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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.

Independent auditor's report to the members of Worldpay Group plc
continued

- 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 refer 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.

Independent auditor's report to the members of Worldpay Group plc
continued

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)

		Year ended 31 December 2015			One-month period ended 31 December 2014		
	Notes	**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.

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Consolidated income statement

For the year ended 31 December 2015 (with prior year pro forma 12-month comparatives)

		Year ended 31 December 2015			Pro forma information for year ended 31 December 2014		
	Notes	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.

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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:

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.

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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.

Note 1a (continued)
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.

Notes to the consolidated financial statements
Section 1 – Basis of preparation
continued

Note 1b (continued)

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.

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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.

Notes to the consolidated financial statements
Section 2 – Results for the period
continued

Note 2a
Segmental information (continued)

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	Global eCom £m	WPUK £m	WPUS £m	Corporate £m	Total £m
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)

Note 2a
Segmental information (continued)

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.

Notes to the consolidated financial statements
Section 2 – Results for the period
continued

Note 2b
Separately disclosed items (continued)

	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.

Note 2b
Separately disclosed items (continued)

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 5i.

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.

Notes to the consolidated financial statements
Section 2 – Results for the period
continued

Note 2c
Personnel expenses (continued)
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

Note 2d
General, selling and administrative expenses (continued)

	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.

Notes to the consolidated financial statements
Section 2 – Results for the period
continued

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)

Notes to the consolidated financial statements
Section 2 – Results for the period
continued

Note 2i
Deferred tax (continued)
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 2j
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.

Notes to the consolidated financial statements
Section 3 – Non-current assets
continued

Note 3a
Goodwill (continued)
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
Intangibles 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.

Note 3b
Other intangible assets (continued)

	Business combination intangibles			
	Customer relationships £m	Brands £m	Computer software £m	Total £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.

Notes to the consolidated financial statements
Section 3 – Non-current assets
continued

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.

Note 3c
Property, plant and equipment (continued)

	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.

Notes to the consolidated financial statements
Section 3 – Non-current assets
continued

Note 3c
Property, plant and equipment (continued)
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:

Terminal rentals	31 December 2015 £m	31 December 2014 £m
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.

Notes to the consolidated financial statements

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.

Notes to the consolidated financial statements
Section 4 – Trading assets and liabilities
continued

Note 4c
Trade and other receivables (continued)

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.

Notes to the consolidated financial statements
Section 4 – Trading assets and liabilities
continued

Note 4e
Provisions (continued)
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)**

Notes to the consolidated financial statements
Section 5 – Financing and equity
continued

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

Notes to the consolidated financial statements
Section 5 – Financing and equity
continued

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)

Note 5e
Financial instruments (continued)
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.

Notes to the consolidated financial statements
Section 5 – Financing and equity
continued

Note 5e
Financial instruments (continued)
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**

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

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%).

Note 5e
Financial instruments (continued)
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.

Notes to the consolidated financial statements
Section 5 – Financing and equity
continued

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).

Note 5i
Visa Europe asset (continued)

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

Notes to the consolidated financial statements

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.

Note 6a
Investments in subsidiaries (continued)
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

Notes to the consolidated financial statements
Section 6 – Group comparison – subsidiaries, acquisitions and disposals
continued

Note 6a
Investments in subsidiaries (continued)

	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%.

Notes to the consolidated financial statements

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

Note 7b
Related parties (continued)

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:

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 deductable 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.

Notes to Company financial statements
continued

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**