

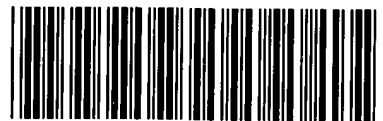
Visa CEMEA (UK) Limited

Registration Number: 6423431

Directors' report and financial statements

For the year ended 30 September 2020

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Visa CEMEA (UK) Limited
For the year ended 30 September 2020

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Visa CEMEA (UK) Limited

For the year ended 30 September 2020

Strategic report

Visa CEMEA (UK) Limited (the "Company") was incorporated on 9 November 2007 and commenced operations on 1 March 2008. The Company is a wholly owned subsidiary of Visa International Service Association ("Visa International" or "Parent"). The Company's principal activities are the provision of business advisory services, business development and client relationship services, technical support and training. The Company is mainly funded by way of service fees levied on Visa International on a cost-plus basis.

The main objective of the Company is to continue to support Visa International's activities within the Central Europe, Middle East and Africa ("CEMEA") region while being dependent on the Parent for its working capital funds for the year ended 30 September 2020. Risks and uncertainties are managed at a group level. The group is comprised of Visa Inc. and its subsidiaries. These risks and uncertainties are set out in the publicly available financial statements of Visa Inc. An enterprise wide risk management framework is used to identify, assess, measure, report and manage all types of risk and to align the risk management with the business strategy. Further risks applicable to the Company are detailed in Notes 5 and 19.

The Company's key financial and other performance indicators during the year were as follows:

Key performance indicators	2020	2019
Revenue	24,165,888	24,405,861
Profit for the year after tax	345,303	539,903
Cash in banks	8,784,008	5,088,053
Total equity	(22,906,501)	(23,217,002)
Average number of employees	13	16

The decrease in profit after tax is due to the decrease in total expenses during the year, compared to the previous year. This in turn led to lower recharges made to the Parent company, which resulted in lower revenue in the current year. As at 30 September 2020, the Company had 13 full-time equivalent employees (2019: 16 employees).

The Company has negative equity primarily due to accumulated actuarial losses on pension plans and changes in fair value of share-based payment obligations. The Company has received a letter of support from the Ultimate Parent (Visa Inc.) stating that its' Parent company (Visa International) intends to support the Company's operations for the foreseeable future. Therefore, notwithstanding the Company's negative equity of £22,906,501 (2019: £23,217,002) the financial statements have been prepared on a going concern basis; as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future under the existing cost plus basis recharge agreement and based on the undertaking from the Parent.

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

By order of the board

DocuSigned by:

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Sharon Dean
 Director
 30 Sep 2021

Visa CEMEA (UK) Limited

For the year ended 30 September 2020

Directors' report

The Directors present their annual report and the financial statements for the year ended 30 September 2020.

Principal activities, governance and employees

The Directors of the Company have resolved to adopt the Treasury risk policies surrounding liquidity, capital markets, currency and investments of Visa Inc., the Ultimate Parent company. Given the nature of the relationship, the risks facing the Company mirror those of Visa International. Various global management committees monitor all liquidity, currency and investment risks.

The Executive Committee of Visa Inc. (consisting of the CEO and his direct reports) oversees the Company. The Executive Committee has delegated its authority to 12 operating committees that cover all areas of the business of Visa Inc. and it is through these committees that the Company's operations are also governed.

As at 30 September 2020, the Company had 13 full-time equivalent employees (2019: 16 employees) who are bound under Visa Inc.'s Code of Business Conduct and Ethics policy, which is available to all employees through the staff handbook.

Applications for employment by disabled persons are always fully considered. In the event members of the Company's staff become disabled, every effort is made to ensure that their employment with the Company continues and that the appropriate training is arranged. It is the policy of the Company that all employees be given opportunities with respect to training, career development and promotion. The Company is firmly committed to providing equal opportunity in all aspects of employment and does not tolerate any form of discrimination or harassment in the work place on the basis of race, colour, creed, national origin, age, sex, sexual orientation or disability.

The Company also supports the Visa Inc. Matching Gift Program, which is a component of Visa Inc.'s corporate responsibility initiative, and is designed to honour and encourage employee interest in giving back to the communities around the globe. Through the program, the Company matches the employees' financial gifts to eligible charitable organizations on a one-to-one basis up to US\$5,000 per calendar year. The Company did not make any political donations throughout the financial period.

The Company's registered office is 100 New Bridge Street, London, United Kingdom, EC4V 6JA. The Company continues to support Visa International's activities within the CEMEA region while being dependent on the Parent for its working capital funds.

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. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Directors' report (continued)

Auditor

KPMG LLP have indicated their willingness to continue to act as the Company's Auditor and in accordance with the Companies Act 2006, a resolution for their reappointment is to be proposed at the forthcoming Board Meeting.

Results

The results of the Company for the year ended 30 September 2020 show a profit after tax of £345,303 (2019: £539,903).

The Directors do not recommend the payment of a dividend for the period ended 30 September 2020.

There were no other significant events between the balance sheet date and the date of approval of the Directors' Report

Directors

The Directors who held office during the year ended 30 September 2020 were as follows:


Robert Livingston	(Appointment: 28 Oct, 2019)
Sharon Dean	(Appointment: 28 Oct, 2019)

Going concern

The Directors have received a letter of support from its Ultimate Parent (Visa Inc.), outlining that its Parent company (Visa International) intends to support the Company for a period no less than one year after these financial statements are approved. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, and have also considered the impact of COVID-19 in their assessment. The global outbreak of COVID-19 continues to evolve at the time of writing this report. This global risk of COVID-19 is also set out in the publicly available financial statements of Visa Inc. who, as mentioned above, have issued a letter of financial support to the Company. Visa Inc.'s balance sheet has sufficient capacity to withstand significant interruption to its revenues without jeopardising either its capital or liquidity positions. Therefore, on this basis, the Directors have assessed of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The period covered by the Directors' assessment of going concern is twelve months from the date of approval of the financial statements.

By order of the board

DocuSigned by:


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Sharon Dean

Director

100 New Bridge street
EC4V 6JA London
United Kingdom
30 Sep 2021

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

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

The 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 accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

Under the 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 international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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 the 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 CEMEA (UK) LIMITED

Opinion

We have audited the financial statements of Visa CEMEA (UK) Limited ("the Company") for the year ended 30 September 2020 which comprise the statement of financial position, the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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.

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 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.

Strategic report and Directors' report

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and 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 strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have 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, 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; 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.

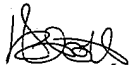
Auditor's responsibilities

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.



Karyn Nicoll (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
30 Sep 2021

Visa CEMEA (UK) Limited**Statement of profit or loss and other comprehensive income****For the year ended 30 September 2020**

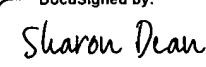
	Note	2020 £	2019 £
Revenue	6	24,165,888	24,405,861
Operating Expenses			
Administrative expenses	7	(3,666,031)	(5,705,114)
Other expenses	9	(19,287,925)	(17,939,886)
		<u>(22,953,956)</u>	<u>(23,645,000)</u>
Non-Operating expenses			
Other Pension cost	20	<u>(482,000)</u>	-
Profit before income tax		729,932	760,861
Income tax expense	10	<u>(384,629)</u>	<u>(220,958)</u>
Profit for the year after tax		<u>345,303</u>	<u>539,903</u>
Other comprehensive income			
Funded defined benefit plan actuarial (losses)/gains	15	(2,093,000)	(16,131,000)
Unfunded defined benefit plan actuarial (losses)/gains	15	1,075,000	(1,486,000)
Other Pension Cost	8	-	(198,338)
Actual return less expected return on plan assets	15	<u>1,125,000</u>	<u>5,063,000</u>
		<u>107,000</u>	<u>(12,752,338)</u>
Deferred tax on actuarial loss	10,12	<u>530,765</u>	<u>73,650</u>
Other comprehensive income for the year net of tax		<u>637,765</u>	<u>(12,678,688)</u>
Profit for the year after tax		<u>345,303</u>	<u>539,903</u>
Total comprehensive income for the year attributable to shareholders		<u>983,068</u>	<u>(12,138,785)</u>

The notes on pages 11 to 41 are an integral part of these financial statements.

Visa CEMEA (UK) Limited**Statement of financial position****As at 30 September 2020**

	Note	2020 £	2019 £
Assets			
Property, plant and equipment	11	2,204,266	1,392,356
Deferred tax assets	12	595,493	508,209
Total non-current assets		<u>2,799,759</u>	<u>1,900,565</u>
Trade and other receivables	13	306,159	517,184
Prepayments		171,682	331,904
Current tax asset		877,749	877,749
Cash at bank	14	8,784,008	5,088,053
Total current assets		<u>10,139,598</u>	<u>6,814,890</u>
Total assets		<u>12,939,357</u>	<u>8,715,455</u>
Liabilities			
Employee benefits	15	25,974,049	26,968,049
Total non-current liabilities		<u>25,974,049</u>	<u>26,968,049</u>
Trade and other payables	17	9,788,529	5,067,552
Short-term employee benefits	18	83,280	(103,144)
Total current liabilities		<u>9,871,809</u>	<u>4,964,408</u>
Total liabilities		<u>35,845,858</u>	<u>31,932,457</u>
Equity			
Share capital	22	12,626	12,626
Equity reserve	22	(6,872,881)	(6,200,314)
Share premium	22	6,453,475	6,453,475
Retained earnings		(22,499,721)	(23,482,789)
Total equity		<u>(22,906,501)</u>	<u>(23,217,002)</u>
Total equity and liabilities		<u>12,939,357</u>	<u>8,715,455</u>

Approved by the Board of Directors and signed on its behalf on 30 Sep 2021.

DocuSigned by:

 Sharon Dean,
 Director

Registered Number 6423431

The notes on pages 11 to 41 are an integral part of these financial statements.

Visa CEMEA (UK) Limited**Statement of changes in equity
For the year ended 30 September 2020**

	Share capital £	Share premium £	Equity reserve £	Retained earnings £	Total equity £
Balance at 1 October 2018	12,626	6,453,475	(5,652,368)	(11,344,004)	(10,530,271)
Profit for the year after tax	-	-	-	539,903	539,903
Other comprehensive income					
Actuarial gains	-	-	-	(12,752,338)	(12,752,338)
Deferred tax on actuarial gain	-	-	-	73,650	73,650
Total other comprehensive income for the period	-	-	-	(12,678,688)	(12,678,688)
Share-based payments – charge for the year	-	-	312,710	-	312,710
Income tax on share-based payments	-	-	(42,872)	-	(42,872)
Change in fair value of the obligation to the parent	-	-	(817,784)	-	(817,784)
Balance at 30 September 2019	<u>12,626</u>	<u>6,453,475</u>	<u>(6,200,314)</u>	<u>(23,482,789)</u>	<u>(23,217,002)</u>
Balance at 1 October 2019	12,626	6,453,475	(6,200,314)	(23,482,789)	(23,217,002)
Profit for the year after tax	-	-	-	345,303	345,303
Other comprehensive income					
Actuarial loss	-	-	-	107,000	107,000
Deferred tax on actuarial loss	-	-	-	530,765	530,765
Total other comprehensive income for the period	-	-	-	637,765	637,765
Share-based payments – charge for the year	-	-	248,956	-	248,956
Income tax on share-based payments	-	-	(65,183)	-	(65,183)
Change in fair value of the obligation to the parent	-	-	(856,340)	-	(856,340)
Balance at 30 September 2020	<u>12,626</u>	<u>6,453,475</u>	<u>(6,872,881)</u>	<u>(22,499,721)</u>	<u>(22,906,501)</u>

The notes on pages 11 to 41 are an integral part of these financial statements.

Visa (CEMEA) UK Limited**Statement of cash flows
For the year ended 30 September 2020**

	Note	2020 £	2019 £
Operating activities			
Profit for the period before tax		729,932	760,861
Adjustments for:			
Depreciation	11	529,862	221,016
Equity settled share-based payment transactions	8	248,956	312,710
Expenses related to retirement pension plans	8	531,000	660,000
Payments for share-based payment arrangements		(750,381)	(1,064,907)
FX Amount		7	260
		<u>1,289,376</u>	<u>889,940</u>
Changes in Prepayment		160,226	(109,999)
Change in trade and other receivables		211,026	1,643,857
Change in trade and other payables		4,608,674	395,128
Change in employee provisions		186,425	(695,620)
Contribution paid into retirement pension plans	8,15	<u>(1,418,000)</u>	<u>(1,580,338)</u>
Net cash generated from operating activities		<u>3,748,351</u>	<u>1,607,875</u>
Investing activities			
Acquisition of property, plant and equipment	11	(1,351,023)	(1,053,492)
Proceeds from disposal of PPE		9,251	-
Net cash used in investing activities		<u>(1,341,772)</u>	<u>(1,053,492)</u>
Net increase/(decrease) in cash and cash equivalents		3,695,955	(510,524)
Cash in banks at 1 October	14	<u>5,088,053</u>	<u>5,598,577</u>
Cash in banks at 30 September		<u>8,784,008</u>	<u>5,088,053</u>

The notes on pages 11 to 41 are an integral part of these financial statements.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements

1 Reporting entity

Visa CEMEA (UK) Limited (the "Company") is a Company domiciled in England. The Company's registered office is 100 New Bridge Street, London, United Kingdom, EC4V 6JA.

The Company's principal activities are the provision of business advisory services, business development and client relationship services, technical support and training to Visa International.

2 Basis of preparation

(a) Statement of compliance with IFRS

The Company's financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

A number of new standards and amendments to standards are issued but not yet effective for the annual periods beginning 1 October 2020. The Company has not early adopted the following new or amended standards in preparing the financial statements:

The new standards and amendments to standards are not expected to materially impact the entity's financial statements.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except where required otherwise by IFRS.

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These financial statements are presented in Sterling, which is the Company's presentation and functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 12 – Recoverability of deferred tax assets
- Note 15 – Employee benefits
- Note 16 – Share based payments

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

2 Basis of preparation (continued)

(e) Going Concern

The Company has received a letter of support from the Ultimate Parent (Visa Inc.) that its' Parent company (Visa International) intends to support the Company's operations for the foreseeable future. Notwithstanding the negative equity of £22,906,501 as at 30 September, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons. The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that the Company will have sufficient funds, through funding from its Ultimate Parent company, to meet its liabilities as they fall due for that period.

Visa International has indicated its intention to continue to make available such funds as needed by the Company for the period no less than one year after these financial statements are signed. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Directors are not aware of any material uncertainties that may cast significant upon the Company's ability to continue as a going concern, and have also considered the impact of COVID-19 in their assessment. The global outbreak of COVID-19 continues to evolve at the time of writing this report. This global risk is also set out in the publicly available financial statements of Visa Inc. who, as mentioned above, have issued a letter of financial support to the Company. Visa Inc.'s balance sheet has sufficient capacity to withstand significant interruption to its revenues without jeopardising either its capital or liquidity positions. Therefore, on this basis, the Directors have assessed of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The period covered by the Directors' assessment of going concern is twelve months from the date of approval of the financial statements.

3 Significant Accounting Policies

(a) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

3 Significant Accounting Policies (Continued)

(a) Property, plant and equipment (continued)

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current period and the comparative period are as follows.

Office equipment	2-7 years
Fixtures and fittings	3-7 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Depreciation is allocated to the other expenses line of the income statement.

(b) Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

(b) Financial instruments (Continued)

Financial assets (Continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As of 30 September 2019 and 30 September 2018, the Company's financial assets include due from related party, deposit, other receivables and cash and cash equivalent. All these financial assets are measured at amortised cost.

Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio levels because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

(b) Financial instruments (Continued)

Financial assets (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

Financial assets at amortized cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt instruments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity instruments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

(b) Financial instruments (Continued)

Financial liabilities (Continued)

i. Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

ii. Non-derivative financial assets - Measurement

Loans and receivables

Loans and receivables are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

i. Non-derivative financial liabilities - Measurement

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

3 Significant Accounting Policies (continued)

(c) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate legal entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the profit or loss when they are due.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation with respect to defined benefit pension plans is calculated by projecting the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate at 30 September 2020 is determined by the relevant annualised yield on the AON Hewitt GBP select AA curve. AON Hewitt Ltd., a third party qualified actuary, performs the calculation annually. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities.

The Company recognises all actuarial gains and losses arising from defined benefit plans directly in equity immediately and reflected in other comprehensive income. Any past service costs and credits resulting from plan amendment and curtailment are to be recognized immediately in the income statement.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

3 Significant Accounting Policies (continued)

(iii) Termination benefits

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan either to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(v) Share-based payment transactions

Certain employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions) granted to them in a scheme operated by the Ultimate Parent company. This scheme relates to shares in the Ultimate Parent company. The share-based payments comprise of Restricted Stock Units ("RSU's") which primarily vest in a graded manner over three years from the date of grant, subject to earlier vesting in full under certain conditions.

Share-based payment arrangements are accounted for as equity-settled, share-based payment transactions are accounted for as equity settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company. This includes restricted stock units ("RSUs"), restricted stock awards ("RSAs") and share options ("NQSOs").

The grant date fair value of awards and options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards and options. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service vesting conditions are met.

A recharge is made by the Parent to Visa CEMEA (UK) Limited based on the value of RSUs and RSAs vested and NQSOs exercised in the period and is a cash settled normally on annual basis. At year end an adjustment is made to the fair value of awards expensed but not yet vested.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

(d) Revenue

The Company earns the majority of its revenue on a cost-plus basis from the parent, Visa International. Revenue is measured at the fair value of the consideration received or receivable, on a monthly basis. The percentage is cost-plus 10% of the Company's monthly expenses except for costs incurred on behalf of or for the benefit of Visa International that would otherwise not be provided directly by the Company.

(e) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(f) Foreign currency transactions

The Company's functional and presentation currency is Sterling. Transactions in foreign currencies are translated to the functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate on the date of the transaction.

(g) Cash and cash equivalents

Cash and cash equivalents represent deposits at banks with maturity less than three months.

4 Fair value measurement

Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction on the measurement date.

The NQSOs are non-qualified stock options (not qualified for favourable tax treatment), for which the fair value is measured using the Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on US treasury bond rates). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

The fair value of RSAs and RSUs are calculated as the fair market value of the share at grant date.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020
Notes to the financial statements (continued)

5 Financial risk management

(a) Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- fair value and market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

(b) Credit, liquidity and fair value

The Company is a wholly-owned subsidiary of Visa International, which in turn is a subsidiary of Visa Inc. Due to the relationship between the Company and the Parent, most credit, liquidity and market risk lies with the Parent.

The Company incurs expenses locally and recharges these expenses to the Parent on a cost-plus 10% mark-up. The Company relies on the funding from the Parent. Therefore reliance is placed both on global risk management as well as on local risk management.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Debt is fully provided for and is written off when management approves the debt as uncollectable.

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is principally the risk that the Parent can no longer meet its funding obligations to the Company. Market risk also lies with the Parent due to this funding arrangement as does credit risk, as the client relationship is with the Parent and not the Company. Foreign exchange risk is minimal as costs are predominately incurred in local currency, with the exception of intercompany balances which are denominated in non-local currency, see Note 7.

Operational risk is defined as losses due to process, system or human failures, unexpected events or unenforceability of contracts. The Company has implemented a framework to ensure that these risks are effectively managed.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020
Notes to the financial statements (continued)

6 Revenue

	2020	2019
	£	£
Service and cost-plus revenue (Note 20c)	24,165,888	24,405,861
	<u>24,165,888</u>	<u>24,405,861</u>

Service revenue is a function of the Company's predominantly Sterling denominated costs. Service revenue is generated by way of management fees levied on Visa International on a cost-plus basis.

7 Administrative expenses

(a) Administrative expenses

	2020	2019
	£	£
Personnel expenses (Note 8)	3,311,476	4,828,227
Professional fees	403,899	465,663
Training, insurance and office expenses	649,476	376,743
Foreign currency (gains)/losses	(698,820)	34,481
	<u>3,666,031</u>	<u>5,705,114</u>

Professional fees mainly relate to consultants and contractors as well as accounting, legal and information technology ("IT") professional fees. Foreign currency gains mainly arise from revaluation of intercompany balances which are denominated in non-local currency mainly (USD).

(b) Audit fees

The amount of the auditor's remuneration for the statutory audit for the financial year ended 30 September 2020 was £84,000 (2019: £84,000).

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

8 Personnel expenses

	2020	2019
	£	£
Wages and salaries	2,794,662	3,336,512
Severance	-	555,143
Defined contribution plan changes	111,858	(36,138)
Expenses related to retirement pension plans (Note 15)	156,000	660,000
Equity settled share-based payment transactions (Note 16)	248,956	312,710
Other Pension Cost	-	198,338
	<u>3,311,476</u>	<u>5,026,565</u>

The average number of persons employed by the Company during the financial year was 13 permanent staff (2019: 16).

As at 30 September 2020, the Company had 13 full-time equivalent employees (2019: 16).

9 Other expenses

	2020	2019
	£	£
Communication expenses	17,057,443	16,565,718
Facilities expenses	529,862	221,015
IT expenses	1,498,745	743,476
Travel expenses	201,875	409,677
	<u>19,287,925</u>	<u>17,939,886</u>

10 Income tax

	2020	2019
	£	£
Current Tax Asset		
Balance at 1 Oct	877,749	877,749
Current year	-	-
Adjustments for the period	-	-
Balance at 30 Sep	<u>877,749</u>	<u>877,749</u>
Deferred tax expense		
Current year	232,032	246,949
Adjustments for prior periods	(2,988)	-
Effects of changes in tax rates	155,585	(25,991)
	<u>384,629</u>	<u>220,958</u>
Total income tax charge	<u>384,629</u>	<u>220,958</u>

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

10 Income tax (Continued)

	2020	2019
	£	£
<i>Reconciliation of total tax expense</i>		
Profit before tax	729,932	760,861
Income tax at UK statutory tax rate of 19% (2019: 19%)	138,687	144,564
Non-deductible expenses	572	1,588
Prior year adjustment current tax	(2,988)	-
Tax rate changes	155,585	(25,991)
Share options	(157,500)	(104,903)
Effects of group relief/other reliefs	250,273	205,700
	384,629	220,958

The current tax asset relates to historical overpayments of tax.

There has been no equity component of current tax relating to share-based payments, while deferred tax amounting to £65,183 (2019: £42,872) has been debited directly to equity. Deferred tax relating to actuarial gains and losses arising from the Company's retirement benefit scheme amounting to £240,025 (2019: £73,650) and deferred tax relating to prior year £297,073 have been debited/credited directly to "Other Comprehensive Income".

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. For the purposes of preparing these financial statements, deferred tax assets have been recognised to the extent that they can be recovered from projected profitability over the subsequent 5 years. Deferred tax assets that would take longer to recover have not been recognised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the balance sheet date.

In the 11 March 2020 Budget it was announced that the UK tax rate will remain at 19% and not reduce to 17% from 1 April 2020. This was substantively enacted on 17 March 2020 and subsequently enacted on 22 July 2020.

In the 3 March 2021 Budget it was announced that the main rate of corporation tax will increase to 25% from 1 April 2023. This was enacted on 10 June 2021. The impact of the future change in rate to 25% has not been reflected in the deferred tax balance at 30 September 2020. The estimated impact of the future change in tax rate would be an increase in the deferred tax asset and tax charge of £57,602.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

11 Property, plant and equipment

	Office equipment £	Total £
Cost		
Balance at 30 September 2018	3,973,163	3,973,163
Additions	1,053,492	1,053,492
Disposals	(142,921)	(142,921)
Balance at 30 September 2019	4,883,734	4,883,734
Additions	1,351,023	1,438,354
Disposals	(1,616,827)	(1,704,159)
Balance at 30 September 2020	4,617,929	4,617,929

	Office equipment £	Total £
Depreciation		
Balance at 30 September 2018	3,413,283	3,413,283
Charge for the year	221,016	221,016
Disposals	(142,921)	(142,921)
Balance at 30 September 2019	3,491,378	3,491,378
Charge for the year	529,862	570,502
Disposals	(1,607,576)	(1,648,216)
Balance at 30 September 2020	2,413,664	2,413,664
Carrying amount		
Balance at 30 September 2019	1,392,356	1,392,356
Balance at 30 September 2020	2,204,266	2,204,266

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

12 Deferred tax assets and liabilities

	2020 £	2019 £
Recognised deferred tax assets		
Equity-based remuneration	161,743	251,647
Property, plant and equipment	161,469	156,902
Retirement benefits	272,281	99,660
Net recognised deferred tax assets	<u>595,543</u>	<u>508,209</u>

The Company has unrecognised deferred tax assets as follows:

	30 Sept 2020		30 Sept 2019	
	Temporary difference not recognised £	Deferred tax asset not recognised £	Temporary difference not recognised £	Deferred tax asset not recognised £
Unutilised losses	3,114,115	529,400	3,114,115	529,400
Retirement benefits	24,551,542	4,173,762	26,406,031	4,489,025
Total	<u>27,665,657</u>	<u>4,703,162</u>	<u>29,520,146</u>	<u>5,018,425</u>

Movement in temporary differences in the year

	1 October 2019 £	I/S PYA	Recognised in P&L £	Recognised in OCI £	Recognised in Equity £	30 Sept 2020 £
Property, plant and equipment	156,901	2,988	1,579	-	-	161,468
Retirement benefits	99,657	297,073	(358,144)	233,692	-	272,281
Equity-based remuneration	251,649	-	(65,183)	-	(24,722)	161,744
Other	-	-	-	-	-	-
	<u>508,209</u>	<u>300,061</u>	<u>(421,748)</u>	<u>233,692</u>	<u>(24,722)</u>	<u>595,543</u>

	1 October 2018 £	I/S PYA	Recognised in P&L £	Recognised in OCI £	Recognised in Equity £	30 Sept 2019 £
Property, plant and equipment	194,555	-	(37,654)	-	-	156,901
Retirement benefits	151,366	-	(125,359)	73,650	-	99,657
Equity-based remuneration	352,466	-	(57,945)	-	(42,872)	251,649
Other	-	-	-	-	-	-
	<u>698,387</u>	<u>-</u>	<u>(220,958)</u>	<u>73,650</u>	<u>(42,872)</u>	<u>508,209</u>

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

13 Trade and other receivables

	2020	2019
	£	£
Other receivables	306,159	517,184
	<u>306,159</u>	<u>517,184</u>

The Company's exposures to credit and currency risks, and impairment losses relating to trade and other receivables are disclosed in Note 19.

Other receivables relates to VAT refundable.

At the reporting date, the Company assessed the carrying amount of its trade and other receivables for any impairment using the simplified approach, no impairment has been determined based on the assessment.

14 Cash in banks

	2020	2019
	£	£
Bank balances	<u>8,784,008</u>	<u>5,088,053</u>

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

15 Employee benefits

The principal scheme the Company contributes to is a non-contributory defined benefit plan that provides pension benefits for employees upon retirement. The plan entitles a retired employee to receive an annual payment equal to 1/60 of final salary for each year of service that the employee provided. The Company also sponsors an unfunded and unapproved benefit scheme which is a separate arrangement from the plan. The unfunded benefit was open to senior management who joined the approved pension scheme earning benefits in excess of the maximum allowed by legislation in an approved pension scheme.

The Visa UK Pension Plan is an approved UK pension plan administered by a board of trustees, which include an independent professional trustee. The pension plan is held within a trust and is legally separate from the Company. The trustees are required by trust law to act in the interest of all relevant beneficiaries and are responsible for the investment policy and the day to day administration of the benefits.

The plan is subject to the scheme funding requirements in accordance with UK legislation and tax laws, which require that the plan is funded prudently. The last formal funding valuation of the Plan was carried out by a qualified actuary as at 30 September 2020 and showed a deficit of £29.1m.

The Company is paying contributions at a rate of £10.0 million for three years through to 30 September 2023 to address the deficit and this is subject to review in the next triennial valuation. The Company also pays a contribution of £264,000 per annum to meet the cost of the benefits accrued by active members.

The plan assets are invested in equity securities, diversified growth funds, corporate and government bonds which are intended to broadly match the long-term estimated future payments due from the plan. The allocation of the plan assets is managed with a long-term perspective to ensure that there is an adequate level of assets to support benefit payments to participants over the life of the pension plan.

The Company expects £10,264,000 (2019: £1,027,000) in contributions to be paid to the funded defined benefit scheme in the next financial year for three years till 30 September 2023 and £191,000 (2019: £186,000) to the unfunded scheme. The average duration of the defined benefit obligation is 23 years for the plan as of 30 September 2020.

The Trustees of the Visa UK Pension started an exercise in FY19 to correct certain members' benefits following a legal review of the Plan's retirement age. This resulted in an increase in the liabilities of just under 1% of the FY20 DBO which was allowed for in the year start and year end DBO and recognised in the OCI.

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread globally, and continues to cause disruptions to business and economic activity; however there has been no substantial quantitative estimate of the potential impact of the outbreak of COVID-19 on the Company including the Pension Scheme. In particular, during FY2020, there was further uncertainty introduced by the COVID-19 global pandemic to the post retirement mortality assumption. No excessive deaths from COVID-19 had been experienced in the scheme so no change to the assumption for current rates of mortality was made, nor for the long term rates of improvement.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

15 Employee benefits (continued)

	2020 (£'000)	2019 (£'000)
Amounts recognized as assets/(liabilities) in the balance sheet		
Present value of funded obligations	(98,120)	(95,333)
Fair value of plan assets	82,650	79,923
	(15,470)	(15,410)
Present value of unfunded obligations	(10,504)	(11,558)
Net defined benefit obligation	(25,974)	(26,968)
	2019 (£'000)	2018 (£'000)
Movement in the present value of the defined benefit obligation		
Defined benefit obligations at 1 October	106,891	87,958
Benefits paid by the plan	(1,352)	(1,476)
Current service cost	156	157
Past Service Cost	-	100
Interest cost	1,911	2,535
Actuarial losses due to changes in financial assumptions	1,315	19,882
Actuarial gains/(losses) due to changes in demographic assumptions	357	(2,382)
Actuarial (losses)/gains due to liability experience	(654)	117
Defined benefit obligations at 30 September	108,624	106,891

The actuarial losses/gains due to changes in financial assumptions; changes to demographic assumptions and liability experience is split between funded benefit plan actuarial loss of £2,093,000 and unfunded benefit plan actuarial gain £1,075,000

	2020 (£'000)	2019 (£'000)
Movement in the present value of plan assets		
Fair value of plan assets at 1 October	79,923	72,822
Contributions paid into the plan	1,525	1,382
Benefits paid by the plan	(1,352)	(1,476)
Interest income	1,429	2,132
Actuarial gains due to plan asset experience	1,125	5,063
Fair value of plan assets at 30 September	82,650	79,923

Net defined benefit obligation

	2020 (£'000)	2019 (£'000)
Movement in the net defined benefit obligation		
Net defined benefit obligation at 1 October	26,968	15,136
Net periodic pension cost	638	660
Amounts recognized in other comprehensive income	(107)	12,554
Contributions paid into the plan	(1,525)	(1,382)
Net defined benefit obligation at 30 September	25,974	26,968

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

15 Employee benefits (continued)

	2020 (£'000)	2019 (£'000)
Analysis of the amount recognised in other comprehensive income		
Actual return on plan assets excluding interest income	(1,125)	(5,063)
Actuarial gains due to liability experience	(654)	117
Actuarial gains due to changes in demographic assumptions	357	(2,382)
Actuarial gains due to changes in financial assumptions	1,315	19,882
	<u>(107)</u>	<u>12,554</u>
	2020 (£'000)	2019 (£'000)
Expense recognized in profit or loss		
Current service cost	156	157
Past Service Cost	-	100
Net interest cost on net defined benefit obligation/plan asset	482	403
	<u>638</u>	<u>660</u>

	2020 £	%	2019 £	%
Composition and fair value of plan assets (in 000)				
Equity securities	12,000	15	12,000	15
Index-linked gilts	-	55	44,000	55
Corporate bonds	-	-	-	-
Liability driven investment	36,000			
Diversified growth funds	34,000	30	24,000	30
	<u>82,000</u>	<u>100</u>	<u>80,000</u>	<u>100</u>

The plan does not invest in the sponsors' own financial instruments, including property or other assets owned by the sponsor.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

15 Employee benefits (continued)

	2020	2019
	%	%
Actuarial assumptions		
<i>Principal actuarial assumptions at 30 September (expressed as weighted averages)</i>		
Discount rate	1.60	1.80
Retail price inflation	3.00	3.20
Consumer price inflation	2.20	2.20
Future salary increases	2.50	2.50
Deferred revaluation	2.20	2.20
Future pension increases		
- RPI with a cap of 5% pa	2.90	3.10
- CPI with a cap of 3% pa	1.90	2.00
	2020	2019
Longevity at age 65 for current pensioners		
Males	23.1	23.5
Females	24.2	24.0
Longevity at age 65 for current member aged 45		
Males	24.4	24.3
Females	25.7	25.5

Risks

The most significant risks to which the Company is exposed to in relation to the plan are:

- *Asset volatility.* The liabilities for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. The plan holds a significant proportion of growth assets consisting of equities and diversified growth funds which, though expected to outperform corporate bonds in the long-term, could create volatility and risk in the short-term. The plan asset allocation to growth assets is monitored by the Trustees to ensure it remains appropriate given the plan's long-term objective.
- *Bond yield risk.* A decrease in corporate bond yield will increase the value placed on the plan's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the plan's bond holdings.
- *Inflation risk.* A significant portion of the plan's benefit obligations are directly linked to inflation; and higher inflation will lead to higher liabilities. However, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation.
- *Life expectancy.* The majority of the plan's obligations are to provide benefits for the life of the member; thus, an increase in life expectancy will result in an increase in the liabilities.

Changes to these assumptions could have a material effect on the present value of the defined benefit obligation. The following analyses show the sensitivity of the pension liability to the change in each of the assumptions, which are based on the method consistent to that used to determine the recognized pension liability at the balance sheet date.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

15 Employee benefits (continued)

	Increase/ (decrease) in the defined benefit obligation
Sensitivity analysis of significant actuarial assumptions at 30 September 2020 (in 000)	
Discount rate – if decreased by 0.1%	£2,181
Inflation rate – if decreased by 0.1%	£(2,020)
Average life expectancy – if decreased by one year	£3,600
Discount rate – if increased by 0.1%	£2,144
Inflation rate – if increased by 0.1%	£(2,086)
Average life expectancy – if increased by one year	£(3,601)

16 Share-based payments

At 30 September 2020, the Company had share-based payment arrangements pursuant to a plan established by the Ultimate Parent company. The plan provides for the grant to key management personnel and other employees of the Company of awards in the shares of the Ultimate Parent company. The awards are in the form of RSAs, RSUs and NQSOs.

Share options are valued at fair value at the date of grant and are exercisable at the market price of the Ultimate Parent company's shares at the date of grant. All share options are to be settled by physical delivery of the shares.

RSAs and RSUs are valued at fair value at the market price of the Ultimate Parent company's shares at the date of grant.

On January 28, 2015, Visa Inc.'s board of Directors declared a four-for-one split of its class a common stock. On March 18, 2015, each class A common stockholder of record at the close of business on February 13, 2015 (the "Record Date"), received a dividend of three additional shares for every share held as of the Record Date. Trading began on a split-adjusted basis on March 19, 2015.

Immediately following the split, the stockholders retained the same relative ownership percentages that they had prior to the stock split. All per share amounts and number of shares outstanding in these audited financial statements and accompanying notes are presented on a post-split basis. As a result of the stock split, all historical per share data and number of shares outstanding presented have been retroactively adjusted.

In January 2015, Visa Inc. approved the Employee Stock Purchase Plan (the "ESPP"), under which substantially all employees are eligible to participate. The ESPP permits eligible employees to purchase the Company's class a common stock at a 15% discount of the stock price on the purchase date with no look-back option, subject to certain restrictions. A total of 20 million shares of class a common stock have been reserved for issuance under the ESPP.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

16 Share-based payments (continued)

Under the terms of the ESPP, employees can elect at each offering to have up to 10% of their eligible compensation withheld to purchase Visa Inc. class a common stock. A one-time decrease in the percentage withholding is allowed but not an increase during the offering period. Upon enrolment, participants are required to remain in service or employed from the offering date to purchase date to be able to exercise their purchase rights. The ESPP's offering period has duration of 6 months and allows monthly purchase over the offering period. The employees are required to hold the common stock purchased for 12 months from the purchase date, except for certain conditions such as employee termination, change of control, etc., as stipulated in the ESPP agreement. Participants are allowed to withdraw from the ESPP prior to purchase date and any withholding contributions will be refunded.

The fair value of the purchase rights is determined on the offering date calculated as 15% discount multiplied by the offering date stock price and the estimated number of shares to be purchased.

Share-based payment & ESPP arrangements have been accounted for under IFRS 2, Share-based Payment.

The terms and conditions relating to the grants are as follows:

Grant date	Number of instruments		
	Share Options	RSAs	RSUs
Adjusted awards granted on 18 March 2008	759,636	-	-
Adjusted awards granted on 5 November 2008	202,588	5,132	206,180
Adjusted awards granted on 4 August 2009	-	-	3,124
Adjusted awards granted on 5 November 2009	159,072	12,684	135,492
Adjusted awards granted on 4 May 2010	15,160	5,092	1,224
Adjusted awards granted on 5 November 2010	99,532	20,228	85,032
Adjusted awards granted on 17 May 2011	-	-	4,304
Adjusted awards granted on 2 August 2011	-	-	720
Adjusted awards granted on 5 November 2011	13,544	21,392	42,644
Adjusted awards granted on 14 February 2012	-	-	2,396
Adjusted awards granted on 8 May 2012	-	8,600	-
Adjusted awards granted on 31 July 2012	-	-	464
Adjusted awards granted on 19 November 2012	10,316	12,796	25,528
Adjusted awards granted on 12 February 2013	-	3,188	-
Adjusted awards granted on 19 November 2013	-	3,620	7,808
Adjusted awards granted on 19 November 2014	-	3,088	7,272
Adjusted awards granted on 19 November 2015	-	-	9,129
Adjusted awards granted on 19 November 2016	-	-	10,503
Adjusted awards granted on 19 November 2017	-	-	6,764
Adjusted awards granted on 19 November 2018	-	-	3,456
Adjusted awards granted on 19 November 2019	-	-	1,377
Total awards granted	1,259,848	95,820	553,417

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

16 Share-based payments (continued)

Share options have a maximum ten-year life and generally vest rateably over three years from the grant date, subject to earlier vesting in full under certain conditions.

RSAs and RSUs generally vest rateably over three years from the grant date, subject to earlier vesting in full under certain conditions. An employee is eligible to receive one third of the awards after one year of service, two thirds of the awards after two years of service, and all awards after three years of service.

The following table summarises the Company share option activities. For the year ended 30 September 2020.

	Weighted average exercise price 2020 USD	Number of options 2020	Weighted average exercise price 2019 USD	Number of options 2019
Outstanding at 1 October	-	-	-	-
Transfers	-	-	-	-
Granted during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Outstanding at 30 September	-	-	-	-

The grant date fair value of all share options was measured based on the Black-Scholes option pricing model. Expected volatility is based on the average of Visa Inc.'s implied and historical volatility. Historical volatility relies in part on the historical volatility of a group of peer companies that management believes is generally comparable to Visa Inc. The assumptions used in the measurement of the fair values at grant date of the share-based payment transactions are as follows:

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

16 Share-based payments (continued)

There were no share options granted in 2020 and 2019. Fair value of share options and assumptions at grant date during 18 March 2008 to 30 September 20 ranging between:

Fair value (USD)	\$15.30 and \$143.55
Share price (USD)	\$44.00 and \$199.97
Exercise price (USD)	\$44.00 and \$115.16
Expected volatility (weighted average volatility) %	33.78% and 44.22%
Option life (expected weighted average life) – vesting 1 year	5.02
Option life (expected weighted average life) – vesting 2 years	6.02
Option life (expected weighted average life) – vesting 3 years	7.02
Expected dividends %	0.64% and 0.95%
Risk-free interest rate (based on government bonds) %	1.20% and 2.64%

	2020	2019
	£	£
Credit arising from share options granted	-	-
Expense arising from RSAs granted	-	-
Expense arising from RSUs granted	233,456	291,392
Expense arising from ESPP	15,500	21,318
Total expense recognised as personnel expenses (Note 8)	<u>248,956</u>	<u>312,710</u>

17 Trade and other payables

	2020	2019
	£	£
Trade payables	1,763,249	2,791,298
Trade payables due to related parties	7,594,327	1,746,759
Non-trade payables and accrued expenses	430,953	529,495
	<u>9,788,529</u>	<u>5,067,552</u>

18 Short-term employee benefits

	2020	2019
	£	£
Bonus	217,567	312,254
Payroll taxes	(213,433)	(416,347)
Other	79,146	949
	<u>83,280</u>	<u>(103,144)</u>

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

19 Financial Instruments

(a) Credit risk

Exposure to credit risk

The carrying amounts of financial assets in the balance sheet represent the Company's maximum exposure to credit risk. The Company's maximum exposure to credit risk at the reporting date was:

	2020 £	2019 £
Cash in banks (Note 14)	8,784,008	5,088,053
Trade and other receivables (Note 13)	306,159	517,184
	<u>9,090,167</u>	<u>5,605,237</u>

Impairment losses

The ageing of trade and other receivables at reporting date was:

	Gross 2020 £	Impairment losses 2020 £	Gross 2019 £	Impairment losses 2019 £
Not past due	306,159	-	517,184	-
Past due 0 – 30 days	-	-	-	-
Past due 31 – 90 days	-	-	-	-
Past due 91 – 120 days	-	-	-	-
Past due more than 120 days	-	-	-	-
	<u>306,159</u>	<u>-</u>	<u>517,184</u>	<u>-</u>

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

19 Financial Instruments (continued)

Cash and cash equivalents

As at balance sheet date, the Company has no significant concentration of credit risk other than balances in banks of £8,784,008 (2019: £5,598,577). Cash in banks are held with regulated financial institutions.

(b) Liquidity risk

The carrying amounts of financial liabilities in the balance sheet represent the Company's maximum exposure to liquidity risk. The Company's maximum exposure to liquidity risk at the reporting date was:

30 September 2020	Carrying amount £	6 months or less £	6 – 12 months £	1 – 2 years £	2 – 5 years £	More than 5 years £
Trade and other payables						
Trade payables (Note 17)	1,763,249	1,763,249	-	-	-	-
Trade payables due to related parties (Note 17)	7,594,327	3,076,718	1,443,711	-	-	-
Non-trade payables and accrued expenses (Note 17)	430,952	430,952	-	-	-	-
	<u>9,788,529</u>	<u>5,270,920</u>	<u>1,443,711</u>	<u>-</u>	<u>-</u>	<u>-</u>

30 September 2019

Trade and other payables

Trade payables (Note 17)	2,791,298	2,791,298	-	-	-	-
Trade payables due to related parties (Note 17)	1,746,759	(115,975)	1,367,647	-	-	-
Non-trade payables and accrued expenses (Note 17)	529,495	529,495	-	-	-	-
	<u>5,067,552</u>	<u>3,204,819</u>	<u>1,367,647</u>	<u>-</u>	<u>-</u>	<u>-</u>

(c) Foreign currency risk

The Company is exposed to currency risk balances that are denominated in currencies other than the Company's functional currency, the Sterling. The currencies in which these balances primarily are denominated is US Dollar.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

19 Financial Instruments (continued)

The Company's exposure to foreign currency risk was as follows:

	30 September 20 £	30 September 2019 £
Financial assets		
Trade and other receivables	310,846	501,558
Cash and cash equivalents	4,731,410	562,133
Total financial assets	<u>5,042,256</u>	<u>1,063,691</u>
 Financial liabilities		
Trade and other payables	(8,795,566)	(5,756,638)
Total financial liabilities	<u>(8,795,566)</u>	<u>(5,756,638)</u>
 Net exposure	<u>(3,753,310)</u>	<u>(4,692,947)</u>

Sensitivity analysis

A 10 percent strengthening of the Sterling against the US Dollar at the reporting date would have increased profit or loss and equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2020 £	2019 £
USD	<u>375,331</u>	<u>469,295</u>

A 10 percent weakening of the Sterling against the US Dollar would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables, in particular interest rates, remain constant.

(d) Fair value of financial instruments

The carrying amounts of financial assets and liabilities (including cash and cash equivalents, trade and other receivables, and trade and other payables) with a maturity of less than one year are assumed to approximate their fair values because of the short period to maturity.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

19 Financial Instruments (continued)

(e) Accounting classifications

The classification of financial assets and liabilities are as follows:

	Loans and receivables £	Other financial liabilities £	Total carrying amount £
2020			
Cash and cash equivalents	8,784,008	-	8,784,008
Trade and other receivables	306,159	-	306,159
	<u>9,090,167</u>	<u>-</u>	<u>9,090,167</u>
Trade and other payables	-	9,788,529	9,788,529
2019			
Cash and cash equivalents	5,088,053	-	5,088,053
Trade and other receivables	517,184	-	517,184
	<u>5,605,237</u>	<u>-</u>	<u>5,605,237</u>
Trade and other payables	-	5,067,552	5,067,552

20 Non-Operating Expenses

Other Pension Cost	<u>482,000</u>	-
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Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

21 Related Parties

(a) Parent and ultimate controlling party

The largest group in which the results of the Company re-consolidated is that headed by Visa Inc. The smallest group in which the results of the Company re-consolidated is that headed by Visa International.

Copies of the financial statements of Visa Inc. may be obtained from <http://investor.visa.com/>.

(b) Key management personnel compensation

The contracts of the Directors are with other group companies. None of the Directors received any fees or emoluments in respect of duties as Directors for this Company during the year, and as such no costs are separately disclosed for the remuneration of the Directors (2019: £Nil).

The Directors have received no remuneration for qualifying services rendered to the Company. Other companies in the Visa group of companies pay the Directors' salaries and benefits for other services provided to the group.

(c) Other related party transactions

The following table summarises the intercompany transactions between the Company and other Visa entities:

	Sales	Receivable/ (Payables)
	£	£
30 September 2020		
Immediate Parent (Visa International)		
Revenue: Intercompany Service Fees	24,165,888	-
Receivable from Parent Company		-
Payable to Parent Company		<u>(6,664,533)</u>
Other related parties		
Payables		<u>(3,276,144)</u>
30 September 2019		
Immediate Parent (Visa International)		
Revenue: Intercompany Service Fees	24,405,861	-
Receivable from Parent Company		517,184
Payable to Parent Company		<u>(1,367,647)</u>

The amount payable to Parent related to share-based payment liability. There were no other related parties payables in the prior year.

All related party transactions were conducted on terms agreed between the parties

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

22 Capital and Reserves

(a) Share capital

	2020 £	2019 £
Ordinary shares		
12,626 ordinary shares of £1 each	12,626	12,626

(b) Ordinary shares

On incorporation at 9 November 2007, the Company authorised share capital was 100 shares at £1. The Company issued 1 share at this time to Visa International. However, under a board resolution on 26 November 2007, the authorised share capital was increased to 1,000,000 ordinary shares with a par value of £1, and the Company issued a further 1,000 shares to Visa International on 28 February 2009.

As at 23 June 2009, the Company acquired the share capital of Visa Risk Limited in exchange for the issuance to Visa International for 1 share. It then assigned its intercompany receivables from Visa Risk Limited to the Company in exchange for the issuance by the Company of 11,624 shares with par value of £1, being equal to the value of Visa Risk Limited's net monetary assets.

(c) Share premium

The share premium is the difference between the fair value of the assets acquired from Visa International on 28 February 2009 and the consideration given of 1001 shares at £1 each. This amount was taken to be share premium on acquisition at 28 February 2009.

Visa CEMEA (UK) Limited
For the year ended 30 September 2020

Notes to the financial statements (continued)

(d) Equity reserves

The Company has a share-based payment arrangement pursuant to a plan established by the Ultimate controlling party and this equity capital allocation is the Company's share of the full fiscal year 2014 employee options expense as discussed in note 16.

(e) Capital management

The Company defines capital as total shareholders' equity. The Company's capital resource policy is to maintain a strong capital base. It seeks to maintain at all times a prudent relationship between total capital and the varied risks of its business. There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

23 Contingent liabilities

At 30 September 2020, the Company has no contingent liability.

24 Events after balance sheet

GMP- Post Balance Sheet Event

On 26 October 2018, the High Court issued a judgment relating to Guaranteed Minimum Pensions (GMP) inequality in respect of the Lloyds Banking Group's defined benefit pension schemes. The ruling concluded that GMP benefits should be equalised between male and females for the schemes. Although the ruling relates to Lloyds Banking Group sponsored schemes, it is expected that this will set a precedent for other UK registered defined benefit schemes. The impact on the VPP liability was immaterial.

On 20 November 2020, the High Court issued further a judgement ruling Lloyds Banking Group pension scheme trustees are legally responsible for equalising the GMPs for the employees who transferred out of one of its defined benefit pension schemes. This was not addressed in 2018 ruling. The impact of this new ruling on the VPP liability is immaterial.