

Certegy Card Services Limited

**Annual report and financial
statements**

Registered number 3517639

For the year ended 31 December 2016

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Strategic report

Business review and principal activities

The principal activity of the Company during the year was the provision of banking software solutions and platforms. This includes the provision of hosted services for banking products such as mortgages, loans, current accounts, savings, debit/credit card processing and related services.

The company engages in research and development to develop and improve banking software solutions.

Revenue increased from £21.6 million in 2015 to £44.5 million in 2016. The main reason for the increase in revenue is reaching significant implementation milestones on a contract with a major customer. Revenues from this contract at £34.3 million represented 77% of the total company revenues.

Operating losses have reduced from £20.7 million to £15.7 million, due to increased revenues.

The Company anticipates continued operating losses in 2017 but returning to profit during 2018 as the implementation project completes.

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*

The company recognises 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 company's reputation and disrupt the business.

External events (such as Brexit) might impact the business in a manner which is hard to predict. However, current revenues are gained from UK based customers. That being the case, in the short term, if any impacts come to light, they are not expected to have a large effect on the business.

- *Financial risk*

Our customers are generally subsidiaries of large financial organisations and the likelihood of the company being subject to financial risk from the inability of our customers to pay, is considered by the directors to be relatively low.

- *Operational risk*

Our strategy is to simplify external supply chains through strategic relationships with fewer but stronger suppliers to ensure consistency of services provided, primarily with technology and communications.

With respect to security of consumers' personal data, we have been introducing policies and technologies to safeguard and prevent theft of consumer data.

Exposure to operational issues which generate service penalties and/or claims from a customer 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 these issues are considered and met when significant changes are made to the software and associated operational procedures.

Future developments

With respect to revenue growth, we will continue to try to win new business in partnership with sister companies within the Fidelity Group to provide a more extensive and varied product choice for prospective new clients.

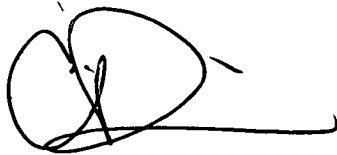
We continue to strive to drive down costs to improve efficiency and have been reviewing all major contracts and re-negotiating where applicable and we expect to see benefits from these activities during 2017 and into future years.

Strategic report *(continued)*

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.

By order of the board

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a horizontal line extending to the right.

S Dickinson
Director

27 September 2017

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

Directors

The directors who held office during the year were:

S Dickinson
A B Jackson
B W Jennings
D P Mott
R S D Thacker
JT Gallagher
MC Terry (appointed 15 March 2016, resigned 30 June 2017)
SDM Whitaker (resigned 29 July 2016)

Dividends

The loss for the year, after taxation, amounted to £16,072,000 (2015: £19,465,879). The directors do not recommend the payment of an ordinary dividend (2015: £Nil).

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.

Political contributions

There were no political donations during the year (2015: £Nil).

Disclosure of information to auditor

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 auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office

By order of the board



S Dickinson
Director

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

27 September 2017

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, 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) including *FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

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 2016 set out on pages 7 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including *FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state 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 auditor

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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:

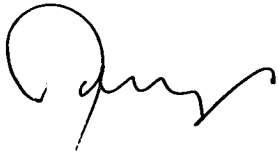
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Certegy Card Services Limited
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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.



Peter Meehan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

27 September 2017

Profit and loss account and statement of comprehensive income
for the year ended 31 December 2016

| | <i>Note</i> | 2016 £000 | 2015 £000 |
|---|-------------|-----------------|-----------------|
| Turnover | 2 | 44,517 | 21,572 |
| Cost of sales | | (49,057) | (34,154) |
| | | <hr/> | <hr/> |
| Gross loss | | (4,540) | (12,582) |
| Administrative expenses | | (11,125) | (8,119) |
| | | <hr/> | <hr/> |
| Operating loss | | (15,665) | (20,701) |
| Interest receivable and similar income | 6 | 5 | 5 |
| Interest payable and similar charges | 7 | (10) | (7) |
| | | <hr/> | <hr/> |
| Loss before taxation | 3 | (15,670) | (20,703) |
| Taxation | 8 | (402) | 1,237 |
| | | <hr/> | <hr/> |
| Loss for the financial year, being comprehensive income for the year | | <u>(16,072)</u> | <u>(19,466)</u> |

All activities in both the current and prior years are continuing.
The accompanying notes form part of these financial statements.

Balance sheet
at 31 December 2016

| | <i>Note</i> | 2016 £000 | 2015 £000 | £000 |
|---|-------------|-----------------|-----------------|-----------------|
| Fixed assets: | | | | |
| Intangible assets | <i>9</i> | 1,771 | | 13,917 |
| Tangible assets | <i>10</i> | 15,097 | | 310 |
| | | <u>16,868</u> | | <u>14,227</u> |
| Current assets | | | | |
| Debtors | <i>11</i> | 27,685 | 38,924 | |
| Cash at bank and in hand | | 5,897 | 1,052 | |
| | | <u>33,582</u> | <u>39,976</u> | |
| Creditors: amounts falling due within one year | <i>12</i> | <u>(95,770)</u> | <u>(83,451)</u> | |
| Net current liabilities | | <u>(62,188)</u> | | <u>(43,475)</u> |
| Total assets less current liabilities, being net liabilities | | <u>(45,320)</u> | | <u>(29,248)</u> |
| Capital and reserves | | | | |
| Called up share capital | <i>13</i> | 1 | | 1 |
| Capital contribution reserve | | 4,295 | | 4,295 |
| Profit and loss account | | (49,616) | | (33,544) |
| Shareholders' deficit | | <u>(45,320)</u> | | <u>(29,248)</u> |

The accompanying notes form part of these financial statements.

These financial statements were approved by the board of directors on 27 September 2017 and were signed on its behalf by:



S Dickinson
Director

Company registered number: 3517639

Statement of Changes in Equity

| | Called up share capital | Capital contribution reserve | Profit and loss account | Total equity |
|--|----------------------------|------------------------------------|----------------------------|-----------------|
| | £000 | £000 | £000 | £000 |
| Balance at 1 January 2015 | 1 | 4,295 | (14,078) | (9,782) |
| Total comprehensive income for the period | | | | |
| Loss for the year | - | - | (19,466) | (19,466) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the period | - | - | (19,466) | (19,466) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 December 2015 | 1 | 4,295 | (33,544) | (29,248) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 1 January 2016 | 1 | 4,295 | (33,544) | (29,248) |
| Total comprehensive income for the period | | | | |
| Loss for the year | - | - | (16,072) | (16,072) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 December 2016 | 1 | 4,295 | (49,616) | (45,320) |
| | <hr/> | <hr/> | <hr/> | <hr/> |

The accompanying notes form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Certegy Card Services Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 3517639 and the registered address is Tricorn House, 51/53 Hagley Road, Edgbaston, Birmingham B16 8TU.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking, Fidelity National Information Services Inc includes the Company in its consolidated financial statements. The consolidated financial statements of Fidelity National Information Services Inc are prepared in accordance with US Generally Accepted Accounting Principles and are available to the public and may be obtained from 601 Riverside Avenue, Jacksonville, FL 32204, USA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Fidelity National Information Services Inc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The directors have assessed the financial position of the company, including its trading forecasts, cash position and funding requirements, and have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. The ultimate parent undertaking Fidelity National Information Services, Inc has confirmed that it will provide or procure such funds as are necessary to enable the company to settle all liabilities as they fall due. The company, therefore, continues to adopt the going concern basis of accounting in preparing the financial statements.

Notes (continued)

1 Accounting policies (continued)

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Notes (continued)

1 Accounting policies (continued)

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Office equipment - 3-10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.7 Intangible assets, goodwill and negative goodwill

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible asset acquired in a business combination is its fair value at the acquisition date.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- software development costs - 3 to 8 years

The basis for choosing these useful lives is in line with the term of the contract to which it relates.

1.8 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.

The Company generates revenues from the delivery of bank processing, credit and debit card processing services, other payment processing services, professional services, software licensing and software related services. The Company recognizes revenue when: (i) evidence of an arrangement exists; (ii) delivery has occurred; (iii) the fees are fixed or determinable; and (iv) collection is considered probable.

Processing services

Processing services include data processing and application management. Revenues from processing services are typically volume-based depending on factors such as the number of accounts processed, transactions processed and computer resources utilised. Revenues from these arrangements are recognized as services are performed.

Professional service revenues

Revenues and costs related to implementation, conversion and programming services associated with the Company's data processing and application management agreements during the implementation phase are deferred and subsequently recognized using the straight-line method over the term of the related services agreement when these upfront services do not have standalone value. Revenues and costs related to other consulting service agreements are recognised as the services are provided.

Notes (continued)

1 Accounting policies (continued)

1.9 Expenses and interest

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrues, using the effective interest method.

1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

1 Accounting policies (continued)

1.12 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

Where the Company is part of a group share-based payment plan, it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The basis of such allocation is disclosed in note 16.

1.13 Related Party Disclosures

The company has taken advantage of the exemption available in FRS 102 Section 33.1A from disclosing intercompany transactions between two or more members of a group, provided that any subsidiary party to the transaction is a wholly owned member of the group.

1.14 Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Government grants in relation to research and development activities are recognised in the profit and loss account once the Company has completed all requirements to receive the grant and its receipt is expected. Grants unpaid at the balance sheet date are recognised in other debtors.

2 Turnover

An analysis of turnover by geographical market is given below:

| | 2016 £000 | 2015 £000 |
|-------------------------------|--------------|--------------|
| <i>By geographical market</i> | | |
| United Kingdom | 44,517 | 19,407 |
| Europe | - | 997 |
| United States of America | - | 1,168 |
| | <hr/> | <hr/> |
| | 44,517 | 21,572 |
| | <hr/> <hr/> | <hr/> <hr/> |

Notes (continued)

3 Loss on ordinary activities before taxation

| | 2016 | 2015 |
|--|-------|------|
| | £000 | £000 |
| <i>Loss on ordinary activities before taxation is stated after charging:</i> | | |
| Depreciation and other amounts written off tangible fixed assets – owned | 1,227 | 348 |
| Amortisation of intangible assets | 511 | 245 |
| Operating leases: | | |
| Land and buildings | 306 | 618 |
| Plant and machinery | 147 | 139 |
| Exchange loss | 6,843 | 617 |
| | 55 | 39 |
| <i>Auditor's remuneration</i> | | |
| Audit of these financial statements | 55 | 39 |

4 Remuneration of directors

Two directors (2015: two) received emoluments in respect of services provided to the company during the year. Two directors were members of the pension schemes (2015: two).

One director exercised share options during the year (2015: one).

| | 2016 | 2015 |
|--------------|------|------|
| | £000 | £000 |
| Remuneration | 144 | 190 |
| Pensions | 24 | 35 |
| | 168 | 225 |

In 2015, the highest paid director received remuneration of £134,000, pension contributions of £28,000 and exercised share options.

5 Staff numbers and costs

The average number of persons employed by the company (including the director) during the year, analysed by category, was as follows:

| | Number of employees | |
|----------------|---------------------|------|
| | 2016 | 2015 |
| Operations | 121 | 114 |
| Administration | 34 | 39 |
| | 155 | 153 |

Notes *(continued)*

5 Staff numbers and costs *(continued)*

The aggregate payroll costs of these people were as follows:

| | 2016 £000 | 2015 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 8,365 | 6,588 |
| Social security costs | 1,004 | 759 |
| Pension costs | 784 | 585 |
| Share based payments | 732 | 160 |
| | 10,885 | 8,092 |
| | 10,885 | 8,092 |

6 Interest receivable and similar charges

| | 2016 £000 | 2015 £000 |
|------------------|--------------|--------------|
| On bank deposits | - | 1 |
| Other interest | 5 | 4 |
| | 5 | 5 |
| | 5 | 5 |

7 Interest payable and similar charges

| | 2016 £000 | 2015 £000 |
|--------------|--------------|--------------|
| Bank charges | 10 | 7 |
| | 10 | 7 |

8 Taxation

Total tax expense

| | 2016 £000 | 2015 £000 |
|--------------------------------------|--------------|--------------|
| <i>UK corporation tax</i> | | |
| Current tax on income for the year | 237 | (1,305) |
| Adjustment in respect of prior years | 165 | 68 |
| | 402 | (1,237) |
| Total tax charge/(credit) | 402 | (1,237) |

Notes (continued)

8 Taxation (continued)

Tax reconciliation

| | 2016 £000 | 2015 £000 |
|---|--------------|--------------|
| Loss for the year | (16,072) | (19,466) |
| Total tax expense/(credit) | 402 | (1,237) |
| <hr/> | | |
| Loss excluding taxation | (15,670) | (20,703) |
| <hr/> | | |
| Tax using the UK corporation tax rate of 20% (2015: 20.25%) | (3,134) | (4,192) |
| Non-deductible expenses | 9 | 82 |
| Deferred tax not recognised | (414) | 1,202 |
| Under / (over) provided in prior years | 165 | 68 |
| Share options | 10 | (32) |
| Effects of group relief | 3,681 | 1,635 |
| Research and development tax credit | 85 | - |
| <hr/> | | |
| Total tax expense/(credit) included in profit or loss | 402 | (1,237) |
| <hr/> | | |

Unrecognised deferred tax asset

| | 2016 £000 | 2015 £000 |
|--------------------------------|--------------|--------------|
| Accelerated capital allowances | - | 539 |
| Other timing differences | 21 | 211 |
| Trading losses | 1,014 | 963 |
| <hr/> | | |
| | 1,035 | 1,713 |
| <hr/> | | |

Factors that may affect future current and total tax charges

In accordance with FRS 102 Section 29, no deferred tax asset, which at 17% would amount to £1,035,000 (2015: at 18% £1,713,007) has been recognised in respect of these losses due to lack of certainty regarding the quantum and timing of future years' taxable profits.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

Notes (continued)

9 Intangible assets

| | Software development costs £000 |
|-----------------------|--|
| <i>Cost</i> | |
| At beginning of year | 22,540 |
| Reclassification | (9,768) |
| Transfers out | (3,186) |
| Additions | 1,319 |
| Disposals | (245) |
| | <hr/> |
| At end of year | 10,660 |
| | <hr/> <hr/> |
| <i>Amortisation</i> | |
| At beginning of year | 8,623 |
| Charge for the year | 511 |
| Disposals | (245) |
| | <hr/> |
| At end of year | 8,889 |
| | <hr/> <hr/> |
| <i>Net book value</i> | |
| At 31 December 2016 | 1,771 |
| | <hr/> <hr/> |
| At 31 December 2015 | 13,917 |
| | <hr/> <hr/> |

Certain assets within work in progress were reclassified from software development to office equipment during the year. Certain other assets within work in progress were transferred to a fellow group company at cost.

Notes *(continued)*

10 Tangible fixed assets

| | Office equipment £000 |
|----------------------------|--------------------------------------|
| <i>Cost</i> | |
| At beginning of year | 4,957 |
| Reclassification | 9,768 |
| Additions | 6,246 |
| Retirements | (11) |
| | 20,960 |
| | 20,960 |
| <i>Depreciation</i> | |
| At beginning of year | 4,647 |
| Charge for year | 1,227 |
| Retirements | (11) |
| | 5,863 |
| | 5,863 |
| <i>Net book value</i> | |
| At 31 December 2016 | 15,097 |
| At 31 December 2015 | 310 |

11 Debtors

| | 2016 £000 | 2015 £000 |
|------------------------------------|----------------------|----------------------|
| Trade debtors | 3,201 | 2,552 |
| Amounts owed by group undertakings | 1,260 | 2,957 |
| Other debtors | 4,115 | 4,560 |
| Corporation tax | 932 | 1,154 |
| Prepayments and accrued income | 18,177 | 27,701 |
| | 27,685 | 38,924 |
| | 27,685 | 38,924 |

12 Creditors: amounts falling due within one year

| | 2016 £000 | 2015 £000 |
|--|----------------------|----------------------|
| Trade creditors | 259 | 52 |
| Amounts owed to group undertakings | 85,178 | 68,038 |
| Other creditors including taxation and social security | 1,604 | 601 |
| Accruals and deferred income | 8,729 | 14,760 |
| | 95,770 | 83,451 |
| | 95,770 | 83,451 |

Notes (continued)

13 Called up share capital

| | 2016 £000 | 2015 £000 |
|----------------------------------|--------------|--------------|
| <i>Share Capital</i> | | |
| 1,000 ordinary shares of £1 each | 1 | 1 |
| | <u>1</u> | <u>1</u> |

14 Commitments

At 31 December 2016 there were no capital commitments (2015: £Nil).

Commitments under non-cancellable operating leases are as follows:

| | Land and buildings | | Other | |
|----------------------------|--------------------|--------------|--------------|--------------|
| | 2016 £000 | 2015 £000 | 2016 £000 | 2015 £000 |
| Payment falling due: | | | | |
| Within one year | - | 38 | 1 | - |
| Between one and five years | - | - | - | 6 |
| | <u>-</u> | <u>38</u> | <u>1</u> | <u>6</u> |
| | <u>-</u> | <u>38</u> | <u>1</u> | <u>6</u> |

15 Pension commitments

The Company operates a pension scheme for its UK employees. This is a defined contribution scheme and is funded by contributions from the employer and the employee, for the benefit of individual members.

The pension charge for the year was £784,220 (2015: £585,332 and the year end accrual for pension costs was £Nil (2015: £63,835)).

16 Share based payments

Share based payments

The Company is a member of a group share based payment plan and it recognises and measures its share based payment expense on the basis of a reasonable allocation of the expense recognised for the group.

The basis for the reasonable allocation is the expense incurred by the ultimate parent for awards made to the Company's directors and employees.

The Group operates a share options scheme for certain senior employees. Options may be granted each year and one third vest on each of the following three anniversaries of the grant date. The option exercise price is set at each grant date based on Fidelity National Information Services, Inc. quoted market price and in order to provide an appropriate level of incentive to those employees participating in the scheme.

Options are forfeited if the employee leaves the group before the options vest, and are subject to performance conditions.

The Company charged £732,000 (2015: £160,000) to the income statement in respect of equity settled share based payment transactions in the year.

Notes *(continued)*

17 Immediate parent company

The immediate parent undertaking is FIS Payments UK 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 registered in the USA. The consolidated financial statements of the group are available from Fidelity National Information Services, Inc., 601 Riverside Avenue, Jacksonville, Florida 32204.

18 Related parties

As a subsidiary of Fidelity National Information Services, Inc., Certegy Card Services Limited has taken advantage of the exemption in FRS 102 section 33.1A Related party disclosures not to disclose transactions with other members of the group headed by Fidelity National Information Services, Inc.

19 Accounting estimates and judgements

Estimates and assumptions are reviewed on an ongoing basis. The key accounting estimate and judgement is considered to be the following:

Accrued income

Accrued income represents services provided by the company but not yet invoiced. The company believes these amounts are fully recoverable but there can be no certainty until the amounts are actually recovered.