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

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 2016 set out on pages 106 to 152. 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 2016 and of the Group's profit 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.

Overview

Materiality: Group financial statements as a whole	£14m (2015: £20m) 5% normalised profit before tax (2015: 0.5% of revenue)
Coverage	80% (2015: 83%) of Group profit before tax

Risks of material misstatement		vs 2015
Recurring risks	Transaction-based revenue and settlement balances	↔
	Trade receivables impairment and related provisions	↔
Event-driven risks	Visa Europe and CVR-related liabilities	↓

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, in decreasing order of audit significance, were as follows:

	The risk	Our response
Transaction-based revenue and settlement balances Transaction service charges revenue (£4,037.7m; 2015: £3,508.1m) Settlement balances: Merchant float (£1,012.1m; 2015: £696.4m) Scheme debtor (£1,821.8m; 2015: £534.5m) Merchant creditor (£2,833.9m; 2015: £1,230.9m) Refer to page 74 (Corporate governance report), page 114 and Notes 2a and 4a (accounting policies and financial disclosures).	**Data capture:** Transaction service charges revenue is recognised based on the value and nature of transactions processed and the rates agreed with merchants. The value of transactions is extracted from operational IT systems through which payments are processed. These operational IT systems are highly complex and processed in excess of 14 billion transactions during the year with total gross transaction value in excess of £450bn. **Processing error (IT systems):** There is a risk that these systems may not be configured correctly from the outset such that revenues and settlement amounts are calculated incorrectly, that data does not correctly flow through the operational IT systems, and that unauthorised changes may be made to any of these systems, which may result in the misstatement of revenue and settlement balances. **Processing error (finance processes):** The output from the operational IT systems is used to calculate and record revenue and determine settlement balances. The correct classification of settlement balances within the balance sheet is dependent upon correctly capturing the status of all in-progress transactions at year end. This requires core finance processes accurately reporting on and reconciling the transactions as reported by the IT systems.	Our procedures included: → Control design: Testing general IT controls relating 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. → Control design: Testing the design, implementation and operating effectiveness of IT application controls, including 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. → Control re-performance: Testing the operating effectiveness of the manual controls over the reconciliation of settlement accounts to scheme reports and internally generated reports. → Test of details: On a sample basis vouch items recorded back to source data including: – Examination of cash receipts from merchants, third-party confirmations, or inspection of transaction detail. – Comparing to source data key system inputs from which the revenue amounts are derived. – Agreeing scheme debtor, merchant creditor and merchant float amounts to third-party confirmations, third party reports, or subsequent cash receipts or payments. – Assessing the year end cut-off of these amounts, 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. → Assessing transparency: Assessing whether the Group's disclosures in respect of revenue recognition and settlement balances provide sufficient detail for users to understand the nature of transactions.

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

2. Our assessment of risks of material misstatement (continued)

	The risk	Our response
Visa Europe and CVR-related liabilities Loss Sharing Agreement provision (£268.5m) Visa Inc. preference shares (£192.1m) (value of the preference shares is affected by the Litigation Management Deed liability in that its level adjusts the conversion ratio of the preference shares). Financial liabilities – CVR Liabilities (£302.5m; 2015: £140.9m) Refer to page 73 (Corporate governance report) and Note 5i (accounting policy and financial disclosures).	**Subjective valuation:** On 21 June 2016 the Group sold its 5.9% investment in Visa Europe to Visa Inc. and entered into a Loss Sharing Agreement and the Litigation Management Deed to indemnify Visa Inc. for the Group's share of potential liabilities relating to ongoing interchange litigation involving Visa Europe (together 'Visa Europe liabilities'). For more details see Note 5i of the financial statements. Determining the fair value of the Visa Europe liabilities, and therefore the fair value of the Visa Inc. preference shares, and subsequently the carrying value of the related CVR liabilities, requires the Directors 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 these amounts.	Our procedures included: → Benchmarking assumptions: Comparing the key input assumptions within the Directors' valuation model to externally and internally derived data as well as our own assessments, including: – Considering the correlation between the information obtained and the judgements made by the Directors. – Considering the existence of contradictory or disconfirming evidence → Our legal expertise: Utilising our own legal specialists to collect and assess information on claims available in the public domain. → Methodology choice: Consulted with valuation specialists regarding the valuation methodology utilised. → Sensitivity analysis: Assessing the impact of change in assumption on the valuation of Visa Europe and CVR-related liabilities. → Assessing transparency: Assessing the adequacy of the Group's disclosure about significant judgements in relation to the Visa Europe liabilities and CVRs.

	The risk	Our response
Trade receivables impairment and related provisions Trade receivables impairment provisions (£34.9m; 2015: £38.0m) Merchant Potential Liabilities ('MPL') (£3.0m; 2015: £0.1m) Refer to page 74 (Corporate governance report), page 113 (accounting policies) and Notes 4b and 4d (financial disclosures).	**Data capture:** Worldpay support around 400,000 merchants, most of whom are small and medium sized, which makes the assessment of impairment of trade receivables inherently difficult to track. Reporting capabilities for certain IT systems are limited and manual interventions are required to ensure complete and relevant data is captured to allow appropriate monitoring and management of collections across the entire management portfolio. There is a risk over the accuracy of information used to reliably assess potential exposure and the resulting provision requirement. **Subjective estimate:** 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). Where the Group anticipate that, due to merchant difficulties (e.g. liquidation or bankruptcy), it will not be possible to recover chargeback amounts from the merchant, a provision should be recorded. 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 procedures included: → Control design: Assessing the design and operating effectiveness of key manual controls within the Group's merchant onboarding and ongoing monitoring processes. → Test of details (impairment provisions): Assessing the trade receivables impairment provision by considering the cash collected from merchants subsequent to the year end and assessing the Directors' judgements on recoverability of amounts that remain unpaid, taking into account specific customer circumstances known to the Directors, and publicly available data on liquidations and insolvencies post year end. → Test of details (MPL provisions): Validating the completeness of the output of the Group's monitoring activities against publicly available industry outlook reports and publicly available data on liquidations and insolvencies within the year and subsequent to year end. → Test of details (MPL liabilities): Assessing the impairment and provision recorded by reference to 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. 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. → Assessing transparency: Assessing the adequacy of the Group's disclosure about significant judgements in relation to trade receivables impairment provisions including 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

Materiality for the Group financial statements as a whole was set at £14.0m (2015: £20.0m), determined with reference to a benchmark of normalised profit before tax of £277.1m (profit before tax adjusted for all SDIs except for amortisation as disclosed in Note 2b), of which it represents 5%. (2015: benchmark of total revenues of £3,963.0m, of which it represented 0.5%). The Group team performed procedures on the items excluded from normalised profit before tax.

We now consider normalised profit before tax to be the most appropriate benchmark as the Group is now well progressed in its transition away from private equity ownership and related financing structures into a fully standalone Group.

We report to the Audit Committee any corrected or uncorrected identified misstatements relating to Income Statement accounts exceeding £0.7m (2015: £1.0m) and relating wholly to Income Statement or Balance Sheet classification exceeding £4.0m (2015: £5.0m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 31 (2015: 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.

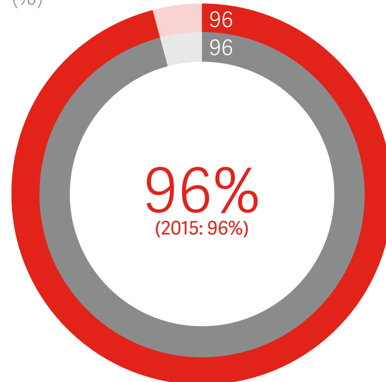
The audits of the four reporting components and the work performed on the Group consolidation covered 96% (2015: 96%) of total Group revenue; 80% (2015: 83%) of total profits and losses that made up the Group profit before tax; 91% (2015: 92%) of total Group assets; and 55% (2015: 58%) of total Group liabilities. The specified risk-focused procedures covered 7% (2015: nil) of total profits and losses that made up the Group profit before tax; 5% (2015: 4%) of total Group assets (relating to settlement balances) and 27% (2015: 39%) of total Group liabilities (relating to the borrowings as shown on page 135).

Normalised profit before tax
£277.1m

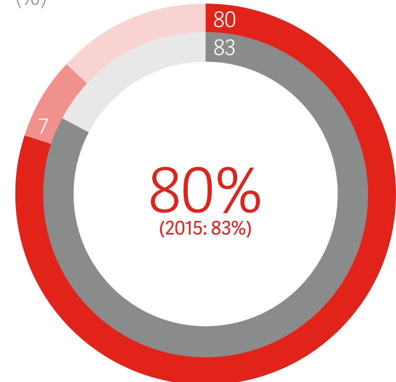
Materiality
£14.0m (2015: £20.0m)

- £14.0m Whole financial statements materiality (2015: £20.0m)
- £12.0m Range of materiality at four components (£7.5m to £12.0m) (2015: £8.0m to £15.0m)
- £0.7m Misstatements reported to the Audit Committee (2015: £1.0m)

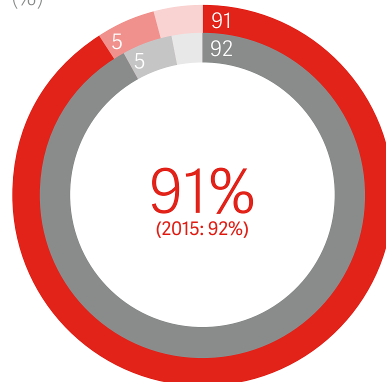
Group revenue
(%)



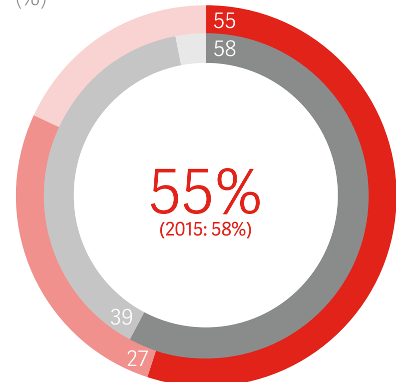
Group profit before tax
(%)



Group total assets
(%)



Group total liabilities
(%)



- Full scope for Group audit purposes 2016
- Specified risk-focused audit procedures 2016
- Full scope for Group audit purposes 2015
- Specified risk-focused audit procedures 2015
- Residual components

The remaining 13% (2015: 17%) of total Group profit before tax is represented by 27 (2015: 27) reporting components, none of which individually represented more than 3% (2015: 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 £7.5m to £12.0m (2015: £8.0m to £15.0m), 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 twice, 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 is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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 viability on page 46, 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 31 December 2019; or
- the disclosures in Note 1a 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 position and 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.

Under the Listing Rules we are required to review:

- the Directors' statements, set out on page 46, in relation to going concern and longer-term viability; and
- the part of the Corporate governance report on page 65 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.

Scope and responsibilities

As explained more fully in the Statement of Directors' responsibilities set out on page 99, 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
Chartered Accountants
15 Canada Square, London E14 5GL
7 March 2017

Consolidated income statement
For the year ended 31 December 2016

		Year ended 31 December 2016			Year ended 31 December 2015		
	Notes	Underlying result £m	Separately disclosed items (Note 2b) £m	Total £m	Underlying result £m	Separately disclosed items (Note 2b) £m	Total £m
Revenue	2a	**4,540.8**	**–**	**4,540.8**	3,963.0	–	3,963.0
Interchange and scheme fees		**(3,416.6)**	**–**	**(3,416.6)**	(2,981.3)	–	(2,981.3)
Net revenue	1a,2a	**1,124.2**	**–**	**1,124.2**	981.7	–	981.7
Other cost of sales		**(139.0)**	**–**	**(139.0)**	(121.3)	–	(121.3)
Gross profit		**985.2**	**–**	**985.2**	860.4	–	860.4
Personnel expenses	2c	**(313.6)**	**(26.4)**	**(340.0)**	(271.9)	(62.6)	(334.5)
General, selling and administrative expenses	2d	**(204.0)**	**(36.0)**	**(240.0)**	(182.4)	(41.1)	(223.5)
EBITDA[1]		**467.6**	**(62.4)**	**405.2**	406.1	(103.7)	302.4
Depreciation, amortisation and impairment	3b,3c	**(78.4)**	**(50.3)**	**(128.7)**	(65.6)	(69.9)	(135.5)
Operating profit		**389.2**	**(112.7)**	**276.5**	340.5	(173.6)	166.9
Finance income – Visa Europe	5a	**–**	**271.6**	**271.6**	–	195.7	195.7
Finance costs	5a	**(60.3)**	**(60.5)**	**(120.8)**	(151.2)	(50.2)	(201.4)
Finance costs – CVR liabilities	5a	**–**	**(161.7)**	**(161.7)**	–	(140.9)	(140.9)
Share of results of joint venture and associate	6b	**(1.5)**	**–**	**(1.5)**	(1.2)	–	(1.2)
Profit/(loss) before tax	2f	**327.4**	**(63.3)**	**264.1**	188.1	(169.0)	19.1
Tax (charge)/credit	2g	**(82.1)**	**(50.5)**	**(132.6)**	(49.7)	0.8	(48.9)
Profit/(loss) for the year		**245.3**	**(113.8)**	**131.5**	138.4	(168.2)	(29.8)
Total earnings/(loss) per share (pence)							
Basic	2j	**12.3**		**6.6**	8.2		(1.8)
Diluted	2j	**12.3**		**6.6**	8.2		(1.8)

1 EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

The accompanying notes on pages 111 to 148 form an integral part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2016

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Profit/(loss) for the year	**131.5**	(29.8)
Items that are or may subsequently be reclassified to profit or loss:		
Currency translation movement on net investment in subsidiary undertakings	**63.6**	1.2
Currency translation movement due to net investment hedging	**(21.8)**	(8.2)
Total comprehensive income/(loss) for the year	**173.3**	(36.8)

The accompanying notes on pages 111 to 148 form an integral part of these financial statements.

Consolidated balance sheet
As at 31 December 2016

	Notes	2016 £m	2015 £m
Non-current assets			
Goodwill	3a	**1,336.8**	1,275.3
Other intangible assets	3b	**813.6**	719.4
Property, plant and equipment	3c	**124.7**	122.3
Investment in joint venture and associate	6b	**4.3**	5.2
Investment	6b	**3.3**	–
Deferred consideration – Visa Europe	5i	**48.0**	–
Financial assets – Visa Inc. preference shares	5i	**192.1**	–
Deferred tax assets	2i	**4.6**	12.9
		2,527.4	2,135.1
Current assets			
Inventory		**2.7**	0.4
Trade and other receivables	4b	**473.8**	396.5
Financial assets – Visa Europe shares	5i	**–**	195.7
Scheme debtors	4a	**1,821.8**	534.5
Current tax assets	2h	**10.5**	7.5
Merchant float	4a	**1,012.1**	696.4
Own cash and cash equivalents	5b	**714.4**	165.3
		4,035.3	1,996.3
Current liabilities			
Trade and other payables	4c	**(432.5)**	(334.3)
Merchant creditors	4a	**(2,833.9)**	(1,230.9)
Current tax liabilities	2h	**(94.5)**	(9.6)
Derivative financial instruments		**–**	(0.2)
Financial liabilities – CVR liabilities	5i	**(302.5)**	(140.9)
Borrowings	5c	**(11.2)**	(9.2)
Finance leases	5d	**(13.8)**	(15.0)
Provisions	4d	**(272.8)**	(8.0)
		(3,961.2)	(1,748.1)
Non-current liabilities			
Borrowings	5c	**(1,637.5)**	(1,552.2)
Finance leases	5d	**(18.5)**	(14.2)
Provisions	4d	**(1.3)**	(0.7)
Deferred tax liabilities	2i	**(112.3)**	(145.1)
		(1,769.6)	(1,712.2)
Net assets		**831.9**	671.1
Equity			
Called-up share capital	5f	**60.0**	60.0
Share premium		**883.8**	883.8
Own shares	5h	**(30.6)**	(23.7)
Capital contribution reserve		**38.1**	38.1
Merger reserve		**(374.5)**	(374.5)
Foreign exchange reserve		**32.5**	(9.3)
Retained earnings		**222.6**	96.7
Total equity		**831.9**	671.1

The accompanying notes on pages 111 to 148 form an integral part of these financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 7 March 2017. They were signed on its behalf by:

Rick Medlock
Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 31 December 2016

	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 January 2015		50.0	818.7	–	6.7	(374.5)	(2.3)	(690.7)	(192.1)
Loss for the year		–	–	–	–	–	–	(29.8)	(29.8)
Capital reduction	5h	–	(818.7)	–	–	–	–	818.7	–
Ordinary shares conversion	5f	(1.8)	–	–	–	–	–	–	(1.8)
Ordinary shares issuance	5f	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)
At 31 December 2015		**60.0**	**883.8**	**(23.7)**	**38.1**	**(374.5)**	**(9.3)**	**96.7**	**671.1**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**131.5**	**131.5**
Dividend paid		**–**	**–**	**–**	**–**	**–**	**–**	**(12.9)**	**(12.9)**
Share-based payments		**–**	**–**	**–**	**–**	**–**	**–**	**7.3**	**7.3**
Investment in own shares	5h	**–**	**–**	**(6.9)**	**–**	**–**	**–**	**–**	**(6.9)**
Foreign currency translation		**–**	**–**	**–**	**–**	**–**	**63.6**	**–**	**63.6**
Foreign currency translation – net investment hedging		**–**	**–**	**–**	**–**	**–**	**(21.8)**	**–**	**(21.8)**
At 31 December 2016		**60.0**	**883.8**	**(30.6)**	**38.1**	**(374.5)**	**32.5**	**222.6**	**831.9**

The accompanying notes on pages 111 to 148 form an integral part of these financial statements.

Consolidated cash flow statement

For the year ended 31 December 2016

	Notes	**Year ended 31 December 2016 £m**	Year ended 31 December 2015 £m
Cash flows from operating activities			
Cash generated by operations	4e	**392.4**	345.7
Tax paid		**(73.8)**	(8.6)
Net cash inflow from operating activities		**318.6**	337.1
Investing activities			
Cash received from sale of Visa Europe		**452.8**	–
Purchase of intangible assets		**(124.6)**	(148.8)
Purchases of property, plant and equipment		**(36.2)**	(30.2)
Acquisitions		**(4.1)**	(16.6)
Net cash inflow/(outflow) from investing activities		**287.9**	(195.6)
Financing activities			
Finance costs paid		**(55.5)**	(208.7)
New finance leases		**25.0**	15.8
Repayment of finance lease obligations		**(21.9)**	(14.5)
Repayment of loan notes		**–**	(101.8)
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
Repayment of borrowings		**(40.0)**	(2,615.4)
Payment of borrowing fees		**(2.2)**	(19.6)
Equity contributions received from shareholders		**–**	31.4
Investment in own shares		**(6.9)**	(23.7)
Payment of dividend		**(12.9)**	(1.5)
Net cash used in financing activities		**(114.4)**	(147.1)
Net increase/(decrease) in own cash and cash equivalents		**492.1**	(5.6)
Own cash and cash equivalents at beginning of the year		**165.3**	168.7
Effect of foreign exchange rate changes		**57.0**	2.2
Own cash and cash equivalents at end of the year	5b,5e	**714.4**	165.3

The accompanying notes on pages 111 to 148 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 year and have either become effective in 2016 or will become effective in later periods.

Note 1a
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 certain items arising from the Visa Europe transaction, which are stated at their fair value.

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 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 a profit of £131.5m in 2016 (2015: loss of £29.8m). As at year end, the Group was in a net asset position of £831.9m (2015: £671.1m).

In considering the going concern basis for preparing the financial statements, the Board has 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, a period of not less than 12 months from the date of this report.

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

Accounting policies
Foreign exchange
The consolidated financial statements of the Worldpay Group are presented in Sterling, which is the functional currency of the Company and the presentational currency of the Group.

The net assets of foreign subsidiaries are translated to Sterling as follows:
- The assets and liabilities of the entity (including goodwill and fair value adjustments on acquisition) are translated at the rate prevailing at the end of the reporting period;
- Income and expenses are translated at the rate ruling on the date of the transaction or an appropriate average rate; and
- 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 reserve.

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

Note 1a (continued)
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; and
- 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
The following standards are new, revised or include changes to existing standards which have been adopted by the Group in the year ended 31 December 2016. These have not impacted the balance sheet or reported results for the year, nor any previously reported results, but may have impacted how such results are disclosed:
- Amendment to IAS 1 on presentation of financial statements.
- Annual improvements to IFRSs: 2012 – 14 Cycle.

New standards and interpretations not yet adopted
The following standards are in issue but not yet effective and have not yet been adopted by the Group.
- IFRS 9 'Financial Instruments' (2009 and 2010) – will eventually replace IAS 39 but currently only details the requirements for recognition and measurement of financial assets. The effective date for the Group is 1 January 2018. The Group is in the process of assessing the impact of this standard. However, we do not expect it to have a material impact on the consolidated results, balance sheet or cash flows of the Group.
- 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 effective date is no later than 1 January 2018, although earlier adoption is permitted. The Group has completed an initial assessment of the impact of implementing this standard and expects that this will not have a material effect on revenue recognition.
- Amendments to IAS 12 'Income taxes' – clarifies how to account for deferred tax assets related to debt instruments measured at fair value. The effective date for the Group is subject to European Union endorsement.
- IFRS 16 'Leases' – eliminates the distinction between on-balance sheet finance leases and off-balance sheet operating leases and introduces a single, on-balance sheet accounting model that is similar to current finance lease accounting. The effective date is no later than 1 January 2019, although earlier adoption is permitted only if IFRS 15 'Revenue from Contracts with Customers' is also adopted. The Group has completed an assessment of the impact of implementing this standard. On implementation, based upon the Group's existing lease arrangements, approximately £70m 'right of use assets', mainly related to property, will be recognised in the Consolidated Balance Sheet together with a corresponding lease liability. Operating costs will be reduced by approximately £11m, increasing EBITDA by £11m. Depreciation on the right of use asset will be approximately £8m and lease interest will be approximately £3m which means we do not expect there to be a material impact on Net income.
- Amendments to IAS 7 'Statement of Cash Flow' – requires disclosures that enable evaluation of changes in liabilities arising from financing activities, including both changes arising from the cash flow and non-cash movements. The effective date for implementation is subject to European Union endorsement.
- Amendments to IFRS 2 'Share-based payment' – improves consistency in the measurement of cash-settled share-based payments and the classification of share-based payments settled net of tax withholdings, and a modification to a share-based payment from cash-settled to equity-settled. The effective date for implementation is subject to European Union endorsement.

Note 1b
Critical accounting estimates and judgements

The reported results of the Group for the financial year ended 31 December 2016 are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements.

The judgements and assumptions involved in the Group's accounting policies that are considered by the Directors to be the most important to the portrayal of its financial condition are discussed below.

The use of estimates, assumptions or models that differ from those adopted by the Group would affect its reported results.

Fair value of Visa Europe transaction and related Contingent Value Rights (CVRs)

The Visa Europe asset was recognised in the Group's balance sheet at 31 December 2015 as a fair value through profit and loss financial asset. On disposal on 21 June 2016, it has been derecognised from the Group's balance sheet with the net gain on disposal recognised in 'Finance income/(costs)' in the Group's income statement.

The preference stock received on disposal of our interest in Visa Europe has been recognised as a financial asset under the non-current 'Financial assets – Visa Inc. preference shares' category. It has been recognised at fair value initially and has been classified as fair value through profit and loss. Subsequent movements on the fair value of the preferred stock are recognised in 'Finance income – Visa Europe' and the movement on the CVR liabilities is recognised in 'Finance costs – CVR liabilities' in the Group's income statement. The value of the Visa Inc. preference shares is based on the expected conversion ratio, which will be adjusted by Visa Inc. based on the potential losses from Visa Europe interchange litigation under the Litigation Management Deed ('LMD'). Any excess of potential losses from Visa Europe interchange litigation under a Loss Sharing Agreement ('LSA') has been included in 'Provisions' within current liabilities.

When measuring the fair values of the financial asset – Visa Inc. preference shares as well as the LSA liability, the Group uses observable market data as far as possible. In order to fair value the LSA liability as at 31 December 2016, the Directors have considered a range of potential outcomes, including the likely value of the potential level of Visa Europe liabilities that the Group may be liable for, and calculated a weighted average.

The CVR liabilities have been classified as financial liabilities at amortised cost based on a re-estimation of future cash flows, with any changes being recognised in 'Finance costs – CVR liabilities' in the income statement.

Further details on the key assumptions made in valuing the consideration received and the CVR and LSA liabilities, together with sensitivity analysis, are provided in Note 5i.

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.

See Notes 4b and 4d for further information.

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 and are explained in detail in Note 2b.

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 page 114 and Note 4a respectively for further details.

Notes to the consolidated financial statements

Section 2 – Results for the year

This section focuses on the results and performance of the Group in the financial year ended 31 December 2016.

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 from 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.

Cost of sales primarily consist of fees charged by card networks (e.g. Mastercard and Visa) to provide the functionality necessary to allow the processing of transactions (scheme fees) and fees from cardholder banks for the provision of services to accept card-based transactions (interchange fees). These fees arise and are recognised on each transaction processed, and as a consequence in the same period as the related revenue (being the transaction service charge).

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 year.

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 Team) 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 47 to 50. Corporate principally contains central personnel costs and Group strategy and plc costs.

Note 2a
Segmental information (continued)

Year ended 31 December 2016	Global eCom £m	WPUK £m	WPUS £m	Corporate £m	Total £m
Income statement					
Revenue	**1,174.6**	**1,027.7**	**2,338.5**	**–**	**4,540.8**
Net revenue	**386.6**	**438.6**	**299.0**	**–**	**1,124.2**
Underlying EBITDA	**216.9**	**198.3**	**77.4**	**(25.0)**	**467.6**
Underlying depreciation and amortisation	**(22.0)**	**(37.5)**	**(18.3)**	**(0.6)**	**(78.4)**
Underlying operating profit	**194.9**	**160.8**	**59.1**	**(25.6)**	**389.2**
Separately disclosed items	**(15.6)**	**(27.6)**	**(27.5)**	**(42.0)**	**(112.7)**
Operating profit	**179.3**	**133.2**	**31.6**	**(67.6)**	**276.5**
Underlying finance costs					**(60.3)**
Separately disclosed items affecting finance income/(costs)					**49.4**
Share of results of joint venture and associate					**(1.5)**
Profit before tax					**264.1**
Tax					**(132.6)**
Profit for the year					**131.5**

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 income/(costs)					4.6
Share of results of joint venture and associate					(1.2)
Profit before tax					19.1
Tax					(48.9)
Loss for the year					(29.8)

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

Note 2a
Segmental information (continued)
Segmental information by revenue streams

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Transaction service charges	**4,037.7**	3,508.1
Terminal rental fees	**65.1**	65.7
Treasury management and foreign exchange services	**158.6**	128.8
Ancillary income	**279.4**	260.4
Revenue	**4,540.8**	3,963.0

The Group's revenue is generally consistent with the geographical locations of the operating segments, with the exception of the Global eCom business, whose revenue is derived from worldwide sources. No individual customer accounts for more than 10% of Group revenue.

Note 2b
Separately disclosed items
Separately disclosed items are costs or income that have been recognised in the income statement which the Directors believe, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying financial performance. They are presented in their relevant income statement category, but highlighted through separate disclosure. The following table gives further details of the items included.

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Affecting EBITDA		
Separation – platform costs	**(30.2)**	(33.3)
Separation – other costs	**(17.5)**	(20.1)
Costs of IPO	**(4.9)**	(35.0)
Reorganisation and restructuring costs	**(6.0)**	(6.4)
Other costs	**(3.8)**	(8.9)
Total affecting EBITDA	**(62.4)**	(103.7)
Affecting depreciation and amortisation		
Amortisation of business combination intangibles	**(50.3)**	(67.9)
Impairment of intangible assets	**–**	(2.0)
Total affecting depreciation and amortisation	**(50.3)**	(69.9)
Affecting finance income		
Finance income – Visa Europe	**271.6**	195.7
Affecting finance costs		
Foreign exchange losses	**(60.5)**	(5.5)
Finance costs – CVR liabilities	**(161.7)**	(140.9)
Costs associated with refinancing	**–**	(44.7)
Total affecting finance income/(costs)	**49.4**	4.6
Total (pre-tax)	**(63.3)**	(169.0)
Tax (change)/credit	**(50.5)**	0.8
Total (post-tax)	**(113.8)**	(168.2)

Note 2b
Separately disclosed items (continued)

Platform-related separation costs are non-capitalised costs associated with the upgrade and migration of the Group's core systems from RBS. They are principally staff and maintenance costs and decommissioning costs payable to RBS. Other costs related to the separation from RBS principally relate to the costs of interim staff required to test and double-run systems as we ramp up to full platform launch. The IPO-related costs largely comprise the costs of the one-off share awards granted to management as part of the IPO as well as costs which have been levied on Worldpay as a result of a change of control clause triggered by the IPO. Reorganisation and restructuring costs are largely costs incurred in the turnaround of our WPUS business. These include consultancy fees, redundancy costs and other staff-related costs. Other costs include the costs associated with a long-standing litigation claim together with costs incurred on aborted M&A activity.

Separately disclosed items affecting depreciation and amortisation predominantly relate to the non-cash charge for amortisation of business combination intangible assets recognised on the divestment of the business from RBS, as well as subsequent strategic business acquisitions.

The net gain in the year in relation to separately disclosed items affecting finance income/(costs) comprised an initial gain on the disposal of the Visa Europe shares of £207.0m (2015: share valuation gain of £195.7m), together with subsequent related fair value and FX gains, dividends received on the preference shares, and cash received which together amounted to £64.6m (2015: nil). These were partly offset by a loss on valuation of the related CVR liabilities. Further information on the Visa Europe disposal is provided later in Note 5i. In addition to the gains and losses noted above, there was also a net FX loss resulting from the period-end translation of the Group's assets and liabilities denominated in currencies other than Sterling (excluding the assets and liabilities related to the Visa Europe disposal).

Further details on the separately disclosed items are set out in the Financial review on pages 54 to 55.

Note 2c
Personnel expenses

Expenses related to services rendered by employees are recognised in the year in which the service is rendered. This includes wages and salaries, social security contributions, pension contributions, bonuses, termination benefits and share-based payment charges.

Where payments of amounts due are outstanding at the end of the reporting year, an accrual is recognised. Where payments have been made in advance prior to the end of the reporting year, 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 year. Differences between contributions payable in the year 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 number of shares which 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.

The Group recognised a charge of £7.3m in 2016 (2015: £1.2m) for equity-settled share-based payments. Details of each of the equity-settled share-based payment plans are set out below.

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. The value of any dividends earned on the vested shares during the three years will be paid on vesting. As at 31 December 2016, 5.9m shares were outstanding under the scheme and a charge of £5.6m (2015: £1.2m) was made to the income statement. Given the one-off nature of these share awards, the costs have been classified as separately disclosed items.

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

Note 2c
Personnel expenses (continued)
Long-term incentive plans

In March 2016, the Group introduced a Performance Share Plan (PSP) and a Conditional Share Plan (CSP). Both the PSP and the CSP mature three years from the grant date.

The vesting of the PSP shares is subject to satisfaction of non-market-based performance conditions. The CSP shares have no performance conditions other than continued employment within the Group. Under both plans the value of any dividends earned on the vested shares during the three years will be paid on vesting. As at 31 December 2016, the PSP had 3.8m and the CSP had 0.7m shares outstanding.

Further details of the PSP can be found in the Remuneration report on page 85.

All employee share plans
Save As You Earn scheme (SAYE) and Employee Stock Purchase Plan (ESPP)

In 2016, the Group introduced a SAYE plan in the UK and an ESPP in the US. These two plans cover approximately 90% of our employee base and offer the opportunity for colleagues to save monthly in order to buy Worldpay Group plc shares at a discount. The SAYE plan runs for a period of either three or five years depending on the length of contract chosen by the employee and the ESPP is run bi-annually for a six month plan period. As at 31 December 2016, the SAYE scheme had 5.5m and the ESPP had 0.2m options outstanding.

The Black-Scholes option model has been used to determine the fair value of the options issued. There are no inputs which are sufficiently sensitive to there being a reasonable possibility of a material adjustment in a future period.

Employee numbers

The average number of employees during the year was:

	Year ended 31 December 2016	Year ended 31 December 2015
Global eCom	**467**	485
WPUK	**1,223**	1,350
WPUS	**1,276**	1,316
Technology	**1,307**	1,131
Corporate	**822**	700
Total	**5,095**	4,982

During 2016, 52 employees were reclassified from Global eCom to Technology and 55 employees from WPUK to Corporate.

Note 2c
Personnel expenses (continued)

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Total underlying personnel expenses	**313.6**	271.9
Separation – platform	**8.7**	11.5
Separation – other	**10.2**	7.9
Costs of IPO	**5.6**	34.1
Reorganisation and restructuring costs	**1.9**	9.0
Other	**–**	0.1
Total personnel expenses in separately disclosed items	**26.4**	62.6
Total personnel expenses	**340.0**	334.5
Wages and salaries including redundancy costs	**298.3**	297.2
Pensions	**17.5**	14.5
Social security costs	**24.2**	22.8
Total personnel expenses	**340.0**	334.5

Directors' emoluments

The Directors' emoluments, pension contributions and share options are disclosed in the Remuneration report on pages 90 to 95.

Note 2d
General, selling and administrative expenses

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Selling costs	**14.5**	12.3
Operating costs	**60.4**	58.3
Office costs	**36.9**	31.9
Administrative costs	**34.0**	32.0
Professional fees	**28.6**	22.9
Bad debt	**20.8**	15.5
Other	**8.8**	9.5
Total underlying general, selling and administrative expenses	**204.0**	182.4
Separation – platform	**21.5**	21.8
Separation – other	**7.4**	12.1
Reorganisation and restructuring costs	**4.1**	(2.6)
Other	**3.0**	9.8
Total general, selling and administrative expenses in separately disclosed items	**36.0**	41.1
Total general, selling and administrative expenses	**240.0**	223.5

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

Note 2e
Auditor remuneration

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Fees payable to the Group's auditor for the audit of the Group's Annual Report and Accounts	**0.9**	0.8
Fees payable to the Group's auditor and its associates for other services:		
Review of Half Year financial statements	**0.1**	–
Other assurance services	**0.2**	0.1
Other non-audit services – IPO	**–**	3.2
Other non-audit services	**0.4**	0.1
Total	**1.6**	4.2

Note 2f
Profit/(loss) before tax
Profit/(loss) before tax is stated after charging:

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Interchange and scheme fees	**(3,416.6)**	(2,981.3)
Other cost of sales	**(139.0)**	(121.3)
Depreciation of property, plant and equipment	**(35.0)**	(34.4)
Amortisation of business combination intangibles	**(50.3)**	(67.9)
Amortisation of other intangibles	**(43.4)**	(31.0)
Impairment of property, plant and equipment	**–**	(0.2)
Impairment of other intangibles	**–**	(2.0)
Operating lease costs	**(20.0)**	(18.5)
Foreign exchange loss	**(60.5)**	(5.5)

Research and development expenditure recognised in the year ended 31 December 2016 was £30.2m (2015: £33.3m) This represents the amount charged to the profit and loss account in relation to the new acquiring platform.

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 year, 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 2016 £m	Year ended 31 December 2015 £m
Current taxation		
UK corporation tax charge for the year	**137.3**	5.6
Prior year adjustment	**1.7**	(3.8)
Foreign corporation tax charges	**5.2**	0.3
	144.2	2.1
Deferred taxation		
(Credit)/charge for the year	**(1.5)**	37.2
Prior year adjustment	**2.2**	10.2
Effect of rate changes	**(12.3)**	(0.6)
	(11.6)	46.8
Tax charge for the year	**132.6**	48.9

Note 2g
Tax (continued)

The Group is mainly exposed to tax in the UK, US and Netherlands. The actual tax charge differs from the expected tax charge computed by applying the average UK corporation tax of 20.00% (2015: 20.25%) as follows:

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Expected tax charge at UK corporation tax rate of 20.00% (2015: 20.25%)	**52.8**	3.9
Non-deductible items	**11.3**	16.0
Visa Europe non-deductible CVR obligations (see Note 5i)	**75.3**	28.2
Prior year adjustment	**1.7**	(3.8)
Non-taxable income	**(0.8)**	(1.4)
Effect of different statutory tax rates of foreign jurisdictions	**1.9**	(6.3)
Effect of current year changes in statutory tax rates	**(12.3)**	(0.5)
Deferred tax prior year adjustment	**2.2**	10.2
Deferred tax on intangible assets	**–**	(5.0)
Deferred tax assets not recognised	**0.5**	7.6
Actual tax charge for the year	**132.6**	48.9

The underlying effective tax rate (ETR) has decreased from the prior year to 25.1% (2015: 26.4%). This decrease in ETR represents the continued fall in tax rate for the UK, where the majority of the business activities for the Group occur. The ETR remains higher than the UK statutory rate of 20.0% due to profits in overseas territories with higher taxation rates, mainly US (35%) and the Netherlands (25%), along with non-deductible costs, and uncertain tax provisions relating primarily to transfer pricing uncertainties and estimates. The ETR is expected to continue to reduce in future years as a result of the decrease in the UK statutory rate, down to the lower end of the range disclosed in the IPO prospectus (23%) assuming an unchanging jurisdictional split of profits.

Provisions established for uncertain items are made using a best estimate of the tax expected to be paid, based on a qualitative assessment of all relevant information and management's judgement. The Group reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances.

Note 2h
Current tax assets/(liabilities)

	31 December 2016 £m	31 December 2015 £m
Current tax assets	**10.5**	7.5
Current tax liabilities	**(94.5)**	(9.6)
	(84.0)	(2.1)

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

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.

Deferred tax assets and liabilities are analysed in the consolidated balance sheet, after offset of balances within entities and tax jurisdictions, as follows:

	31 December 2016 £m	31 December 2015 £m
Deferred tax assets	**4.6**	12.9
Deferred tax liabilities	**(112.3)**	(145.1)
	(107.7)	(132.2)

The Group has an unrecognised deferred tax asset of £8.1m (2015: £8.0m) which relates to losses carried forward. The deferred tax asset on the tax losses has not been recognised due to uncertainty over future utilisation.

There is also an unrecognised deferred tax asset of £45.6m (2015: nil) in relation to the Loss Share Agreement with respect to the Visa Europe transaction. The deferred tax asset has not been recognised as, depending on the timing of the final resolution on the indemnity position, the availability of tax relief will be conditional on HMRC accepting a concessionary treatment.

Deferred tax assets and liabilities, before offset of balances within entities and tax jurisdictions, are as follows:

	Accelerated capital allowances £m	Provisions/ other £m	Intangibles £m	Losses £m	Visa Europe £m	Total £m
At 1 January 2015	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)**
Reclassification of deferred tax balances	**(10.2)**	**16.6**	**18.3**	**14.5**	**(39.2)**	**–**
Reclassification to current tax	**–**	**15.1**	**0.1**	**(3.5)**	**–**	**11.7**
Credit/(charge) to income statement	**3.8**	**4.1**	**7.8**	**(10.7)**	**6.6**	**11.6**
Foreign exchange rate impact	**(2.5)**	**(0.1)**	**(1.5)**	**5.3**	**–**	**1.2**
At 31 December 2016	**(17.2)**	**11.3**	**(74.8)**	**5.6**	**(32.6)**	**(107.7)**
The deferred tax balance is analysed as follows:						
Deferred tax	**23.8**	**12.5**	**–**	**5.6**	**–**	**41.9**
Deferred tax liability	**(41.0)**	**(1.2)**	**(74.8)**	**–**	**(32.6)**	**(149.6)**
At 31 December 2016	**(17.2)**	**11.3**	**(74.8)**	**5.6**	**(32.6)**	**(107.7)**

The deferred tax assets in relation to the Visa Europe disposal and the losses have been presented in separate categories from 2016 onwards, resulting in a reclassification of deferred tax balances in the table above. During the year, there was a reclassification of uncertain tax positions from deferred taxes to current taxes.

Note 2i
Deferred tax (continued)
Factors affecting future tax charges

Reductions in the UK corporation tax rate were substantively enacted in the year. The main rate of corporation tax was reduced from 20.0% to 19.0% effective from 1 April 2017 and to 17.0% from 1 April 2020. Deferred tax on temporary differences and tax losses as at the balance sheet date is calculated at the substantively enacted rates at which the temporary differences and tax losses are expected to reverse.

Note 2j
Earnings per share

Basic earnings/(loss) per share amounts are calculated by dividing the profit/(loss) attributable to shareholders of Worldpay Group plc by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings/(loss) per share amounts are calculated by dividing the profit/(loss) attributable to shareholders of Worldpay Group plc by the weighted average number of ordinary shares in issue during the financial year 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 in 2015 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.

	Year ended 31 December 2016	Year ended 31 December 2015
Profit/(loss) (£m)		
Underlying results	**245.3**	138.4
Total profit/(loss) for the year	**131.5**	(29.8)
Weighted average number of shares for (millions)		
Basic	**1,988.2**	1,690.5
Diluted	**1,992.8**	1,691.0
Basic earnings/(loss) per share (pence)		
Underlying basic earnings per share	**12.3**	8.2
Total basic earnings/(loss) per share	**6.6**	(1.8)
Diluted earnings/(loss) per share (pence)		
Underlying diluted earnings per share	**12.3**	8.2
Total diluted earnings/(loss) per share	**6.6**	(1.8)

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.

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 January 2015	1,260.9
Acquisition of SecureNet	0.2
Foreign exchange impact	14.2
At 31 December 2015	**1,275.3**
Foreign exchange impact	**61.5**
At 31 December 2016	**1,336.8**
Net book value	
At 31 December 2016	**1,336.8**
At 31 December 2015	1,275.3

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 calculations are performed at least annually and require 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:

	CAGR growth rate in sales	CAGR growth rate in costs	Terminal growth rate	Discount rate
31 December 2016	**6.1-16.5%**	**4.6-8.3%**	**2.0%**	**8.0-10.0%**
31 December 2015	5.3-16.9%	2.6-12.5%	2.0%	8.0-10.0%

The growth rates and discount rates for the WPUK and WPUS CGUs are at the lower end of the ranges, with the Global eCom growth rate and discount rate being at the upper end of the ranges. CAGR is the compound annual growth rate.

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.

Note 3a
Goodwill (continued)

Given the low risk of impairment and significant headroom available, the Directors do not believe that the key assumptions by CGU are material to the financial statements and therefore deem it appropriate to disclose the key assumptions at a summary level only.

Should the value in use be lower than the carrying value, the resultant impairment loss is first allocated to goodwill, then to the remaining assets of the CGU pro rata based on their carrying amount. No asset is impaired below its own recoverable amount. The impairment loss is recognised immediately in separately disclosed items in the income statement. Impairment losses on goodwill cannot be reversed in subsequent periods.

The carrying value of goodwill allocated to cash-generating units is as follows:

	31 December 2016 £m	31 December 2015 £m
Global eCom	**269.2**	267.3
WPUK	**716.8**	717.5
WPUS	**350.8**	290.5
	1,336.8	1,275.3

Note 3b
Other intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill include brands and customer relationships. These are initially recognised at their fair value at the acquisition date. Subsequently, they are reported at cost less accumulated amortisation and impairment losses, if any.

Amortisation is recognised on a straight-line basis over the estimated useful economic life. The estimated useful economic lives and the amortisation method are reviewed at the end of each reporting period, with any changes being accounted for on a prospective basis.

The useful lives applied by the Group are:

Customer relationships	3 to 20 years
Brands	7 to 10 years
Computer software	3 to 10 years

The weighted average useful life of customer relationships and brands are 13 years and 8 years respectively.

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.

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

Note 3b
Other intangible assets (continued)

	Business combination intangibles			
	Customer relationships £m	Brands £m	Computer software £m	Total £m
Cost				
At 1 January 2015	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**
Additions	**–**	**–**	**161.6**	**161.6**
Transfer from property, plant and equipment	**–**	**–**	**8.5**	**8.5**
Disposals	**–**	**–**	**(1.5)**	**(1.5)**
Foreign exchange impact	**31.1**	**2.6**	**20.3**	**54.0**
At 31 December 2016	**791.4**	**28.2**	**669.6**	**1,489.2**
Accumulated amortisation				
At 1 January 2015	(289.1)	(10.5)	(137.8)	(437.4)
Charge for the year	(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)**
Charge for the year	**(47.5)**	**(2.8)**	**(43.4)**	**(93.7)**
Disposals	**–**	**–**	**1.3**	**1.3**
Foreign exchange impact	**(25.7)**	**(0.9)**	**(9.4)**	**(36.0)**
At 31 December 2016	**(435.1)**	**(16.8)**	**(223.7)**	**(675.6)**
Net book value				
At 31 December 2016	**356.3**	**11.4**	**445.9**	**813.6**
At 31 December 2015	398.4	12.5	308.5	719.4

At 31 December 2016, £291.5m (2015: £235.3m) of intangible assets under the course of construction are shown within computer software. These assets are not yet being amortised.

Note 3c
Property, plant and equipment

Property, plant and equipment includes terminals, leasehold improvements and computers and office equipment.

Property, plant and equipment is initially recognised at cost. Cost includes all expenditure directly attributable to bringing the asset to the location and working condition for its intended use. Subsequent measurement of property, plant and equipment is at cost less accumulated depreciation and impairment losses.

Subsequent expenditure is capitalised only when it is probable that it will give rise to future benefits, i.e. maintenance expenditure is excluded but enhancement costs that meet the criteria are capitalised.

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	3 to 5 years
Leasehold improvements	5 to 20 years
Computers and office equipment	3 to 5 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.

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

Note 3c
Property, plant and equipment (continued)

	Terminals £m	Leasehold improvements £m	Computers and office equipment £m	Total £m
Cost				
At 1 January 2015	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**
Transfer to intangible fixed assets	**–**	**–**	**(8.5)**	**(8.5)**
Additions	**23.1**	**0.9**	**18.3**	**42.3**
Disposals	**(9.2)**	**–**	**(3.1)**	**(12.3)**
Foreign exchange impact	**0.2**	**0.1**	**7.6**	**7.9**
At 31 December 2016	**102.0**	**11.3**	**154.8**	**268.1**
Accumulated depreciation				
At 1 January 2015	(56.2)	(2.1)	(37.1)	(95.4)
Charge for the year	(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)**
Charge for the year	**(15.4)**	**(0.9)**	**(18.7)**	**(35.0)**
Disposals	**9.2**	**–**	**2.9**	**12.1**
Foreign exchange impact	**(0.2)**	**–**	**(3.9)**	**(4.1)**
At 31 December 2016	**(63.2)**	**(4.9)**	**(75.3)**	**(143.4)**
Net book value				
At 31 December 2016	**38.8**	**6.4**	**79.5**	**124.7**
At 31 December 2015	31.1	6.3	84.9	122.3

At 31 December 2016, £49.8m (2015: £51.3m) of assets under the course of construction are shown within computers and office equipment. These assets are not yet being depreciated.

The net book value of assets held under finance leases at 31 December 2016 is, for Terminals £28.4m (2015: £18.1m) and for Computers and office equipment £9.5m (2015: £13.7m).

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 due in:	**31 December 2016 £m**	31 December 2015 £m
Less than one year	**25.2**	23.7
One to five years	**5.9**	5.7
Total	**31.1**	29.4

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 CGU when 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 CGU, 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 intangible assets and property, plant and equipment were impaired. This review determined that there has been no impairment in the year ended 31 December 2016 (2015: £2.0m).

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 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 networks for transactions processed on behalf of customers, where it is a member of that particular network;
- The Group's receivables from the card networks for transactions where it has (by exception) funded customers in advance of receipt of card association funding; and
- Other net receivables from the card networks.

Merchant creditors consist primarily of:

- The Group's liability to customers for transactions that have been processed but not yet funded by the card franchises, where it is a member of that particular network;
- The Group's liability to customers for transactions for which it is holding funding from the sponsoring bank under the sponsorship agreement but has not funded customers on behalf of the sponsoring bank; 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
Trade and other receivables

Trade and other receivables are initially recognised at fair value in the year to which they relate. They are subsequently held at amortised cost, less any provision for bad or doubtful debts. Provisions for bad or doubtful debts are presented net with the related receivables on the balance sheet. Trade receivables primarily include amounts due from merchants for services provided to process transactions between the cardholder and an acquiring bank.

	31 December 2016 £m	31 December 2015 £m
Trade receivables	**352.5**	288.8
Prepayments and accrued income	**104.6**	93.6
Other receivables	**16.7**	14.1
Total	**473.8**	396.5

The trade receivables balance can be further analysed as follows:

	31 December 2016 £m	31 December 2015 £m
Gross trade receivables	**387.4**	326.8
Impairment provisions	**(34.9)**	(38.0)
Net trade receivables	**352.5**	288.8

The movement in the impairment provision can be further analysed as follows:

	31 December 2016 £m	31 December 2015 £m
At 1 January	**(38.0)**	(32.3)
Additional provision in the year	**(21.4)**	(16.8)
Released	**0.6**	1.3
Utilised in the year	**24.2**	9.7
Foreign exchange	**(0.3)**	0.1
At 31 December	**(34.9)**	(38.0)

Impaired receivables are analysed as follows:

	31 December 2016 £m	31 December 2015 £m
Cost of impaired receivables	**38.2**	42.0
Impairment provision	**(34.9)**	(38.0)
Net impaired receivables	**3.3**	4.0

Trade receivables of £55.1m (2015: £26.9m) were between zero and three months past due at the balance sheet date but not considered impaired.

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

Note 4c
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 2016 £m	31 December 2015 £m
Trade payables	**160.4**	133.8
Accruals and deferred income	**180.1**	140.6
Other liabilities	**92.0**	59.9
Total	**432.5**	334.3

Note 4d
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. 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.

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.

	Loss Share Agreement £m	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 January 2015	–	(0.3)	–	(19.5)	(1.0)	(0.6)	(21.4)
Utilised in the year	–	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)**
Utilised in the year	**–**	**–**	**0.9**	**2.5**	**–**	**4.4**	**7.8**
Released	**–**	**–**	**0.1**	**–**	**0.1**	**1.1**	**1.3**
Additions	**(241.4)**	**(2.9)**	**–**	**–**	**(0.6)**	**(0.9)**	**(245.8)**
Foreign exchange	**(27.1)**	**–**	**(0.2)**	**(0.5)**	**(0.1)**	**(0.8)**	**(28.7)**
At 31 December 2016	**(268.5)**	**(3.0)**	**(0.4)**	**(0.6)**	**(1.4)**	**(0.2)**	**(274.1)**

	31 December 2016 £m	31 December 2015 £m
Current	**(272.8)**	(8.0)
Non-current	**(1.3)**	(0.7)
Total	**(274.1)**	(8.7)

The provision for Loss Share Agreement relates to the Visa Europe transaction. Details can be found in Note 5i.

Merchant potential liabilities are projected chargebacks anticipated to be incurred in future periods in relation to merchant accounts where any related trade receivable balance has already been fully provided (Note 4b). Whilst there is uncertainty over the timing to settle the provision of £3.0m, it is anticipated this will be substantially resolved within the next 12 months.

Note 4d
Provisions (continued)

Contingent consideration is recognised when relevant criteria in the purchase agreements are met. The utilisation of the deferred and contingent consideration provision in the year relates to payments for the acquisition of Century. Where provisions for deferred and contingent consideration were released or revalued in the year, they are shown in separately disclosed items.

Note 4e
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 for the year before tax to cash generated by operations:

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Operating activities		
Profit before tax	**264.1**	19.1
Adjustments for:		
Depreciation and impairment of property, plant and equipment (see Note 3c)	**35.0**	34.6
Amortisation and impairment of intangible assets (see Note 3b)	**93.7**	100.9
Foreign exchange losses/(gains)	**5.5**	(10.1)
Profit on sale of assets	**–**	(0.8)
Share of results of joint venture and associate (see Note 6b)	**1.5**	1.2
Finance costs	**10.9**	146.6
Net cash inflow from operating activities before movements in working capital	**410.7**	291.5
Increase in trade and other receivables	**(50.7)**	(9.5)
Increase in trade and other payables	**33.8**	63.2
(Decrease)/increase in provisions	**(1.4)**	0.5
Cash generated by operations	**392.4**	345.7

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 income/(costs)

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Separately disclosed finance income		
Finance income – Visa Europe shares	–	195.7
Net gain on disposal of financial assets – Visa Europe	**207.0**	–
Fair value gain on Visa Inc. preference shares	**4.3**	–
Dividend income on Visa Inc. preference shares	**1.7**	–
Foreign exchange gains	**58.6**	–
Finance income – Visa Europe (see Note 5i)	**271.6**	195.7
Underlying finance costs		
Effective interest on borrowings	**(51.9)**	(119.8)
Effective interest on finance leases	**(1.7)**	(1.1)
Loan notes – interest	–	(12.1)
Amortisation of banking facility fees	**(4.7)**	(11.9)
Fair value gains/(losses)	**2.1**	(0.6)
Other finance costs	**(4.1)**	(5.7)
Finance costs	**(60.3)**	(151.2)
Separately disclosed finance costs		
Foreign exchange losses	**(60.5)**	(5.5)
Costs associated with refinancing	–	(44.7)
Finance costs	**(60.5)**	(50.2)
Finance costs – CVR liabilities (see Note 5i)	**(161.7)**	(140.9)

Note 5b
Net debt

	Own cash and cash equivalents[1] £m	Senior bank borrowings £m	Senior unsecured notes £m	Subordinated borrowings £m	Loan notes £m	Finance leases £m	Total £m
At 1 January 2015	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)
Fair value losses	–	(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)**
Cash flows	**492.1**	**75.2**	**15.7**	**–**	**–**	**(1.4)**	**581.6**
Finance costs	**–**	**(36.5)**	**(15.4)**	**–**	**–**	**(1.7)**	**(53.6)**
Fair value gains	**–**	**1.9**	**0.2**	**–**	**–**	**–**	**2.1**
Other non-cash flows	**–**	**(3.9)**	**(0.8)**	**–**	**–**	**–**	**(4.7)**
Exchange movements	**57.0**	**(65.4)**	**(58.3)**	**–**	**–**	**–**	**(66.7)**
At 31 December 2016	**714.4**	**(1,224.5)**	**(424.2)**	**–**	**–**	**(32.3)**	**(966.6)**

1 Own cash and cash equivalents at 31 December 2016 includes £401.4m held in relation to the CVR holders.

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.

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised to form part of the cost of that asset. Capitalisation starts when the asset is actively being built or prepared for use and suspended when developed activities stop.

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.

The Group's borrowings comprise a £248.4m three-year Term Facility (Facility 1), a £900m five-year Term Facility (Facility 2) and €500m 3.75% senior unsecured notes due in 2022. The rates of interest on the term facilities are LIBOR based plus a margin dependent on leverage. The maximum margin for Facility 1 is 2.00% and 2.50% for Facility 2. The Group also has a £200m revolving credit facility (RCF).

	Senior bank borrowings £m	Senior unsecured notes £m	Total £m
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)**
Current	**(9.1)**	**(2.1)**	**(11.2)**
Non-current	**(1,215.4)**	**(422.1)**	**(1,637.5)**
At 31 December 2016	**(1,224.5)**	**(424.2)**	**(1,648.7)**

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

Note 5c
Borrowings (continued)

The key terms on the Group's senior bank borrowings are as follows:

Facility	GBP £m	CCY	Repayment type	Coupon rate
Facility 1	**247.8**	GBP	Bullet	LIBOR + 1.75%
Facility 2	**573.9**	GBP	Bullet	LIBOR + 2.25%
Facility 2	**404.7**	USD	Bullet	LIBOR + 2.25%
RCF	**(1.9)**	GBP	Revolver	LIBOR + 2.25%
Senior unsecured notes	**424.2**	EUR	Bullet	3.75%
Total	**1,648.7**			

Undiscounted cash outflow to repay the Group's borrowings, including future interest payments to the relevant maturity dates, are disclosed below.

Cash outflow due in:	£m
2017	52.4
2018	300.3
2019	44.2
2020	1,024.2
2021	16.0
2022	443.2
Total	**1,880.3**

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 the 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.

A sale and leaseback transaction is one where an asset is sold to a third party and immediately leased back. Where the leaseback is a financial lease, the gain or loss is deferred and recognised over the life of the lease on a straight-line basis. For operating leasebacks, profit or loss is recognised either immediately or over the life of the lease, depending on the values of the sale and lease relative to fair value

Finance lease liabilities are payable as follows:

	2016			2015		
	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	**14.9**	**(1.1)**	**13.8**	16.1	(1.1)	15.0
One to five years	**19.1**	**(0.6)**	**18.5**	14.8	(0.6)	14.2
	34.0	**(1.7)**	**32.3**	30.9	(1.7)	29.2

Note 5d
Lease arrangements (continued)

The Group entered into leasing arrangements for certain tangible fixed assets in 2016. The majority of finance leases have a lease term of three years.

For the current financial period the average effective borrowing rate was 4.9% (2015: 5.2%).

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 2016, the Group had obligations to make non-cancellable operating lease payments as follows:

	2016		2015	
	Land and buildings £m	**Office equipment £m**	Land and buildings £m	Office equipment £m
Less than one year	**19.6**	**0.1**	8.5	0.4
One to five years	**61.3**	**–**	47.7	0.4
After five years	**69.2**	**–**	70.6	–
Total	**150.1**	**0.1**	126.8	0.8

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 £21.8m (2015: loss of £8.2m) 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.

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

Note 5e
Financial instruments (continued)
The Group's financial assets and liabilities are as follows:

Financial assets

	31 December 2016 £m	31 December 2015 £m
Trade receivables	**352.5**	288.8
Other receivables	**16.7**	14.1
Own cash and cash equivalents	**714.4**	165.3
Financial assets – Visa Europe shares (see Note 5i)	**–**	195.7
Financial assets – Visa Inc. preference shares (see Note 5i)	**192.1**	–
Deferred consideration – Visa Europe (see Note 5i)	**48.0**	–
Total	**1,323.7**	663.9

Financial liabilities

	31 December 2016 £m	31 December 2015 £m
Trade payables	**(160.4)**	(133.8)
Other liabilities	**(90.2)**	(59.9)
Finance leases	**(32.3)**	(29.2)
Borrowings	**(1,648.7)**	(1,561.4)
Financial liabilities – CVR liabilities (see Note 5i)	**(302.6)**	(140.9)
Total	**(2,234.2)**	(1,925.2)

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.

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 2016 £m	31 December 2015 £m
GBP	**804.2**	154.5
EUR	**253.8**	319.0
USD	**219.4**	148.1
Other	**46.3**	42.3
	1,323.7	663.9

Note 5e
Financial instruments (continued)
Financial liabilities

	31 December 2016 £m	31 December 2015 £m
GBP	**(1,239.6)**	(989.5)
EUR	**(414.3)**	(508.7)
USD	**(340.1)**	(424.7)
Other	**(240.2)**	(2.3)
	(2,234.2)	(1,925.2)

Customer transactions
Receipts from the card networks 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. Given the short-term nature of these balances there is no material gross credit, liquidity, foreign exchange or market risk associated with them. Therefore, these balances, i.e. merchant float, scheme debtors and merchant creditors, are excluded from this note.

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 2016 (£m)	EUR	USD	Other
Monetary assets	**253.8**	**219.4**	**46.3**
Monetary liabilities	**(414.3)**	**(340.1)**	**(240.2)**
Net monetary liabilities	**(160.5)**	**(120.7)**	**(193.9)**
Currency impact (£m)	**(1.6)**	**(1.2)**	**(1.9)**

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 (£m)	(1.9)	(2.8)	0.4

The following significant exchange rates versus Sterling applied during the year and the prior year:

	Average		Reporting date	
	2016	2015	**2016**	2015
EUR	**1.23**	1.38	**1.17**	1.36
USD	**1.36**	1.53	**1.23**	1.47

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.

Cash held at variable rates offsets risk arising from changing interest rates on the Group's borrowings.

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

Note 5e
Financial instruments (continued)
Interest rate sensitivity analysis

	EUR		GBP		USD		Other	
	31 December 2016 £m	31 December 2015 £m	**31 December 2016 £m**	31 December 2015 £m	**31 December 2016 £m**	31 December 2015 £m	**31 December 2016 £m**	31 December 2015 £m
Own cash and cash equivalents	**223.5**	103.8	**389.8**	10.7	**64.8**	22.1	**36.3**	28.7
Merchant float	**223.4**	181.6	**575.8**	390.1	**(39.4)**	117.3	**252.3**	7.4
Borrowings	**(424.2)**	(365.7)	**(819.7)**	(857.7)	**(404.8)**	(338.0)	**–**	–
Net variable rate assets/(liabilities)	**22.7**	(80.3)	**145.9**	(456.9)	**(379.4)**	(198.6)	**288.6**	36.1

A 1% increase in interest rates would result in:
- An incremental increase of 0.74% (2015: 0.76%) 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 £8.3m (2015: £8.6m increase in costs).

The Group's Sterling senior bank debt at 31 December 2016 does not have a floor rate (no floor rate as at 31 December 2015).

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.

The Group does not believe it has a material credit risk in relation to amounts owed to us by the card networks as our contracts state we are only liable to settle to merchants on our receipt of those funds.

In circumstances where funds to merchants have been settled prior to receipt of those funds from the card networks a credit risk would arise. This risk is deemed to be extremely remote as these funds are generally settled within two days and thus it would require the sudden collapse of at least one significant card issuer without any State intervention.

The Group regularly monitors and assesses counterparty and non-performance risk and our most significant network and bank partners are either State owned or have investment grade ratings.

Further information is included in the Principal risks and uncertainties section of this report on page 39.

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 2016, the Group had own cash balances of £714.4m (2015: £165.3m) of which £401.4m is held in relation to CVR holders. Available headroom under its revolving credit facility is £200.0m (2015: £160.0m).

Settlement cycle
The Group has a short-term settlement cycle where card networks (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 £1.6bn to ensure payments can be processed whilst awaiting card network remittances.

Note 5f
Share capital

	Nominal value £	Number of shares	Par value £m
Ordinary shares at 1 January 2015	1.00	50,000,000	50.0
Conversion of ordinary shares into 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 and at 31 December 2016	**0.03**	**2,000,000,000**	**60.0**

On 12 October 2015, the Company converted 1,847,500 ordinary shares into 1,000,000 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 2016, all ordinary shares are fully paid up at par.

The holders of ordinary shares are entitled to dividends and one vote per share at meetings of the Company.

Note 5g
Capital resources

The Group's capital consists of equity, comprising issued share capital, share premium, capital contribution and retained earnings. The regulated entities within the Group are required to maintain minimum regulatory capital. This ensures the Company has sufficient capital resources for the activities required to undertake payment services.

The capital employed in the Company, together with the reserves, ensure that a buffer to the minimum regulatory capital requirement is achieved.

Note 5h
Other equity

The Group has introduced a number of share based award schemes in 2016 and 2015 and has purchased its own shares in order to hedge the cash outflow upon the vesting of the schemes. Details of the awards can be found in Note 2c.

The movement in own shares can be analysed as follows:

	2016 Number	2015 Number	**2016 £m**	2015 £m
At 1 January	**9,866,475**	–	**23.7**	–
Additions	**2,498,333**	9,866,475	**6.9**	23.7
At 31 December	**12,364,808**	9,866,475	**30.6**	23.7

During the IPO process in 2015, £31.4m was received from the former parent companies to fund various share award schemes the Group granted.

As part of the Group restructuring in preparation for the IPO in 2015, the Company effected a capital reduction which resulted in a transfer of £818.7m from share premium to retained earnings.

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

Note 5i
Visa Europe
Disposal of Visa Europe shares
On 21 June 2016, the Group disposed of its interest in Visa Europe to Visa Inc. and received a mixture of cash and non-cash consideration valued at €1,051.3m. The consideration is made up of €589.7m up-front cash, €405.4m of Series B preferred stock in Visa Inc. and €56.2m deferred cash which will be paid in three years. €547.5m of the up-front cash consideration and all of the preferred stock may be reduced by any final settlement of potential liabilities relating to ongoing interchange-related litigation involving Visa Europe. On disposal of the Visa Europe shares, the Group, along with the other former members of Visa Europe, entered into a Litigation Management Deed (LMD). Under this arrangement, potential losses from Visa Europe interchange litigation will be set against the preferred stock, through adjusting the ratio of conversion to ordinary stock. A Loss Sharing Agreement (LSA) 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 €547.5m of up-front cash consideration.

Contingent Value Rights (CVRs)
The holders of the CVRs (a separate class of shares in the Company) are entitled to 90% of the net post-tax proceeds of the disposal in accordance with the terms of the CVRs (subject to the Company's right of retention), with Worldpay retaining 10% of the net proceeds. The settlement of the CVR liabilities could take up to 12 years depending on the settlement of the claims under the LSA.

The CVRs 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 – CVR liabilities' in the Group's income statement.

Accounting treatment
Visa Europe asset
The Visa Europe asset was recognised in the Group's balance sheet at 31 December 2015 as a fair value through profit and loss financial asset. On disposal, it has been derecognised from the Group's balance sheet with the net gain on disposal recognised in 'Finance income – Visa Europe' in the Group's income statement.

Consideration from disposal of Visa Europe shares
'Own cash and cash equivalents', includes £401.4m in relation to the CVR holders. The deferred cash consideration has been included in non-current 'Deferred consideration – Visa Europe'. All balances have been revalued to period end rates in the Group balance sheet as at 31 December 2016.

The preference stock received on disposal of our interest in Visa Europe has been recognised as a financial asset under the non-current 'Financial assets – Visa Inc. preference shares' category. It has been recognised at fair value initially and has been classified as fair value through profit and loss. Subsequent movements on the fair value of the preferred stock are recognised in 'Finance income – Visa Europe' and the movement on the CVR liabilities is recognised in 'Finance costs – CVR liabilities' in the Group's income statement. The value of the Visa Inc. preference shares is based on the expected conversion ratio, which will be adjusted by Visa Inc. based on the potential losses from Visa Europe interchange litigation under the LMD. Any excess of the potential losses from Visa Europe interchange litigation under the LSA has been included in 'Provisions' within current liabilities.

When measuring the fair values of the financial asset – Visa Inc. preference shares as well as the LSA liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Visa Inc. preference shares are classified as Level 3 as the valuation is dependent upon both the value of Visa Inc. ordinary shares, which have a quoted price, and the conversion ratio which will be adjusted for potential losses from Visa Europe interchange litigation under the LMD, for which there are no identical transactions with regularly available market prices. The LSA liability is classified as Level 3 due to the lack of identical transactions with regularly available market prices.

In order to fair value the Visa Inc. preference shares and the LSA liability as at 31 December 2016, the Directors have considered a range of potential outcomes, including the likely value of the potential level of losses from Visa Europe interchange litigation that the Group may be liable for, and calculated a weighted average.

Note 5i
Visa Europe (continued)

It is reasonably possible that, if the Visa Europe interchange litigation progresses within the next financial year and more information becomes available about the likely value of the potential losses, changes in assumptions determining the fair value could require a material adjustment to the carrying amount of the Visa Inc. preference shares and the LSA liability. The uncertainties inherent in the determination of the fair value of the Visa Inc. preference shares and the LSA liability will not be resolved until the obligations under the LMD and LSA are extinguished which is dependent upon final resolution of all related claims.

CVR liabilities

The CVR liabilities have been classified as financial liabilities at amortised cost based on a re-estimation of future cash flows, with any changes being recognised in 'Finance costs – CVR liabilities' in the income statement.

Conclusion

Based on the above, the following has been recognised in the Group's financial statements:

	31 December 2016 £m	31 December 2015 £m
Balance sheet		
Non-current assets		
Deferred consideration – Visa Europe	**48.0**	–
Financial assets – Visa Inc. preference shares	**192.1**	–
Current assets		
Financial assets – Visa Europe shares	**–**	195.7
Own cash and cash equivalents*	**446.5**	–
Current liabilities		
Current tax liabilities	**(49.4)**	–
Provisions	**(268.5)**	–
Financial liabilities – CVR liabilities	**(302.5)**	(140.9)
Deferred tax liabilities	**(32.6)**	(39.2)
Net assets	**33.6**	15.6

* Includes £401.4m of cash in relation to the CVR holders.

	31 December 2016 £m	31 December 2015 £m
Income statement		
Finance income – Visa Europe shares	**–**	195.7
Net gain on disposal of financial assets – Visa Europe	**207.0**	–
Fair value gain on Visa Inc. preference shares	**4.3**	–
Foreign exchange gains	**58.6**	–
Dividend income on Visa Inc. preference shares	**1.7**	–
Finance costs – CVR liabilities	**(161.7)**	(140.9)
Profit before tax	**109.9**	54.8
Tax	**(91.9)**	(39.2)
Profit after tax	**18.0**	15.6

Sensitivity analysis

The fair value of the 'Financial assets – Visa Inc. preference shares' and the LSA provisions are sensitive to the significant unobservable inputs. At the reporting date a 5% swing in the valuation of the potential losses from Visa Europe interchange litigation under the LMD and the LSA, one of the significant unobservable inputs, holding other inputs constant would result in a change in the valuation of the disposal of £22.5m and an impact on profit after tax of £2.5m (after adjusting for the change in the CVR liabilities of £20.2m).

Notes to the consolidated financial statements

Section 6 – Group composition – subsidiaries, acquisitions and disposals

This section shows the Group's subsidiaries, details about subsidiaries the Group has acquired during the year and prior years and details about any subsidiaries that have been disposed of during the year and prior years.

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 year 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 year 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[1]	England	Provision of terminal card payment clearing services	07316500	100
WorldPay Limited[1]	England	Provision of online card payment clearing services	03424752	100
Payment Trust Limited*[1]	England	Online payments clearing	03447368	100
Ship Midco Limited*[1]	England	Holding company servicing Group debt	07330127	100
Ship Holdco Limited*[1]	England	Holding company	07329558	100
Worldpay Finance plc*[1]	England	Holding company	07392739	100
WorldPay eCommerce Limited*[1]	England	Holding company servicing Group debt	07357615	100
WorldPay AP Ltd (formerly Envoy Services Limited)[1]	England	Provision of alternative card payment clearing services	05593466	100
YESPay International Limited*[1]	England	Provision of innovative all in one solutions for payment processing	04509853	100
Tayvin 346 Limited*[1]	England	Support YESpay International Limited	05671088	100
Yes-Secure.com Limited*[1]	England	Support YESpay International Limited	06785381	100
Cardsave (UK) Limited*[1]	England	Support Cardsave Group Limited	03923838	100
Worldpay Latin America Limited*[1]	England	Provision of approval technology and other card payment services to merchants	09086632	100
Cardsave Group Limited*[2]	England	Provision of merchant terminals and related membership services	06281817	100
Cardsave Acquisitions Limited*[2]	England	Support Cardsave Group Limited	06281830	100
Cardsave Community Limited*[2]	England	Support Cardsave Group Limited	06874423	100
Cardsave Holdings Limited*[2]	England	Support Cardsave Group Limited	05207657	100
Cardsave Online Limited*[2]	England	Support Cardsave Group Limited	06663768	100
Cardsave Merchant Services Limited*[2]	England	Support Cardsave Group Limited	06874395	100
Cardsave EBT Limited*[2]	England	Support Cardsave Group Limited	05799005	100
Cardsave Finance Limited*[2]	England	Support Cardsave Group Limited	03889530	100
Modacs Limited*[2]	England	Support Cardsave Group Limited	02896295	100
Cardsave Terminals Limited*[2]	England	Support Cardsave Group Limited	03103708	100
WorldPay Limited[3]	Jersey	Holding company	69490	100
Overseas subsidiaries				
Ship Luxco 2 S.à r.l.[4]	Luxembourg	Holding company		100
Ship Luxco 3 S.à r.l.[4]	Luxembourg	Holding company		100
WorldPay US, Inc.[5]	USA	Provision of terminal card payment clearing services and ATM services		100
Worldpay US Holdco Inc.[6]	USA	Holding company		100
Worldpay Inc.[6]	USA	Holding company		100
Ship US Holdco, Inc.[6]	USA	Holding company		100
Worldpay (HK) Limited[7]	Hong Kong	Provision of approval technology and other card payment services to merchants		100
Worldpay B.V.[8]	The Netherlands	Provision of terminal and online card payment clearing services		100
YESPay International Limited[9]	Canada	Support YESpay International Limited		100

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

Note 6a
Investments in subsidiaries (continued)

	Country of incorporation	Nature of business	Ordinary shares held %
YESpay IT services (India) Private Limited[10]	India	Support YESpay International Limited	100
EBOT IT Services Private Limited[10]	India	Support YESpay International Limited	100
Enviado Transacciones Sociedad Limitada[11]	Spain	Support Worldpay AP Limited	100
Envoy Services Bulgaria Limited[12]	Bulgaria	Support Worldpay AP Limited	100
Envoy Services South Africa (Pty) Limited[13]	South Africa	Support Worldpay AP Limited	100
Envoy Services Denmark APS[14]	Denmark	Support Worldpay AP Limited	100
Envoy Services Pty Limited[15]	Australia	Support Worldpay AP Limited	100
Worldpay Sweden AB[16]	Sweden	Support Worldpay AP Limited	100
Canadian Envoy Technology Services Limited[17]	Canada	Support Worldpay AP Limited	100
Envoy Services OU[18]	Estonia	Support Worldpay AP Limited	100
Worldpay Canada Corporation[19]	Canada	Research and development	100
Worldpay Pte[20]	Singapore	Distribution of Worldpay TM e-commerce solutions	100
Worldpay K.K.[21]	Japan	Provision of card payment clearing services	100
Bibit Payment K.K.[22]	Japan	Provision of approval technology and other card payment services to merchants	100
Bibit Secure Internet Payments Inc.[23]	USA	Provision of approval technology and other card payment services to merchants	100
Worldpay S.A.R.L.[24]	France	Provision of approval technology and other card payment services to merchants	100
Bibit Spain S.L.U.[25]	Spain	Provision of approval technology and other card payment services to merchants	100
Worldpay do Brasil Processamento de Pagamentos Ltda[26]	Brazil	Provision of alternative card payment clearing services	100
Worldpay Pty Ltd[27]	Australia	Provision of terminal card payment clearing services	100
Worldpay Holdings Brasil Participacoes Ltda[26]	Brazil	Holding company	100
Worldpay Marketing Consulting (Shanghai) Co. Limited[28]	China	Sales organisation	100

Principal place of business:
1 The Walbrook Building, 25 Walbrook, London EC4N 8AF
2 Parkway Offices, Acorn Business Park, Moss Road, Grimsby, North East Lincolnshire, DN32 0LW
3 44 Esplanade, St Helier, Jersey, JE4 9WG
4 4 Rue Jean-Pierre Probst, L-2352, Luxembourg
5 Corporation Service Company, 40 Technology Parkway Southsuite 300, Fulton, Norcross, GA, 30092, USA
6 2711 Centreville Road, Suit 400, Willmington, New Castle, Delaware, 19808, USA
7 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
8 Claude Debussylaan 16, 1082 MD, Amsterdam, Netherlands
9 36 Toronto Street, 920 Toronto, ON M5C 2C5, Canada
10 L-2A Hauz Khas Enclave, New Dehli, 110016, India
11 Paseo de la Castellana 8, 5° Dcha, 28046, Madrid, Spain
12 2 Tsar Osvoboditel Blvd., 1000 Sofia, Bulgaria
13 Block B, Bradford House, 12 Bradford Road, Bedfordview, South Africa
14 c/o Beierholn, Gribskovvej 2, 2100 København Ø, Denmark
15 Level 13, 74 Castlereagh Street, Sydney NSW, 2000 Australia
16 Box 3095, 35053, Vaxjo, Sweden
17 #302-1224 Hamilton Street, Vancouver BC V6B 2S8, Canada
18 Ahtri tn 6a, T allinna linn, Harju maakond, 10151, Estonia
19 9800 Cavendish Blvd, Suite 510, Montreal, Québec, H4M 2V9, Canada
20 80 Raffles Place, #28-03, UOB Plaza, Singapore, 48624, Singapore
21 3rd Floor, Sanno Park Tower, 11-1, Nagatacho 2-chome, Chiyoda-ku, Tokyo, Japan
22 2579-16 Morigane, Hitachiomiya-shi, Ibarakiken 319-3102, Japan
23 160 Greentree Drive Ste 101, Dover, Delaware, 19904, USA
24 19 Boulevard, Malesherbes, 75008, Paris, France
25 Jorge Juan 30, 28001, Madrid, Spain
26 Rua Fidêncio Ramos, 302, Conjunto 114, Torre B, Bairro Vila Olímpia, 04551-010, São Paulo, Brazil
27 TMF Corporate Services (Australia) Pty Limited, Level 11, 50 Queen Street, Melbourne, Victoria 3000, Australia
28 Suite 3601-3605, 36F, Shanghai International Center, Tower 2, No.8 Century Avenue, Pudong, Shanghai PRC, China.

* 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 and all the above companies have been included in the Group consolidation.

The Group also has a joint venture and an investment as disclosed in Note 6b.

Note 6b
Joint venture and associate

The joint venture and associate are accounted for using the equity method whereby the interest in the joint venture and associate 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 Group's income statement includes the Group's share of the profit or loss of the joint venture and associate.

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.

Pazien Inc. (incorporated in the USA, registered office Corporation Trust Center, 1209 Orange St., in the City of Wilmington, County of New Castle, DE 18801. State of Delaware) is an innovative start-up creating products using transaction data to enable more intelligent routing, automated optimisation and reconciliation for Global eCom merchants. In 2016, the Group increased its share holding in Pazien Inc. to 58.0% (2015: 51.0%). As we only own 50% of the voting rights we do not have control and so Pazien Inc. is accounted for as a joint venture using the equity method in the Group's financial statements.

The table below sets out the aggregated amounts relating to the joint venture and associate:

	2016 £m	2015 £m
At 1 January	**5.2**	3.2
Additions	**2.0**	3.2
Share of loss	**(1.5)**	(1.2)
Reclassification to Investment	**(2.7)**	–
Foreign exchange gain	**1.3**	–
At 31 December	**4.3**	5.2

	2016 £m	2015 £m
Total assets	**1.9**	7.6
Total liabilities	**–**	(0.3)
Net assets	**1.9**	7.3
Group share of net asset	**1.1**	2.3
Joint venture and associate revenue	**0.1**	0.2
Loss for the year	**(2.5)**	(2.8)
Group share of joint venture and associate loss for the year	**(1.5)**	(1.2)

Blue Star Sports Holdings, Inc., formerly known as Spay, Inc., is a referral company specialising in the sports sector and was accounted for as an associate until an independent third party invested in this company in 2016. As a result, the Group's shareholding was reduced to 6.5% from 25.0% and our ability to appoint two Board members was replaced with the entitlement to nominate an observer to the Board. The investment in Blue Star Sports Holdings, Inc. was therefore reclassified to an investment. Subsequently a further cash injection was made of £0.6m to avoid further dilution. At 31 December 2016 the investment in Blue Star Sports Holdings, Inc. is £3.3m.

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 primarily comprise guarantees, letters of credit and other contingent liabilities, all of which arise in the Group's ordinary course of business. They are disclosed when the associated outflow of economic benefits is considered possible. The Group's maximum contractual exposure at 31 December 2016 was £62.6m (2015: £32.8m).

Note 7b
Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures, the Directors and any other entities over which the Directors have significant influence.

The related party transactions between the joint venture and associate all arose in the normal course of business and are conducted on an arm's length basis. A list of the Group's subsidiaries is in Note 6a and details of the joint venture and associate are in Note 6b.

There are no related party transactions with the Directors outside of their employment by the Group.

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.

Company balance sheet
As at 31 December 2016

	Notes	2016 £m	2015 £m
Fixed assets			
Investment in subsidiary undertakings	c3	**1,709.3**	1,704.3
		1,709.3	1,704.3
Current assets			
Debtors	c4	**22.9**	159.7
Current tax assets		**–**	6.8
Own cash and cash equivalents		**2.0**	–
Own cash and cash equivalents – held in relation to CVR holders		**353.3**	–
		378.2	166.5
Total assets		**2,087.5**	1,870.8
Creditors: amounts falling due within one year			
Trade and other creditors	c5	**(28.8)**	(22.4)
Financial liabilities – CVR liabilities (see Note 5i)		**(302.5)**	(140.9)
		(331.3)	(163.3)
Net current assets		**46.9**	3.2
Net assets		**1,756.2**	1,707.5
Capital and reserves			
Called-up share capital	c6	**60.0**	60.0
Share premium		**883.8**	883.8
Own shares		**(30.6)**	(23.7)
Capital contribution reserve		**31.4**	31.4
Retained earnings		**811.6**	756.0
Total shareholders' funds		**1,756.2**	1,707.5

The accompanying notes on pages 151 to 152 form an integral part of these financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 7 March 2017. They were signed on its behalf by:

Rick Medlock
Chief Financial Officer

Company statement of changes in equity

For the year ended 31 December 2016

	Called-up share capital £m	Share premium £m	Own shares £m	Capital contribution reserve £m	Retained earnings/ (deficit) £m	Total £m
At 1 January 2015	50.0	818.7	–	–	(37.1)	831.6
Loss for the year	–	–	–	–	(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)
At 31 December 2015	**60.0**	**883.8**	**(23.7)**	**31.4**	**756.0**	**1,707.5**
Profit for the year	**–**	**–**	**–**	**–**	**61.2**	**61.2**
Share-based payments	**–**	**–**	**–**	**–**	**7.3**	**7.3**
Dividend paid	**–**	**–**	**–**	**–**	**(12.9)**	**(12.9)**
Investment in own shares	**–**	**–**	**(6.9)**	**–**	**–**	**(6.9)**
At 31 December 2016	**60.0**	**883.8**	**(30.6)**	**31.4**	**811.6**	**1,756.2**

The accompanying notes on pages 151 to 152 form an integral part of these financial statements.

Notes to the 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.

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 profit after tax for the Company was £61.2m (2015: loss £24.1m).

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 profit of £61.2m (2015: loss £24.1m). The Company was in a net asset position of £1,756.2m (2015: £1,707.5m) and net current asset position of £46.5m (2015: £2.2m).

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 consolidated 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 at amortised cost 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.

Notes to the Company financial statements
continued

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 area of estimation uncertainty, and where critical judgements are made in applying accounting policies that have a material effect on the financial statements, is in relation to the fair value of the consideration received on disposal of Visa Europe and the related CVRs and litigation liabilities. Further details are contained in Note 1b and Note 5i to the Group's consolidated financial statements.

c3. Investment in subsidiary undertakings

Investments in subsidiary undertakings are carried at cost less impairment. Movements during the year were as follows:

	2016 £m	2015 £m
At 1 January	**1,704.3**	1,218.0
Additions	**5.2**	486.3
Disposal	**(0.2)**	–
At 31 December	**1,709.3**	1,704.3

A list of subsidiary undertakings of the Company are shown in Note 6a to the Group's financial statements.

c4. Debtors

	31 December 2016 £m	31 December 2015 £m
Amount due from Group undertakings	**22.5**	157.0
Other debtors	**0.4**	2.7
At 31 December	**22.9**	159.7

c5. Trade and other creditors

	31 December 2016 £m	31 December 2015 £m
Accruals and deferred income	**2.5**	20.5
Other payables	**7.6**	1.8
Amounts due to Group undertakings	**18.7**	0.1
At 31 December	**28.8**	22.4

The Directors consider that the carrying values for creditors approximate to their fair value.

c6. Share capital

	Nominal value £	Number of shares	Par value £m
Ordinary shares at 1 January 2015	1.00	50,000,000	50.0
Conversion of ordinary shares into 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 shares issued	0.03	394,916,667	11.8
Total ordinary shares in issue at 31 December 2016 and at 31 December 2015	**0.03**	**2,000,000,000**	**60.0**

c7. 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. Worldpay Group plc has granted such guarantees together with: 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.. Worldpay Group plc and 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 loan notes, which are guaranteed by Worldpay Group plc together with: 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..

c8. Other equity

Details of movements in other equity are provided in Note 5h to the Group's consolidated financial statements.

Five year financial summary

for the year ended 31 December

	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Income statement					
Revenue	**4,540.8**	**3,963.0**	**3,626.6**	**3,377.5**	**3,076.6**
Net revenue	**1,124.2**	**981.7**	**863.4**	**799.2**	**717.4**
Global eCom	**386.6**	317.7	272.0	231.1	199.4
WPUK	**438.6**	405.2	366.0	339.3	305.4
WPUS	**299.0**	258.8	225.4	228.8	212.6
Gross profit	**985.2**	**860.4**	**765.3**	**704.1**	**634.2**
Underlying operating expenses	**(517.6)**	(454.3)	(390.6)	(358.5)	(329.7)
Underlying EBITDA	**467.6**	**406.1**	**374.7**	**345.6**	**304.5**
Global eCom	**216.9**	184.2	161.5	125.7	106.5
WPUK	**198.3**	179.2	156.1	162.6	153.5
WPUS	**77.4**	62.3	75.4	74.0	62.1
Corporate	**(25.0)**	(19.6)	(18.3)	(16.7)	(17.6)
SDIs impacting EBITDA	**(62.4)**	(103.7)	(88.6)	(168.6)	(97.9)
Underlying depreciation and amortisation	**(78.4)**	(65.6)	(78.4)	(68.6)	(58.6)
SDIs impacting depreciation and amortisation	**(50.3)**	(69.9)	(82.7)	(88.4)	(74.3)
Underlying operating profit	**389.2**	**340.5**	**296.3**	**277.0**	**245.9**
SDIs impacting operating profit	**(112.7)**	(173.6)	(171.3)	(257.0)	(172.2)
Operating profit	**276.5**	**166.9**	**125.0**	**20.0**	**73.7**
Global eCom	**179.3**	154.4	116.3	81.4	53.5
WPUK	**133.2**	117.2	70.1	31.4	54.3
WPUS	**31.6**	0.6	30.6	21.4	12.5
Corporate	**(67.6)**	(105.3)	(92.0)	(114.2)	(46.6)
Underlying finance costs	**(60.3)**	(151.2)	(163.2)	(140.4)	(150.1)
SDIs impacting finance income/(costs)	**49.4**	4.6	(8.6)	(77.4)	3.2
Share of results of joint venture and associate	**(1.5)**	(1.2)	(0.3)	–	–
Profit/(loss) before tax	**264.1**	**19.1**	**(47.1)**	**(197.8)**	**(73.2)**
Tax (charge)/credit	**(132.6)**	(48.9)	(2.9)	33.0	17.7
Profit /(loss) after tax	**131.5**	**(29.8)**	**(50.0)**	**(164.8)**	**(55.5)**
Underlying profit after tax	**245.3**	138.4	91.7	93.6	68.8
SDIs after tax	**(113.8)**	(168.2)	(141.7)	(258.4)	(124.3)
Cash and net debt					
Net cash inflow from operating activities	**410.7**	291.5	232.0	152.7	184.2
Free cash inflow/(outflow)	**170.9**	32.4	0.7	(60.9)	28.0
Net debt	**(966.6)**	(1,425.3)	(2,254.1)	(2,055.1)	(1,368.3)

Five year financial summary for the year ended 31 December
continued

	2016	2015	2014	2013	2012
Financial statistics					
Underlying diluted earnings per share (pence)*	**12.3**	6.9	n/a	n/a	n/a
Reported diluted earnings per share (pence)*	**6.6**	(1.8)	n/a	n/a	n/a
Dividends per ordinary share (pence)**	**2.0**	n/a	n/a	n/a	n/a
Number of shares (millions)*	**1,992.8**	2,000.0	n/a	n/a	n/a
Operational statistics					
Number of transactions processed (billions)	**14.9**	13.1	11.5	9.9	9.0
Total transaction value (£bn)	**451.1**	404.2	369.5	343.1	316.7
Net revenue % of total transaction value (%)	**0.25**	0.24	0.23	0.23	0.23
Average transaction value (£)	**30.3**	30.9	32.2	34.7	35.2
Average number of employees	**5,095**	4,982	4,518	4,025	3,437
Average exchange rates					
GBP:USD	**1.36**	1.53	1.65	1.56	1.58
GBP:EUR	**1.23**	1.38	1.24	1.18	1.23

* Underlying earnings per share calculated for 2015 on a proforma basis. This has been calculated by taking profit/loss before separately disclosed items, divided by the number of shares in issue at the end of 2015.
** Proposed dividend to be approved at the Company's Annual General Meeting.
n/a Financial statistics not available pre-IPO.

Shareholder information

Annual General Meeting (AGM)

The AGM will be held at the offices of Allen & Overy, 1 Bishops Square, London E1 6AD on 10 May 2017 at 11.00am. The last date for AGM proxy votes to be received by the Registrar is 8 May 2017 at 11.00am. All shareholders can submit their proxy vote for the AGM electronically at www.sharevote.co.uk. To register their vote, shareholders will need the numbers detailed on their form of proxy. Alternatively, shareholders who have already registered with Shareview can submit their proxy vote by logging on to their portfolio at www.shareview.co.uk and clicking on the link to vote underneath their Worldpay Group plc holding.

Share register and shareholder enquiries

The Company's share register is maintained by Equiniti. Queries relating to Worldpay Group plc shares should be addressed to:

The Registrar
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Website: www.shareview.co.uk
Tel: 0371 384 2030*
(International telephone number: +44 (0)121 415 7047)

* Lines are open 8.30am to 5.30pm (London time), Monday to Friday (excluding UK public holidays).

Shareholders should quote the Company reference number 4726 and their shareholder reference number (which can be found on their share certificates), when contacting the Registrar.

Electronic communications

On 13 January 2016, the Company issued a letter to shareholders, allowing the Company's corporate website to be used as the primary means of communication with its shareholders. A response form was sent to shareholders enabling them to choose either to:

- receive notification by email when shareholder documentation is available on the website; or
- continue to receive shareholder documentation in hard copy.

Shareholders who did not respond were deemed, in accordance with the Companies Act 2006, to have agreed to receive shareholder documentation via the Company's corporate website. These arrangements for electronic shareholder communications provide shareholders with the opportunity to access information in a timely manner and help the Company to reduce both its costs and its environmental impact.

Shareview

To be able to access information about their shares and other investments online, shareholders can register with Shareview (www.shareview.co.uk/info/register). Registration is free; shareholders will need their shareholder reference number which is shown on their form of proxy and share certificate. By registering for this service, shareholders will:

- help reduce paper, print and postage costs;
- help the environment;
- be able to submit their queries by email; and
- be able to manage their shareholding easily and securely online.

Once registered, whenever shareholder documents are available, shareholders will be sent a link to the appropriate website, where the documents will be available to view or download. Receiving documents online does not affect shareholders' rights in any way.

Multiple accounts on the share register

If a shareholder receives two or more sets of the documents concerning the AGM, this means that there is more than one account in their name on the shareholder register, perhaps because either the name or the address appears on each account in a slightly different way. For security reasons, Equiniti will not amalgamate the accounts without the shareholder's written consent. Therefore, if a shareholder would like their multiple accounts to be combined, they should write to Equiniti at the address above, detailing the different shareholder reference numbers, and request that they be combined into one account.

Dividend policy

The Board dividend policy is based on a payout ratio of 20-30% of reported profit after tax per annum.

Direct dividend payments

Shareholders may wish to consider having any future dividends paid directly into their personal bank or building society account. This has a number of advantages, including the crediting of cleared funds on the dividend payment date. If you would like any future dividends to be paid in this way, you should contact the Registrar or complete a mandate form available from www.shareview.co.uk and return it to the Registrar.

Warning to shareholders about share fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an up-front payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

5,000 people contact the Financial Conduct Authority (FCA) about share fraud each year, with victims losing an average of £20,000.

Shareholder information
continued

How to avoid share fraud

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

1. Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
2. Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
3. Check the Financial Services Register at www.fca.org.uk to see if the person and firm contacting you is authorised by the FCA.
4. Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
5. Use the firm's contact details listed on the Register if you want to call it back.
6. Call the FCA on 0800 111 6768 if the firm does not have contact details on the Register or you are told they are out of date.
7. Search the list of unauthorised firms to avoid at www.fca.org.uk/scams.
8. Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
9. Think about getting independent financial and professional advice before you hand over any money.
10. Remember: if it sounds too good to be true, it probably is!

Report a scam

If you are approached about a share scam you should tell the FCA using the share fraud reporting form at www.fca.gov.uk/scams, where you can find out about the latest investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768 (UK) or +44 (0)20 7066 1000 (overseas). If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040 or by visiting www.actionfraud.police.uk.

Shareview dealing

A telephone and internet dealing service has been arranged through the Registrar to provide a simple way of buying and selling Worldpay Group plc shares for existing and prospective UK-based shareholders. For telephone dealing call 03456 037 037 (international telephone number: +44 (0)121 415 7560) between 8.30am and 5.30pm (London time), Monday to Friday (excluding UK public holidays), or visit the website: www.shareview.co.uk/dealing. Shareholders will need the shareholder reference number shown on their share certificate(s).

Analysis of shareholders as at 31 December 2016

Distribution of shares by the type of shareholder	Number of holdings	Number of shares
Nominees and institutional investors	881	1,998,150,390
Individuals	391	1,849,610
Total	**1,272**	**2,000,000,000**

Size of shareholding	Number of holdings	Number of shares
1-100	7	457
101-500	227	63,125
501-1,000	103	82,888
1,001-10,000	286	984,179
10,001-100,000	232	10,295,937
100,001-500,000	180	42,943,811
500,001-1,000,000	55	39,735,260
1,000,001 and above	182	1,905,894,343
Total	**1,272**	**2,000,000,000**

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