement.

On 10 November 2015, Worldpay Finance plc issued €500m senior unsecured notes, which are guaranteed by certain subsidiaries within the Group. The subsidiaries which have granted such guarantees are Worldpay Group plc, Ship Holdco Limited, Ship Midco Limited, Worldpay (UK) Limited, Worldpay eCommerce Limited, Worldpay Limited, Worldpay US, Inc., Ship US Holdco, Inc., Worldpay Limited (Jersey) and Worldpay B.V.

Contingent liabilities also exist in respect of three letters of credit issued by RBS on behalf of subsidiaries of the Company. Two letters of credit were issued jointly for Worldpay K.K. and Worldpay PTY Limited. The maximum amounts that these two companies would be required to pay are \$3.0m to Visa Worldwide and \$6.2m to MasterCard respectively. The other letter was issued for Worldpay (UK) Limited. The maximum amount that Worldpay (UK) Limited would be required to pay is \$39.0m to MasterCard.

Note 7b

Related parties

During the current year and prior to 16 October 2015, Ship Global 2 & Cy S.C.A., a company incorporated in Luxembourg, owned 100% of the Company's Ordinary Shares. The ultimate controlling parties are Advent International and Bain Capital.

On 16 October 2015, the Company's Ordinary Shares were admitted by the London Stock Exchange. Advent International and Bain Capital jointly retained 41.97% of the Company's Ordinary Shares and sold 58.03% to the free market.

Related party transactions and their impact on the consolidated statement of comprehensive income are set out in the table below.

	31 December 2015 £m	Pro forma information for year ended 31 December 2014 £m	One month ended 31 December 2014 £m
Interest payable to related parties			
Ship Global 2 & Cy S.C.A.	32.5	55.1	3.4
	32.5	55.1	3.4
Purchases from related parties			
Advent International	6.9	1.8	0.1
Bain Capital	9.9	1.8	0.2
	16.8	3.6	0.3

Balances with Group companies as at 31 December 2015 and 31 December 2014 are set out in the table below

	31 December 2015 £m	31 December 2014 £m
Amounts due from related parties		
Ship Luxco Holding & Cy S C A	-	0.3
Ship Investor & Cy S C A	-	0.5
Ship Luxco 1 S à r l	-	0.2
Ship Global 2 & Cy S C A	-	0.5
	-	1.5
Amounts due to related parties		
Advent International	0.7	1.1
Bain Capital	-	0.1
Ship Global 2 & Cy S C A	-	567.9
Employee Benefit Trust – Appleby Trust	-	8.7
	0.7	577.8

Key management

The Group's policy is for its subsidiary undertakings to bear the costs of their full-time staff. The Group also recharges subsidiaries for management fees which include an allocation of certain staff and administrative support costs.

Key management comprises the Directors of Worldpay Group plc. The emoluments of the Directors are met by the Group.

Note 7c

Subsequent events

There were no events between the balance sheet date and the date of release of these consolidated financial statements that required disclosure.

Company balance sheet

As at 31 December 2015

	Notes	2015 £m	2014 £m
Fixed assets			
Investment in subsidiary undertakings	c4	1,704.3	1,218.0
Deferred tax assets	c5	1.0	–
		1,705.3	1,218.0
Current assets			
Debtors			
– due within one year	c6	158.7	28.2
– due after one year	c6	–	150.4
Current tax assets		6.8	4.5
		165.5	183.1
Total assets		1,870.8	1,401.1
Creditors, amounts falling due within one year			
Trade and other creditors	c7	(22.4)	(57.8)
		(22.4)	(57.8)
Net current assets		143.1	125.3
Total assets less current liabilities		1,848.4	1,343.3
Non current liabilities			
Bank loans, debentures and overdrafts	c8	–	(511.7)
Other liabilities	c8	(140.9)	–
		(140.9)	(511.7)
Net assets		1,707.5	831.6
Capital and reserves			
Called-up share capital	c9	60.0	50.0
Share premium		883.8	818.7
Own shares		(23.7)	–
Capital contribution		31.4	–
Retained earnings/(deficit)		756.0	(37.1)
Total shareholders' funds		1,707.5	831.6

The accompanying notes on pages 164 to 166 form an integral part of these financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 8 March 2016. They were signed on its behalf by

A handwritten signature in black ink, appearing to be 'RM Medlock', written in a cursive style.

Rick Medlock
Chief Financial Officer

Company statement of changes in equity

For the year ended 31 December 2015

	Called-up share capital £m	Share premium £m	Own shares £m	Capital contribution reserve £m	Retained earnings/ (deficit) £m	Total £m
At 30 November 2014	50.0	818.7	–	–	(34.1)	834.6
Loss for the period	–	–	–	–	(3.0)	(3.0)
At 31 December 2014	50.0	818.7	–	–	(37.1)	831.6
Loss for the period	–	–	–	–	(24.1)	(24.1)
Capital reduction	–	(818.7)	–	–	818.7	–
Ordinary Shares conversion	(1.8)	–	–	–	–	(1.8)
Ordinary Shares issuance	11.8	936.0	–	–	–	947.8
IPO fees capitalised	–	(52.2)	–	–	–	(52.2)
Capital contributions received from shareholders	–	–	–	31.4	–	31.4
Dividend paid	–	–	–	–	(1.5)	(1.5)
Investment in own shares	–	–	(23.7)	–	–	(23.7)
Total comprehensive income for the period	10.0	65.1	(23.7)	31.4	793.1	875.9
At 31 December 2015	60.0	883.8	(23.7)	31.4	756.0	1,707.5

The accompanying notes on pages 164 to 166 form an integral part of these financial statements

Notes to Company financial statements

c1 Basis of preparation

Worldpay Group plc is a company incorporated in the United Kingdom under the Companies Act.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the Company has undergone transition from reporting under UK Generally Accepted Accounting Policies ('GAAP') to FRS 101 as issued by the Financial Reporting Council. No material differences between reporting under UK GAAP and FRS 101 were identified. As such no transitional balance sheet has been presented.

The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006. The loss after tax for the Company was £24.1m (one month ended 31 December 2014: £3.0m).

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement, standards not yet effective and related party transactions. Where relevant, equivalent disclosures have been given in the consolidated financial statements of Worldpay Group plc, which the Company is consolidated in. We expect to continue to take advantage of this disclosure exemption for the foreseeable future.

The financial statements have been prepared on the historical cost basis, except for financial instruments and the Company's Contingent Value Right shares, which are measured at fair value.

Going concern

The Company acts as the ultimate holding company of the Worldpay Group. It made a loss of £24.1m (2014: £3.0m). The Company was in a net asset position of £1,707.5m (2014: £831.6m) and net current asset position of £143.1m (2014: £125.3m).

The forecast for the 12 month period from the date of approval of these financial statements demonstrates the Company's ability to continue to operate with its current resources for the foreseeable future.

As a result, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further information is provided in Note 1a to the Group financial statements.

Significant accounting policies

Investment in subsidiaries

Investment in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Dividends

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Dividends payable to the Company's shareholders are recognised as a liability and deducted from shareholders' equity in the period in which the shareholders' right to receive payment is established.

Contingent Value Rights ('CVRs')

See Note 1b and Note 5i to the Group's financial statements for details on the accounting policy in respect of the CVR liabilities.

Share premium

Share premium is recorded at the proceeds received in excess of the shares' nominal value, net of direct issue costs.

Financial liabilities

On initial recognition financial liabilities are recognised at fair value and subsequently measured using the effective interest method.

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.

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 period 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 period. 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 period, to recover or settle the carrying amount of its assets and liabilities.

c2 Critical accounting estimates and judgements

For the preparation of the Company's financial statements, the Directors are required to make judgements, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

The most significant areas of estimation uncertainty, and areas where critical judgements are made in applying accounting policies that have a material effect on the financial statements, are listed below

Income and deferred taxes

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges calculated by reference to the legal requirements

As part of this process, the Company applies its judgement in order to determine the tax charge applying to those matters for which the final tax treatment is considered by the Company to be uncertain

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences are recognised in the period in which such determination is made

Recoverability of receivables

A receivable is impaired when there is objective evidence that, due to events since the receivable was created, the Company cannot recover the original expected cash flows from the receivable

The impairment loss is the difference between the carrying value of the receivable and the present value of estimated future cash flows

The Directors review all of the above critical accounting estimates and judgements on a regular basis and are satisfied that no reasonably possible change in the key assumptions would give rise to a material change in the amount reported

c3 Staff cost and Directors' emoluments

The Company has no employees during the current period (2014: nil)

The remuneration that the Directors received in the year in relation to their services to the Group as a whole are disclosed in the Remuneration report

c4 Investment in subsidiary undertakings

Investments in subsidiary undertakings are carried at cost less impairment. Movements during the year were as follows

	2015 £m	2014 £m
At start of the period	1,218 0	1,218 0
Additions	486 3	—
At 31 December 2015	1,704 3	1,218 0

A list of subsidiary undertakings of the Company are shown in Note 6a to the Group's financial statements

Additions in the year arose from the restructuring that took place as part of the IPO process

c5 Deferred tax assets

	2015 £m	2014 £m
At start of the period	—	—
Credit to income statement	1 0	—
At 31 December 2015	1 0	—

Deferred tax assets were recognised as a result of carried forward losses the Company has

c6 Debtors

	2015 £m	2014 £m
Amount due from Group undertakings		
– falling due within one year	157.0	28.2
– falling due after more than one year	–	150.4
Other debtors	1.7	–
At 31 December 2015	158.7	178.6

As explained in Note 5i to the Group's financial statements, the Group holds an approximate 5.9% interest in Visa Europe, with a related CVR liability equivalent to 90% of the post-tax value. The Visa Europe assets are held in subsidiary undertakings whereas the external CVR liabilities are held in the Company. As such, an intercompany CVR has been put in place to compensate the Company for any amount payable under the external CVR and is included in the amount due from Group undertakings falling due within one year in the table above. This is shown as a financial asset of £140.9m. The corresponding external CVR liability for the Company is shown in Note c8 on the following page.

The amount due from Group undertakings in 2014 related to loans lent to subsidiaries which were repaid during IPO.

c7 Creditors – amounts falling due within one year

	2015 £m	2014 £m
Accruals and deferred income	20.5	–
Other payables	1.8	–
Amounts due to Group undertakings	0.1	57.8
At 31 December	22.4	57.8

The Directors consider that the carrying values for creditors approximate to their fair value.

c8 Creditors – amounts falling due after more than one year

	2015 £m	2014 £m
Amounts due to Group undertakings	–	511.7
Financial liabilities – CVR liabilities (see Note c6)	140.9	–
At 31 December	140.9	511.7

The balance in 2014 represented loans from the parent Company, Ship Global 2 & Cy S C A, which was repaid at the IPO.

c9. Share capital

	Nominal value £	Number of shares	Par value £m
Ordinary Shares at 1 December 2014 and 31 December 2014	1.00	50,000,000	50.0
Conversion of Ordinary Shares into Contingent Value Rights ('CVRs')	1.00	(1,847,500)	(1.8)
Sub-total Ordinary Shares after CVR conversion	1.00	48,152,500	48.2
Sub-division of remaining Ordinary Shares	0.03	1,605,083,333	48.2
New share issued	0.03	394,916,667	11.8
Total Ordinary Shares in Issue at 31 December 2015	0.03	2,000,000,000	60.0

Shareholder information

Annual General Meeting ('AGM')

The AGM will be held at 10th Floor, Allen & Overy, 1 Bishops Square, London E1 6AD on Tuesday 10 May 2016 at 2 00pm. The last date for AGM proxy votes to be received by the Registrar is Friday 6 May 2016 at 2 00pm. All shareholders can submit their proxy vote for the AGM electronically at www.sharevote.co.uk. To register their vote, shareholders will need the numbers detailed on their form of proxy. Alternatively, shareholders who have already registered with Shareview can submit their proxy vote by logging on to their portfolio at www.shareview.co.uk and clicking on the link to vote underneath their Worldpay Group plc holding.

Share register and shareholder enquiries

The Company's share register is maintained by Equiniti.

Queries relating to Worldpay Group plc shares should be addressed to

The Registrar
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Tel 0371 384 2030*
(International telephone number +44 (0)121 415 7047)

* Lines are open 8 30am to 5 30pm (London time) Monday to Friday (excluding UK public holidays)

Shareholders should quote the Company reference number 4726 and their shareholder reference number (which can be found on their share certificates), when contacting the Registrar.

Electronic communications

On 13 January 2016, the Company issued a letter to shareholders, allowing the Company's corporate website to be used as the primary means of communication with its shareholders. A response form was sent to shareholders enabling them to choose either to

- receive notification by email when shareholder documentation is available on the website, or
- continue to receive shareholder documentation in hard copy

Shareholders who did not respond were deemed, in accordance with the Companies Act 2006, to have agreed to receive shareholder documentation via the Company's corporate website. These arrangements for electronic shareholder communications provide shareholders with the opportunity to access information in a timely manner and help the Company to reduce both its costs and its environmental impact.

Shareview

To be able to access information about their shares and other investments online, shareholders can register with Shareview (www.shareview.co.uk/info/register). Registration is free; shareholders will need their shareholder reference number which is shown on their form of proxy and share certificate. By registering for this service, shareholders will

- help reduce paper, print and postage costs,
- help the environment,
- be able to submit their queries by email, and
- be able to manage their shareholding easily and securely online

Once registered, whenever shareholder documents are available, shareholders will be sent a link to the appropriate website, where the documents will be available to view or download. Receiving documents online does not affect shareholders' rights in any way.

Multiple accounts on the share register

If a shareholder receives two or more sets of the documents concerning the AGM, this means that there is more than one account in their name on the shareholder register, perhaps because either the name or the address appears on each account in a slightly different way. For security reasons, Equiniti will not amalgamate the accounts without the shareholder's written consent. Therefore, if a shareholder would like their multiple accounts to be combined, they should write to Equiniti at the address above, detailing the different shareholder reference numbers, and request that they be combined into one account.

Dividend policy

The Board intends to adopt a dividend policy based on a payout ratio of 20-30% of reported profit after tax per annum, commencing in the current financial year and we expect to announce our first interim dividend with our 2016 half year results, payable later in the year. As referenced in the Prospectus issued prior to the IPO, no dividend will be paid in respect of 2015.

Direct dividend payments

Shareholders may wish to consider having any future dividends paid directly into their personal bank or building society account. This has a number of advantages, including the crediting of cleared funds on the dividend payment date. If you would like any future dividends to be paid in this way, you should contact the Registrar or complete a mandate form available from www.shareview.co.uk and return it to the Registrar.

Information in relation to the IPO

Worldpay Group shares were admitted to trading on the London Stock Exchange on 16 October 2015 through a placing of 1,035,000,000 Ordinary Shares at 240p per share. With a total of two billion shares in issue, Worldpay Group finished its first day of trading with a market capitalisation of £5.3bn as calculated by a closing share price of 265p.

Warning to shareholders about share fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an up-front payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

5,000 people contact the Financial Conduct Authority ('FCA') about share fraud each year, with victims losing an average of £20,000.

How to avoid share fraud

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

1. Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
2. Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
3. Check the Financial Services Register from www.fca.org.uk to see if the person and firm contacting you is authorised by the FCA.
4. Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
5. Use the firm's contact details listed on the Register if you want to call it back.
6. Call the FCA on 0800 111 6768 if the firm does not have contact details on the Register or you are told they are out of date.
7. Search the list of unauthorised firms to avoid at www.fca.org.uk/scams.
8. Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
9. Think about getting independent financial and professional advice before you hand over any money.
10. Remember: if it sounds too good to be true, it probably is!

Report a scam

If you are approached about a share scam you should tell the FCA using the share fraud reporting form at www.fca.gov.uk/scams, where you can find out about the latest investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768 (UK) or +44 (0)20 7066 1000 (overseas). If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040 or by visiting www.actionfraud.police.uk.

Shareview dealing

A telephone and internet dealing service has been arranged through the Registrar to provide a simple way of buying and selling Worldpay Group plc shares for existing and prospective UK-based shareholders. For telephone dealing call 03456 037 037 (international telephone number +44 (0)121 415 7560) between 8.30am and 5.30pm (London time), Monday to Friday (excluding UK public holidays), or visit the website www.shareview.co.uk/dealing. Shareholders will need the shareholder reference number shown on their share certificate(s).

Analysis of shareholders as at 31 December 2015

Distribution of shares by the type of shareholder	Number of holdings	Number of shares
Nominees and institutional investors	508	1,997,496,682
Individuals	436	2,503,318
Total	944	2,000,000,000

Size of shareholding	Number of holdings	Number of shares
1-100	3	155
101-500	257	71,307
501-1,000	106	84,432
1,001-10,000	186	542,672
10,001-100,000	115	5,234,716
100,001-500,000	103	28,503,173
500,001-1,000,000	38	26,741,153
1,000,001 and above	136	1,938,822,392
Total	944	2,000,000,000

Registered office

The Walbrook Building, 25 Walbrook, London EC4N 8AF

Registered number 08762327

Shareholder contacts

Shareholder helpline 0371 384 2030*

(International telephone number +44 (0)121 415 7047)

Website www.worldpay.com

Registrar's website www.shareview.co.uk

- * Lines are open 8.30am to 5.30pm (London time), Monday to Friday (excluding UK public holidays)

Financial calendar

The dates for the release of the Group's interim results for the six months ended 30 June 2016 and the payment of the Group's first dividend will be posted in due course on the Company's website <http://investors.worldpay.com/>

Website

The Company's corporate website, www.worldpay.com, provides information including

- news, updates, press releases and regulatory announcements,
- investor information, including the Annual Report, financial results, financial calendar and share price information,
- details of shareholder meetings and poll results,
- biographies of the Board of Directors and Executive Committee, and
- the Company's Articles of Association, the terms of reference for the Committees of the Board and the Board Appointments Policy