



Visa UK Limited

2018 FINANCIAL STATEMENTS

Registered Number 2744892



Directors' Report

The Board of Directors (the Directors) present their annual report together with the audited financial statements for Visa UK Limited (the Company) for the year ended 30 September 2018.

Principal activities, review of business and future developments

The Company was formed to undertake a variety of projects on behalf of its members in order to promote the Visa brand, administer domestic Visa matters in the United Kingdom and to improve the profitability of its members and represent members' interests to outside bodies. However, consistent with prior years, such projects have been undertaken by Visa Europe Services LLC (formerly Visa Europe Services Inc.) and Visa Europe Limited, which are entities forming part of the Visa Inc group. Therefore, the Company did not trade during the year, and it is not anticipated that this will change in the foreseeable future.

The Company is a party to ongoing retailer litigations, as outlined in Note 7, Contingent liabilities.

Results and dividend

The Company did not trade during the current year or the preceding year and received no income. Consequently, during these years the Company did not make a profit. The Company had no other recognised gains or losses in these two years. The statement of financial position is shown on page 6 and shows a net asset balance of £309 (2017: £309). The Directors do not recommend a dividend (2017: £nil).

Going concern

The Directors have prepared the financial statements under the going concern basis having given due consideration to the Company's financial liabilities and the financial resources available to meet its obligations.

As outlined in Note 7, Contingent liabilities, there is an uncertainty relating the Retailer Litigation. Visa Europe Limited will absorb all losses associated with the Retailer Litigation.

With the UK currently scheduled to leave the EU by 31 October 2019 and ongoing uncertainty about the terms of the separation, there is an increasing risk of economic, political and social uncertainty across Europe. The impact of Brexit on the Company is likely to be limited and does not pose a risk to the business given the Company does not trade and it is not anticipated that this will change in the foreseeable future.

Directors' interest

None of the Directors have beneficial interests in the share capital of the Company. The Directors do not have service contracts.

Post balance sheet events

In November 2018, the Supreme Court granted Visa leave to appeal certain elements of the Court of Appeal's judgment in relation to the Retailer Litigation, which is expected to be heard in January 2020. See Note 7, Contingent liabilities, for further discussion of the Retailer Litigation.

In December 2018, eleven members submitted a notice of withdrawal from the Company and each redeemed their single redeemable share of £1 in the Company.

Qualifying third party indemnities

There are no qualifying third party indemnities in force at the time of this report.

Employees

The Company has no employees (2017: nil).

Political donations

The Company made no political contributions during the year (2017: £nil).

Preparation of a strategic report

The Company is entitled to and has taken the small companies exemption in relation to the preparation of a strategic report for the financial year under the Companies Act 2006. Therefore, no report has been included.

Directors' Report *(continued)*

Directors

The following Directors held office during and subsequent to the year ended 30 September 2018:

C. Hogg	(appointed 2 October 2017)
J. Mundy	(appointed 8 January 2019)
M. Antipof	(resigned 8 January 2019)
D. Jenkins	(resigned 7 November 2017)
W. Sheedy	(resigned 2 October 2017)

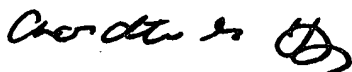
Disclosure of information to auditor

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 reappointed and KPMG LLP will therefore continue in office.

By order of the board



Charlotte Hogg
Director
1 Sheldon Square
London W2 6TT

25 June 2019

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 International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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 judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VISA UK LIMITED

Opinion

We have audited the financial statements of Visa UK Limited ("the company") for the year ended 30 September 2018 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flow, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its position for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Other matter - Brexit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. These depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 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.



Paul Furneaux (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

26 June 2019

Income statement

For the year ended 30 September 2018

An Income statement has not been presented for either the current period or the prior period as the Company did not trade.

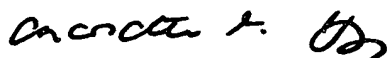
Statement of financial position

As at 30 September

	Note	2018 £	2017 £
Current assets			
Cash at bank and in hand		220	220
Trade and other receivables	4	97	97
		317	317
Current liabilities			
Trade and other payables	5	8	8
		8	8
Net assets		309	309
Capital and reserves			
Called up share capital	6	129	129
Capital redemption reserve		21	21
Profit and loss account		159	159
Shareholders' funds		309	309

The notes on pages 9 to 11 form part of these financial statements.

The financial statements were approved by the Board of Directors and were signed on its behalf by:



Charlotte Hogg
Director

25 June 2019

Company registered number: 2744892

Statement of changes in equity

As at 30 September

	Attributable to equity holders of the Company			
	Share capital	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£
Balance at 30 September 2017	129	21	159	309
Transactions with owners, recorded directly in equity:				
Share redemption	—	—	—	—
Total distributions to owners	—	—	—	—
Balance at 30 September 2018	129	21	159	309

	Attributable to equity holders of the Company			
	Share capital	Capital redemption reserve	Retained earnings	Total equity
	£	£	£	£
Balance at 30 September 2016	130	21	159	310
Transactions with owners, recorded directly in equity:				
Share redemption	(1)	—	—	(1)
Total distributions to owners	(1)	—	—	(1)
Balance at 30 September 2017	129	21	159	309

The notes on pages 9 to 11 form part of these financial statements.

Statement of cash flow

As at 30 September

	Note	2018 £	2017 £
Net cash from operating activities		—	—
Redemption of shares	6	—	(1)
Net cash used in financing activities		—	(1)
Net decrease in cash and cash equivalents		—	(1)
Cash and cash equivalents at the beginning of the year		219	220
Cash and cash equivalents at the end of the year		219	219

The notes on pages 9 to 11 form part of these financial statements.

Notes to the financial statements

For the year ended 30 September 2018

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

IFRS

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis of preparation

The Company's financial statements have been prepared under the historical cost convention and are presented in GBP, which is both the functional and presentational currency.

Going concern

The Directors have prepared the financial statements under the going concern basis having given due consideration to the Company's financial liabilities and the financial resources available meet its obligations.

As outlined in Note 7, Contingent liabilities, there is uncertainty relating to Retailer Litigation. Visa Europe Limited will absorb all losses associated with the Retailer Litigation.

Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits.

Trade and other receivables

Trade receivables are measured at fair value at the date of trade plus directly attributable transaction costs on initial recognition, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Contingent liabilities

Contingent liabilities are possible obligations that arise from past events, whose existence will be confirmed only by uncertain future events not wholly within the control of the entity or a present obligation that arises from past events that are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. See Note 7, Contingent liabilities.

2. Remuneration of Directors

None of the Directors received any fees or emoluments in respect of duties as Directors for this Company during the year (2017: £nil).

3. Remuneration of auditor

	2018	2017
	£	£
Fees payable to the Company's auditors for the audit of the Company's financial statements	5,500	5,500

The remuneration of the auditor is borne by Visa Europe Limited.

Notes to the financial statements (continued)

4. Trade and other receivables

	2018	2017
	£	£
Other debtors	90	90
Amount due from Members in relation to purchase of shares	7	7
	97	97

5. Trade and other payables

	2018	2017
	£	£
Amounts due to Members on redemption of shares	8	8

6. Called up share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
Redeemable shares of £1 each		
At 1 October	29	30
Issue of shares	—	—
Redemption of shares	—	(1)
As at 30 September	29	29
Special share of £100	100	100
Called up share capital at 30 September	129	129

The shares are redeemable in the event that a member withdraws from the Company by giving written notice, or where the member becomes ineligible for membership under conditions set out in the articles of association. Visa Europe Services LLC holds the special share.

Notes to the financial statements (continued)

7. Contingent liabilities

During 2013, certain UK and Irish retailers issued proceedings against a number of Visa entities, which included the Company, claiming for losses suffered in respect of alleged breaches of EU, EEA and UK (and in some cases Irish) competition law. Further retailers have brought similar proceedings since. In October 2014 the English High Court struck out elements of the claim relating to the period before July 2007 (six years before the claims were brought) in respect of a group of retailers that had brought their claims in 2013. The retailers' request to submit an appeal was rejected by the Court. The retailers applied to the Court of Appeal with a view to overturning the judgment. However, the judgement was upheld. The retailers did not submit a further appeal to the Supreme Court. In principle this judgment will apply to all current and future related claims.

A trial in relation to certain of these claims commenced in November 2016 and ended in March 2017. Three retailers settled before the trial started, and a further twelve settled during the course of the trial. Judgment was handed down in relation to the one remaining merchant claim involving Sainsbury's on 30 November 2017, with the Court finding that Visa's interchange fee did not restrict UK and EU competition law, leading it to reject Sainsbury's claim in its entirety. A further judgment, on the separate question of what a lawful level of interchange would have been in the event that a restriction of competition had been found, was handed down on 23 February 2018.

In addition, a substantial number of merchants have threatened to commence similar proceedings and standstill agreements have been entered into with respect to some of those merchants' claims.

A related case against MasterCard was determined at first instance before the UK Competition Appeal Tribunal in July 2016. In January 2017 the English High Court ruled in favour of MasterCard and found, in a case brought by largely the same group of retailers as have brought claims against Visa, that other than in respect of a brief period covered by a negative European Commission decision against MasterCard, its interchange was set lawfully at all times.

The Court of Appeal agreed to hear an appeal of these two cases, together with the appeal against the Visa judgment. All of these appeals were heard at the same time in April 2018. It handed down its judgment on 4 July 2018, and overturned the lower court's rulings in relation to Visa of November 2017 and February 2018, concluding that Visa's UK domestic interchange restricted competition and that the question of exemption under applicable law had not been adequately dealt with. It also overturned the two previous MasterCard judgments, and decided to remit the cases to the Competition Appeal Tribunal (CAT) in order to reconsider the issue of exemption on the basis of the evidence put forward at trial. In November 2018, the Supreme Court granted Visa leave to appeal certain elements of the Court of Appeal's judgment, which is expected to be heard in January 2020. If the Supreme Court upholds the Court of Appeal's judgment, the case will be remitted to the CAT to determine whether and to what extent the relevant interchange fees qualified for exemption (on the basis of the existing evidence) and, to the extent that they did not, what level of damages should be awarded taking into account factors such as the pass on of fees to the claimant's own customers. Visa's potential liability is capped as a result of a concession made by the claimant as to the lawful level of interchange fees which is not subject to appeal.

Visa Europe Limited will absorb all losses associated with the Retailer Litigation and consistent with prior years will recognise any required losses or related settlements in its accounts. Therefore, no such losses will be recognised in the Company's financial statements.

8. Post balance sheet events

In November 2018, the Supreme Court granted Visa leave to appeal certain elements of the Court of Appeal's judgment in relation to the Retailer Litigation, which is expected to be heard in January 2020. See Note 7, Contingent liabilities, for further discussion of the Retailer Litigation.

In December 2018, eleven members submitted a notice of withdrawal from the Company and each redeemed their single redeemable share of £1 in the Company.