

Certegy Card Services Limited (formerly Equifax Card Solutions Limited)

Accounts 31 December 2000
together with directors' and auditors' reports

Registered in England, Number: 3517639



Certegy Card Services Limited

Directors' Report

For the year ended 31 December 2000

The directors present their annual report on the affairs of the company and the audited financial statements for the year ended 31 December 2000.

Principal activity

The company's principal activity during the year was the processing of store cards and related services.

Results and Dividends

The loss for the year, after taxation, was £2,865,601 (1999: (7 months) £2,957,170). The directors do not recommend the payment of an ordinary dividend.

Change of Ownership

On 15 September 2000 Equifax plc purchased the 49% minority holding from Creation Financial Services Limited for £8,197,225 to take its holding to 100%.

Post Balance Sheet Event

On 29 June 2001 Equifax plc disposed of its investment in Certegy Card Services Limited by way of a distribution in specie. From 7 July 2001 the new ultimate parent company is Certegy Inc a company incorporated in the USA.. The company changed its name from Equifax Card Solutions Limited to Certegy Card Services Limited on 29 June 2001.

Directors and their interests

The directors who served during the year were as follows:

Larry J Towe

Gerald Hines

Deborah J Allmey (resigned 15 September 2000)

Benoit Cavalier (resigned 15 September 2000)

Richard A McCrohan (resigned 3 August 2001)

The directors held no interests in the shares of the company either at their dates of appointment or at 31 December 2000.

There are no other interests required to be disclosed by section 234 of the Companies Act 1985.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Certegy Card Services Limited

Directors' Report (continued)

Employee consultation

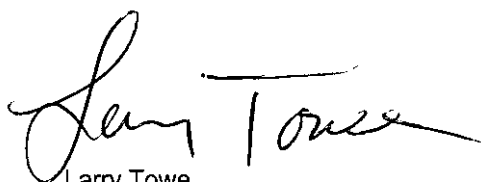
The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings.

Auditors

A resolution to reappoint Arthur Andersen as auditors will be put to the members at the annual general meeting.

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

Radcliffe House
Blenheim Court
Solihull
West Midlands
B91 2AA



Larry Towe

Director

28 January 2002

Certegy Card Services Limited

Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Certegy Card Services Limited

Independent auditors' report

To the Shareholders of Certegy Card Services Limited

We have audited the financial statements of Certegy Card Services Limited for the year ended 31 December 2000, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and the related notes numbered 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Certegy Card Services Limited

Independent auditors' report (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 2000 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

1 City Square
Leeds
LS1 2AL

28 January 2002

Certegy Card Services Limited

Profit and loss account

For the year ended 31 December 2000

	Note	2000 £	1999 (7 months) £
Turnover, continuing activities	2	19,826,815	8,482,538
Cost of sales		(11,085,286)	(6,404,764)
Gross profit		8,741,529	2,077,774
Administrative expenses		(10,901,992)	(5,266,190)
Operating loss		(2,160,463)	(3,188,416)
Interest payable and similar charges	3	(621,649)	(110,754)
Loss on ordinary activities before taxation	4	(2,782,112)	(3,299,170)
Tax (charge) /credit on loss on ordinary activities	6	(83,489)	342,000
Loss on ordinary activities after taxation and retained loss for the period	13	(2,865,601)	(2,957,170)

There are no recognised gains or losses for the current financial year and preceding financial period, other than the losses shown above.

The movement on reserves is set out in note 13.

The accompanying notes are an integral part of this Profit and loss account

Certegy Card Services Limited

Balance sheet

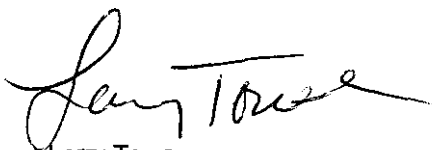
At 31 December 2000

	Note	2000 £	1999 £
Called up Share Capital not paid	12	<u>1,000</u>	<u>1,000</u>
Fixed assets			
Tangible assets	7	<u>5,804,361</u>	<u>5,905,420</u>
Current assets			
Stocks	8	2,468,050	2,427,132
Debtors	9	8,306,816	4,871,425
Cash at bank and in hand		<u>1,497,322</u>	<u>3,387,772</u>
		<u>12,272,188</u>	<u>10,686,329</u>
Creditors: Amounts falling due within one year	10	<u>(7,157,309)</u>	<u>(10,040,510)</u>
Net current assets		<u>5,114,879</u>	<u>645,819</u>
Total assets less current liabilities		<u>10,920,240</u>	<u>6,552,239</u>
Creditors: Amounts falling due after more than one year	11	<u>(12,446,523)</u>	<u>(5,212,921)</u>
Net (liabilities)/assets		<u>(1,526,283)</u>	<u>1,339,318</u>
Capital and reserves			
Called-up share capital	12	1,000	1,000
Capital contribution	13	4,295,488	4,295,488
Profit and loss account	13	<u>(5,822,771)</u>	<u>(2,957,170)</u>
Shareholders' (deficit)/funds (attributable to equity shareholders)	13	<u>(1,526,283)</u>	<u>1,339,318</u>

The accompanying notes are an integral part of this balance sheet.

The financial statements on pages 6 to 16 were approved by the Board of Directors on 28 January 2002.

Signed on behalf of the Board of Directors:-


Larry Towe
Director

Certegy Card Services Limited

Cash flow statement

for the year ended 31 December 2000

	Note	2000 £	1999 (7 months) £
Net cash outflow from operating activities	14b	(7,047,292)	(2,261,966)
Returns on investments and servicing of finance			
Interest paid		(339,912)	(1,323)
Taxation			
Payment for losses surrendered as consortium relief to minority shareholders		258,511	-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(1,401,757)	(3,234,427)
Cash outflow before financing		(8,530,450)	(5,497,716)
Financing			
Capital contribution received		-	4,295,488
New unsecured loans		6,640,000	4,590,000
(Decrease)/increase in cash in the period		(1,890,450)	3,387,772

The accompanying notes are an integral part of this cash flow statement.

Certegy Card Services Limited

Notes to the accounts

Year ended 31 December 2000

1 Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and during the preceding period, is set out below:

Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Tangible fixed assets

Fixed assets are shown at cost, net of depreciation.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Office equipment	3-10 years
Software development costs	3-6 years

Taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Stocks

Stocks are stated at the lower of cost and net realisable value.

The stock includes card, statements, letters etc, which will be used in the management of the store card processing. It also includes contract costs incurred, but not yet billed, in the establishment of services to clients.

Pension costs

The company is part of the Equifax Group plc defined contribution scheme. The amounts charged to the profit and loss account are the contributions payable in the year.

Certegy Card Services Limited

Notes to the accounts (continued)

1 Accounting policies (continued)

Turnover

Turnover comprises the value of sales (excluding VAT and similar taxes and trade discounts) of services in the normal course of business.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term.

2 Segment information

The whole of the company's turnover relates to its principal activity and continuing operations and arose within the UK.

3 Interest payable and similar charges

	2000	1999 (7 months)
	£	£
Bank loans and overdrafts	-	1,323
Other loans	621,649	109,431
	<u>621,649</u>	<u>110,754</u>

Included in the charge for other loans is £422,293 (1999: £72,223) payable in respect of amounts due to the parent undertaking.

4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2000	1999 (7 months)
	£	£
Depreciation of tangible fixed assets - owned	1,502,816	798,262
Operating lease rentals - land and buildings	398,584	232,635
Operating lease rentals - other	211,671	103,973
Auditors' remuneration - audit	43,250	30,000
- taxation services	53,450	25,000
Write off of pre-trading expenditure	-	531,958
Provision against debtors	240,000	231,708

A provision of £240,000 has been made against debtors where the final outcome of the project remains uncertain. The valuation of the provision has been calculated as being the excess expenditure over and above the agreed level of expenditure to be paid by the debtors.

Certegy Card Services Limited

Notes to the accounts (continued)

5 Staff costs

Particulars of employees (including executive directors) are as shown below:

	2000	1999 (7 months)
	£	£
Employee costs during the period amounted to:		
Wages and salaries	6,430,322	3,214,363
Social security costs	551,831	261,829
Other pension costs	253,662	74,603
	<u>7,235,815</u>	<u>3,550,795</u>

The average monthly number of persons employed by the company during the period was as follows:

	2000	1999 (7 months)
	Number	Number
Operations	326	300
Administration	31	20
	<u>357</u>	<u>320</u>

Directors' remuneration

No directors were paid any remuneration by Certegy Card Services Limited during either period.

6 Tax (charge)/credit on loss on ordinary activities

	2000	1999 (7 months)
	£	£
Surrender of losses to minority shareholders under consortium relief provisions	<u>(83,489)</u>	<u>342,000</u>

Certegy·Card Services Limited

Notes to the accounts (continued)

7 Tangible fixed assets

	Software development costs £	Office Equipment £	Total £
Cost			
At 1 January 2000	6,120,466	583,216	6,703,682
Additions	1,171,621	230,136	1,401,757
At 31 December 2000	<u>7,292,087</u>	<u>813,352</u>	<u>8,105,439</u>
Depreciation			
At 1 January 2000	621,383	176,879	798,262
Charge	1,209,053	293,763	1,502,816
At 31 December 2000	<u>1,830,436</u>	<u>470,642</u>	<u>2,301,078</u>
Net book value			
At 31 December 2000	<u>5,461,651</u>	<u>342,710</u>	<u>5,804,361</u>
At 31 December 1999	<u>5,499,083</u>	<u>406,337</u>	<u>5,905,420</u>

8 Stocks

	2000 £	1999 £
Stocks of stationery and cards	118,836	129,065
Contract work in progress	2,349,214	2,298,067
	<u>2,468,050</u>	<u>2,427,132</u>

9 Debtors

	2000 £	1999 £
Amounts falling due within one year:		
Trade debtors	3,033,982	3,431,437
Other debtors	849,928	459,218
Prepayments and accrued income	742,193	252,140
Amounts owed by group undertaking	3,350,269	342,000
	<u>7,976,372</u>	<u>4,484,795</u>
Amounts falling due after one year: other debtors	<u>330,444</u>	<u>386,630</u>
	<u>8,306,816</u>	<u>4,871,425</u>

Certegy Card Services Limited

Notes to the accounts (continued)

10 Creditors: Amounts falling due within one year

	2000 £	1999 £
Loan	-	2,240,000
Trade creditors	417,666	743,390
Taxation and social security	145,414	224,761
Amounts owed to group undertakings	3,144,794	3,871,970
VAT	407,244	265,261
Other creditors	434,194	1,764
Accruals and deferred income	2,607,997	2,693,364
	<u>7,157,309</u>	<u>10,040,510</u>

The loan was not secured and attracted interest at a rate equal to bank base rate.

11 Creditors: Amounts falling due after more than one year

	2000 £	1999 £
Loan from parent company	11,230,000	2,350,000
Amounts owed to group undertakings	1,216,523	1,267,376
Other creditors	-	1,595,545
	<u>12,446,523</u>	<u>5,212,921</u>

The loan is not secured and attracts interest at a rate equal to bank base rate.

Group undertakings have confirmed that amounts included above will not be recalled within one year.

12 Called-up share capital

	2000 £	1999 £
<i>Authorised, Allotted, called up and not paid</i>		
510 A ordinary shares of £1 each	510	510
490 B ordinary shares of £1 each	490	490
	<u>1,000</u>	<u>1,000</u>

Certegy Card Services Limited

Notes to the accounts (continued)

13 Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Capital contribution £	Profit and loss account £	Total £
At 1 January 2000	1,000	4,295,488	(2,957,170)	1,339,318
Loss for the year	-	-	(2,865,601)	(2,865,601)
At 31 December 2000	<u>1,000</u>	<u>4,295,488</u>	<u>(5,822,771)</u>	<u>(1,526,283)</u>

14 Notes to the statement of cash flows

(a) Reconciliation of net cash flow to movement in net debt

	2000 £	1999 (7 months) £
(Decrease)/increase in cash in the period	(1,890,450)	3,387,772
Cash inflow from increase in debt financing	(6,640,000)	(4,590,000)
Change in net debt resulting from cash flows	(8,530,450)	(1,202,228)
Net debt at 1 January 2000	(1,202,228)	-
Net debt at 31 December 2000	<u>(9,732,678)</u>	<u>(1,202,228)</u>

(b) Reconciliation of operating loss to net cash outflow from operating activities

	2000 £	1999 (7 months) £
Operating loss	(2,160,463)	(3,188,416)
Depreciation	1,502,816	798,262
Increase in stocks	(40,918)	(2,427,132)
Increase in debtors	(3,777,391)	(4,529,425)
(Decrease)/increase in creditors	(2,571,336)	7,084,745
Net cash outflow from operating activities	<u>(7,047,292)</u>	<u>(2,261,966)</u>

(c) Analysis of net debt

	At 1 January 2000 £	Cash flow £	At 31 December 2000 £
Cash in hand and at bank	3,387,772	(1,890,450)	1,497,322
Debt due within one year	(2,240,000)	2,240,000	-
Debt due after one year	(2,350,000)	(8,880,000)	(11,230,000)
Net debt	<u>(1,202,228)</u>	<u>(8,530,450)</u>	<u>(9,732,678)</u>

Certegy Card Services Limited

Notes to the accounts (continued)

15 Guarantees and other financial commitment

a) Capital commitments

The value of capital expenditure contracted for but not provided at 31 December 2000 was £75,250 (31 December 1999 £nil)

b) Lease commitments

At 31 December 2000 the company was committed to making the following payments during the year in respect of operating leases

	Land and buildings 2000 £	Other 2000 £	Land and buildings 1999 £	Other 1999 £
Operating leases which expire				
- within one year	-	46,664	11,900	12,395
- between two and five years	372,800	88,223	372,800	29,207
	<u>372,800</u>	<u>134,887</u>	<u>384,700</u>	<u>41,602</u>

16 Pension Commitments

The company is a member of the Equifax Group plc pension scheme. This is a defined contribution scheme, which represents the main scheme of the group and is funded by contributions from the employer and employee, for the benefit of individual members.

The pension charge for the year was £253,662 (1999: £74,603).

17 Immediate Parent Undertaking and related party disclosures

On 15 September 2000, Equifax plc purchased the 49% minority holding owned by Creation Financial Services Limited to take its holding to 100%.

The smallest group in which they are consolidated is that headed by Equifax plc, where accounts are available at the registered office at Capital House, 25 Chapel Street, London, NW1 5DS.

The largest group in which the results of the company are consolidated is that headed by the ultimate parent company, Equifax Inc, 1550 Peachtree Street, Atlanta, Georgia, 30309 and copies of the group financial statements are available from this address.

As a subsidiary undertaking of Equifax plc, the company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' not to disclose transactions with other members of the group headed by Equifax plc.

Certegy Card Services Limited

Notes to the accounts (continued)

18 Post Balance Sheet Event

On 29 June 2001, Equifax plc disposed of its investment in Certegy Card Services Limited by way of a distribution in specie. From 7 July 2001 the new ultimate parent company is Certegy Inc a company incorporated in the USA.