

# Certegy Card Services Limited

## Report and Accounts

31 December 2006

*Registered Number* 3517639

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COMPANIES HOUSE

# Certegy Card Services Limited

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Registered No 3517639

## **DIRECTORS**

Larry J Towe	Resigned 1 February 2006
John P Gillies	Resigned 1 February 2006
Michael Volommer	Resigned 1 February 2006
Walter Korchun	Resigned 1 February 2006
David Riley	Appointed 1 February 2006 / Resigned 31 May 2007
Michael Gravelle	Appointed 1 February 2006
Mark Davey	Appointed 31 May 2007

## **SECRETARY**

David Mott  
Tricorn House  
51/53 Hagley Road  
Edgbaston  
Birmingham  
B16 8TU

## **AUDITORS**

KPMG LLP  
2 Cornwall Street  
Birmingham  
B3 2DL

## **BANKERS**

Barclays Plc,  
PO Box 190  
Barclays House  
East Parade  
Leeds  
LS1 2UX

## **SOLICITORS**

DLA  
Victoria Square House  
Victoria Square  
Birmingham  
B2 4DL

## **REGISTERED OFFICE**

Tricorn House  
51/53 Hagley Road  
Edgbaston  
Birmingham  
B16 8TU

# Certegy Card Services Limited

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## DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2006

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be the processing of store cards and related services

### BUSINESS REVIEW

Increased scrutiny of storecard operators following OFT report , House of Commons Select Committee questioning & associated press coverage has impacted volumes detrimentally during the year Increased interest rate pressure during 2007 will also impact the retail sales outlook which is likely to lead to a further drop in volumes

### PRINCIPAL RISKS AND UNCERTAINTIES

We are exposed to a number of risks and have established a structured approach to manage and mitigate the risk where possible

Risks are managed under the following headings

- **Business environment risk:**

- We recognise the benefit that is derived from conducting business in an ethically and socially responsible manner This approach extends to the supply of services and the provision of a safe and healthy place of work and investment in technologies A failure in any of these areas could damage the Companies reputation and disrupt the business

- **Financial risk:**

- our customers are generally subsidiaries of large financial organisations & therefore the likelihood of the company being subject to financial risk from the inability of our customers to pay is low

- **Operational risk:**

- Strategy is to simplify external supply chains through strategic relationships with fewer but stronger suppliers to ensure consistency of services provided, primary with technology and communications
- Security of consumer's personal data, we have been introducing policies and technology to safeguard and prevent theft of consumer data
- Exposure to operational issues which generate service penalties and/or claims from a customers associated with direct losses from operational errors is mitigated by strengthening the controls within our operational environment on an ongoing basis and also ensuring that this issues are considered & met when significant changes are made to the software & associated operational procedures

### FUTURE DEVELOPMENTS

In February 2006 the ultimate parent undertaking (Certegy Inc) merged with our new ultimate parent undertaking (Fidelity National Services Inc) This brings additional products & services which can be marketed & also provides an extended sales force with an increased pan-European footprint which should provide leverage In addition during the later part of 2006 a new customer with a diversified product away from the store card market was signed

# Certegy Card Services Limited

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## DIRECTORS' REPORT

We continue to strive to drive down costs to improve efficiency & have been reviewing all major contracts & renegotiating where applicable & we expect to see benefits from these activities during 2007 & into future years

As a card processor & a holder of personal card data we are subject to the compliance regime of the Payment Cards Industry and following increased security requirements we are working to ensure we receive confirmation of compliance during 2007

### KEY PERFORMANCE INDICATORS

Key performance indicators used to manage the business are the number of accounts , both resident and active , the number of transactions , the number of applications processed and also the usage of third party products such as Falcon and Triad

### RESULTS AND DIVIDENDS

The loss for the year, after taxation, was £6,038,085 (2005 loss of £2,251,180) The directors do not recommend the payment of an ordinary dividend (2005 £Nil)

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows

Larry J Towe	Resigned 1 February 2006
John P Gillies	Resigned 1 February 2006
Michael Volommer	Resigned 1 February 2006
Walter Korchun	Resigned 1 February 2006
David Riley	Appointed 1 February 2006 / Resigned 31 May 2007
Michael Gravelle	Appointed 1 February 2006
Mark Davey	Appointed 31 May 2007

There are no other interest disclosure requirements within section 234 of the Companies Act 1985

### SIGNIFICANT EVENTS

On 1 February 2006 Fidelity National Information Services Inc acquired Certegy Inc, which was the company's ultimate parent undertaking

### EMPLOYEE INVOLVEMENT

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

### EMPLOYMENT OF DISABLED PERSONS

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 is possible, be identical with that of other employees

### DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

# Certegy Card Services Limited

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## DIRECTORS' REPORT

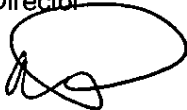
### AUDITORS

Following the resignation of Ernst Young LLP as auditors, the directors appointed KPMG LLP to fill the casual vacancy. A resolution to re-appoint KPMG LLP as auditors, in accordance with Section 384 of the Companies Act 1985, will be put to the members at the Annual General Meeting.

By order of the Board

4 April 2008

Director

A handwritten signature in black ink, consisting of a large loop and a smaller flourish below it.

## Certegy Card Services Limited

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

# Certegy Card Services Limited

KPMG LLP  
2 Cornwall Street  
Birmingham  
B3 2DL

## Independent auditor's report to the members of Certegy Card Services Limited

We have audited the financial statements of Certegy Card Services Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

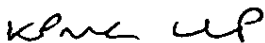
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 Company's circumstances, 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.

### Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



KPMG LLP

4 April 2008

*Chartered Accountants*

*Registered Auditor*

# Certegy Card Services Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2006

	Notes	2006 £	2005 (restated) £
<b>TURNOVER</b>	2	23,241,834	23,012,413
Cost of sales		(9,920,825)	(11,117,283)
<b>GROSS PROFIT</b>		13,321,009	11,895,130
Administrative expenses (including exceptional costs of £3,900,000 , 2005 £nil)		(19,367,007)	(14,193,017)
<b>OPERATING LOSS</b>	3	(6,045,998)	(2,297,887)
Bank interest receivable		12,096	50,177
Interest payable and similar charges	6	(4,183)	(3,470)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(6,038,085)	(2,251,180)
<b>TAX ON LOSS ON ORDINARY ACTIVITIES</b>	7	-	-
<b>LOSS FOR THE FINANCIAL YEAR, RETAINED AND TRANSFERRED TO RESERVES</b>	15	<u>(6,038,085)</u>	<u>(2,251,180)</u>

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

The results above relate to continuing activities

The comparative figures for the year ended 31 December 2005 have been restated to reflect the adoption of FRS 20 Share based payments

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

### Year ended 31 December 2006

	2006 £	2005 Restated £
<b>Profit for the financial year</b>	(6,038,085)	(2,251,180)
Foreign currency translation differences	-	-
<b>Total recognised gains and losses for the financial year</b>	(6,038,085)	(2,251,180)
Prior year adjustment	<u>(45,181)</u>	<u></u>
<b>Total recognised gains and losses recognised since the last annual report</b>	<u>(6,083,266)</u>	



# Certegy Card Services Limited

## BALANCE SHEET at 31 December 2006

	Notes	2006 £	2005 £
<b>FIXED ASSETS</b>			
Tangible assets	8	<u>4,508,137</u>	<u>6,094,226</u>
<b>CURRENT ASSETS</b>			
Stocks	9	398,033	603,196
Debtors	10	6,926,766	5,508,945
Cash at bank and in hand		<u>1,061,895</u>	<u>597,125</u>
		8,386,694	6,709,266
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>(4,698,048)</u>	<u>(4,213,636)</u>
<b>NET CURRENT ASSETS</b>		<u>3,688,646</u>	<u>2,495,630</u>
<b>Total assets less current liabilities</b>		8,196,783	8,589,856
<b>Creditors: Amounts falling due after more than one year</b>	12	(17,435,202)	(15,744,986)
<b>Provision for liabilities and charges</b>	13	<u>(3,900,000)</u>	-
<b>NET LIABILITIES</b>		<u>(13,138,419)</u>	<u>(7,155,130)</u>
<b>CAPITAL AND RESERVES</b>			
Called -up share capital	14	1,000	1,000
Capital contribution	15	4,295,488	4,295,488
Profit and loss account	15	<u>(17,434,907)</u>	<u>(11,451,618)</u>
<b>EQUITY SHAREHOLDERS' DEFICIT</b>	15	<u>(13,138,419)</u>	<u>(7,155,130)</u>

These financial statements were approved by the Board of Directors on 4 April 2008

Signed on behalf of the Board of Directors

Director



The accompanying notes are an integral part of these statements

# Certegy Card Services Limited

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## NOTES TO THE ACCOUNTS

at 31 December 2006

### 1. ACCOUNTING POLICIES

#### ***Basis of Preparation***

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

The company has net liabilities of £13,138,419. Fidelity National Information Services Inc, the company's ultimate parent undertaking, had indicated that it will provide or procure such funds as are necessary to enable the company to settle all external liabilities as they fall due. Accordingly the accounts have been prepared on a going concern basis

Under the provisions of FRS1 "Cash flow statements (Revised 1996)", the company has not prepared a cash flow statement, because its ultimate parent company, Fidelity National Information Services Inc, has prepared consolidated financial statements, which contains a cash flow statement and which are publicly available

#### ***Prior year adjustment***

In the accounts FRS20 share based payments has been adopted for the first time. The adoption of this standard has increased the loss for the year by £54,796 (2005 £45,181)

#### ***Tangible fixed assets***

Fixed assets are shown at cost, net of depreciation and any provision for impairment

Costs of software developed to enable the company to provide services to third parties are capitalised. These costs include internal staff time, charges from other group companies and third party invoices

#### ***Depreciation***

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows

Office equipment	-	over 3 to 10 years
Software development costs	-	over 3 to 8 years

#### ***Stocks***

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis
Contract work in progress	-	cost of direct materials and labour

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal

The stock includes card, statements, letters etc, which are 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

# Certegy Card Services Limited

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## NOTES TO THE ACCOUNTS

at 31 December 2006

### 1. ACCOUNTING POLICIES (continued)

#### ***Deferred Taxation***

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### ***Foreign currencies***

Transactions in foreign currencies are initially recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

#### ***Leasing and hire purchase commitments***

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding

Rentals paid under operating leases are charged to income on a straight line basis over the lease term

#### ***Pensions***

The company is part of the Certegy Retirement Savings Plan defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

#### ***Share based payments***

Share based incentive arrangements are provided to certain employees under share option schemes of Fidelity National Information Services Inc. Share options granted to the employee since 7 November 2002 are valued at the date of grant using an appropriate option pricing model and are charged to operating profit over the vesting periods of the schemes. The amount recognised as an expense is adjusted to reflect the actual number of shares expected to vest, taking account of employees who forfeited their options

# Certegy Card Services Limited

## NOTES TO THE ACCOUNTS

at 31 December 2006

### 2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties

Turnover is attributable to sales and services in the normal course of business

An analysis of turnover by geographical market is given below

	2006	2005
	£	£
United Kingdom	15,501,648	17,703,490
Europe	1,846,251	1,574,806
United States of America	5,893,935	3,734,117
	<u>23,241,834</u>	<u>23,012,413</u>

### 3. OPERATING LOSS

This is stated after charging

	2006	2005
	£	£
Exceptional contract losses (note 13)	3,900,000	-
Auditors' remuneration - audit	27,000	26,050
Auditors' remuneration – payable to previous auditors	15,000	-
Exchange (gain)/loss	(8,940)	24,376
Depreciation of owned fixed assets	1,963,869	1,994,497
Operating lease rentals – plant and machinery	302,314	298,711
Operating lease rentals – land and buildings	400,083	435,272
	<u>6,590,523</u>	<u>3,776,906</u>

### 4 DIRECTORS' EMOLUMENTS

	2006	2005
	£	£
Emoluments	136,288	-
Company contributions paid to money purchase pension schemes	6,814	-

One director was a member of the pension schemes (2005 nil )

### 5 STAFF COSTS

	2006	2005
	£	£
Wages and salaries	8,021,331	7,861,287
Social security costs	781,733	735,808
Pension costs	258,543	238,944
Share Based Payments (Note 18)	54,796	45,181
	<u>9,116,403</u>	<u>8,881,220</u>

# Certegy Card Services Limited

## NOTES TO THE ACCOUNTS at 31 December 2006

### 5. STAFF COSTS (CONTINUED)

The average weekly number of employees during the year was as follows

	2006 No.	2005 No.
Operations	280	291
Administration	34	36
	<u>314</u>	<u>327</u>

### 6 INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
Bank charges	4,183	3,470
	<u>4,183</u>	<u>3,470</u>

### 7. TAX ON LOSS ON ORDINARY ACTIVITIES

#### a) Analysis of charge in period

	2006 £	2005 £
<i>Current tax</i>		
UK Corporation tax	-	-
	<u>-</u>	<u>-</u>

#### b) Factors affecting tax charge for period

	2006 £	2005 (restated) £
Loss on ordinary activities before tax	(6,038,085)	(2,251,180)
Tax at 30% thereon (2004 30%)	(1,811,425)	(675,354)
Effects of		
Expenses not deductible for tax purposes	6,477	24,323
Share option deductions	(26,465)	-
Capital allowances in excess of depreciation	(134,259)	(328,706)
Movement in short term timing differences	27,181	41,860
Group relief surrendered free of charge	1,938,491	937,877
Corporation Tax charge for the period	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS  
at 31 December 2006

**c) Factors that may affect future tax charges**

At 31 December 2006 the company has tax losses of approximately £0.6m (2005: £0.6m) carried forward for offset against future taxable profits of the company. The movement in the tax losses relates primarily to an adjustment in respect of prior years, resulting from the disclaimer of capital allowances. It has been announced that the corporate tax rate applicable to the company will change from 30% to 28% from 1 April 2008.

**d) Deferred tax**

As at 31 December 2006 the company had an unrecognised deferred tax asset of £1,096,430 (2005: £1,203,508). A deferred tax asset has not been recognised as it is not regarded as more likely than not that suitable taxable profits will arise in the short term against which these losses can be offset.

# Certegy Card Services Limited

## NOTES TO THE ACCOUNTS at 31 December 2006

### 8. TANGIBLE FIXED ASSETS

	Software development costs £	Office equipment £	Total £
<b>Cost</b>			
At 1 January 2006	13,551,013	3,678,156	17,229,169
Additions	184,330	193,450	377,780
	<u>13,735,343</u>	<u>3,871,606</u>	<u>17,606,949</u>
At 31 December 2006			
<b>Depreciation</b>			
At 1 January 2006	8,894,187	2,240,756	11,134,943
Charge	1,388,835	575,034	1,963,869
	<u>10,283,022</u>	<u>2,815,790</u>	<u>13,098,812</u>
At 31 December 2006			
<b>Net book value</b>			
At 31 December 2006	<u>3,452,321</u>	<u>1,055,816</u>	<u>4,508,137</u>
At 31 December 2005	<u>4,656,826</u>	<u>1,437,400</u>	<u>6,094,226</u>

### 9. STOCKS

	2006 £	2005 £
Stocks of stationery and cards	<u>398,033</u>	<u>603,196</u>

### 10 DEBTORS

	2006 £	2005 £
Trade debtors	4,100,224	2,917,125
Other debtors	765,105	898,087
Prepayments and accrued income	1,787,907	1,464,933
Other taxes and social security costs	208,543	167,042
Amounts owed by group undertakings	64,987	61,758
	<u>6,926,766</u>	<u>5,508,945</u>

# Certegy Card Services Limited

## NOTES TO THE ACCOUNTS at 31 December 2006

### 11. CREDITORS: amounts falling due within one year

	2006	2005
	£	£
Trade creditors	46,769	128,074
Other taxes and social security costs	217,936	204,923
Amounts owed to group undertakings	2,625,577	2,201,542
Other creditors	34,349	42,134
Accruals	1,773,417	1,636,963
	<u>4,698,048</u>	<u>4,213,636</u>

### 12. CREDITORS: amounts falling due after more than one year

	2006	2005
	£	£
Loans from parent undertakings	<u>17,435,202</u>	<u>15,744,986</u>

None of the loans from the parent undertaking are interest bearing (2005 - £Nil)

Group undertakings have confirmed that amounts included above will not be recalled within 1 year

### 13. PROVISIONS FOR LIABILITIES AND CHARGES

	2006	2005
	£	£
Contract Losses	<u>3,900,000</u>	<u>-</u>

During the year, in response to changing market conditions, the obligations of the company to provide services under various contractual arrangements were reassessed and, where required, the company has made provision against contract losses. The provision will be utilised as the service is delivered in accordance with the contract terms.

### 14. SHARE CAPITAL

*Authorised, allotted, called up and not paid*

	2006	2005
	£	£
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>

The two classes of shares rank pari passu in all respects



# Certegy Card Services Limited

## NOTES TO THE ACCOUNTS at 31 December 2006

### 15. RECONCILIATION OF SHAREHOLDERS' DEFICIT AND MOVEMENTS ON RESERVES

	Share capital £	Capital contribution £	Profit and loss account £	Total £
At 1 January 2005	1,000	4,295,488	(9,245,619)	(4,949,131)
Retained loss for the year	-	-	(2,251,180)	(2,251,180)
Contribution from Parent – Share Based payment	-	-	45,181	45,181
At 1 January 2006	1,000	4,295,488	(11,451,618)	(7,155,130)
Retained loss for the year	-	-	(6,038,085)	(6,038,085)
Contribution from Parent – Share Based payment	-	-	54,796	54,796
At 31 December 2006	1,000	4,295,488	(17,434,907)	(13,138,419)

### 16 CAPITAL COMMITMENTS

Capital commitments as at 31 December 2006 totalled £nil (2005 – £nil)

### 17 PENSION COMMITMENTS

The company is a member of the Certegy Retirement Savings Plan. This is a defined contribution scheme, which represents the main scheme of the group and is funded by contributions from the employer and the employee, for the benefit of individual members.

The pension charge for the year was £258,543 (2005 - £238,944) and the year-end accrual for pension costs is £36,367 (2005 £35,573)

### 18. SHARE BASED PAYMENTS

The ultimate parent Fidelity National Information Services (formerly Certegy Inc) grants options over shares to employees under share option schemes. Where grants were made after 7 November 2002 they have been accounted for in accordance with FRS 20 Share based payments. All options have been valued at the date of grant using an appropriate options pricing model.

The options were granted under different schemes with vesting periods of either 3 or 4 years, with the shares vesting gradually over the period. The exercise price is not less than the market price at the date of grant.

The options were valued using the Black-Scholes-Merton model applying the following principal assumptions

Grant date	17 Mar 05	24 Mar 03
Exercise price	\$32 4361	\$22 7235
Number of Employees	3	1
Shares under option	8,098	1,094
Vesting period (years)	3	3
Expected volatility	25%	40%
Option life (years)	7	10
Expected life (years)	4.6-7	4.8
Risk free rate	3.7-4.4%	3.0%
Expected dividends expressed as a dividend yield	0.5%	0.6%

# Certegy Card Services Limited

## NOTES TO THE ACCOUNTS at 31 December 2006

A reconciliation of the option movements is set out below

	2006 Number	2006 Weighted average exercise price	2005 Number	2005 Weighted average exercise price
Outstanding at 1 January	24,524	\$29 66	33,263	\$25 33
Granted	-	-	12,366	\$32 44
Forfeited	-	-	-	-
Exercised	(15,332)	-\$28 69	(21,105)	-\$24 46
Outstanding at 31 December	<u>9,192</u>	<u>\$31 28</u>	<u>24,524</u>	<u>\$29 66</u>
Exercisable at 31 December	<u>9,192</u>	<u>\$31 28</u>	<u>7,512</u>	<u>\$27 35</u>

Following the merger of the company's ultimate parent undertaking with Fidelity National Information Services on 1 February 2006, all unvested options vested at that date

For options outstanding at the year end, the range of exercise prices and the average remaining lives were as follows

	Weighted Average exercise price \$	2006 Number of shares	Average remaining contractual life
\$20-\$30	22 72	1,094	6 2
\$30-\$40	32 44	8,098	5 2

	Weighted Average exercise price \$	2005 Number of shares	Average remaining contractual life
\$20-\$30	22 62	6,687	7 0
\$30-\$40	32 30	17,837	6 0

# Certegy Card Services Limited

## NOTES TO THE ACCOUNTS at 31 December 2006

### 19 OTHER FINANCIAL COMMITMENTS

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as set out below

	Land and Buildings		Other	
	2006	2005	2006	2005
	£	£	£	£
Operating lease which expire				
- within 1 year	-	-	8,508	-
- within 2 – 5 years	325,002	325,002	25,935	36,434
- in more than 5 years	75,081	75,081	-	-
	<u>400,083</u>	<u>400,083</u>	<u>34,443</u>	<u>36,434</u>

### 20. IMMEDIATE PARENT UNDERTAKING AND RELATED PARTY DISCLOSURES

The immediate parent company is Certegy Limited, a company registered in England and Wales

The smallest and largest group in which the results of the company are consolidated is that headed by the ultimate parent company, Fidelity National Information Services Inc, a company incorporated in the USA. The consolidated financial statements of the group are available from Fidelity National Information Services Inc, 601 Riverside Avenue, Jacksonville, Florida 32204

As a subsidiary undertaking of Fidelity National Information Services Inc, Certegy Card Services Ltd has taken advantage of the exemption in FRS 8 'Related Party Disclosures' not to disclose transactions with other members of the group headed by Fidelity National Information Services Inc

On 1 February 2006 Fidelity National Information Services Inc acquired Certegy Inc