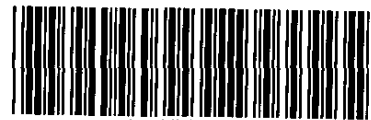


000011/20

VISA

VISA EUROPE SERVICES LLC. (Formerly Visa Europe Services Inc.)
2016 FINANCIAL STATEMENTS

FRIDAY
WEC



A6HXCAX

A08 27/10/2017 #10
COMPANIES HOUSE

A6GSUYMI

A22 11/10/2017 #346
COMPANIES HOUSE

Directors' report

The directors present their annual report and financial statements for Visa Europe Services LLC for the year ended 30 September 2016.

Principal activities, review of business and future developments

Visa Europe Services LLC (the company) is a payments system business transformed from a membership organisation during the financial year into a for-profit organisation following its acquisition by Visa Inc. on 21 June 2016. Consequently, it no longer has any members (2015: 3,033 members). The company's main business operation is to serve its customers across Europe. Turnover has decreased to €800,081,000 from €1,383,368,000 in 2015 (restated) due to changes in income recognition between the company and its parent company, Visa Europe Limited. However, there were consistent improvements in the company's underlying performance reflected by the continued growth in issuance and usage of Visa cards resulting from 7.4% growth in POS, 15.5% growth in number of transactions and 11% growth in foreign exchange spread revenues.

Results and dividend

The company made a profit after tax for the year and attributable to the ordinary shareholders of €255,829,000 (2015 restated: €302,010,000). The balance sheet shows a net asset balance of €1,378,616,000 (2015 restated: €1,237,577,000). The directors do not recommend a dividend as at the Company's 2016 year end (2015: €nil). However, subsequent to year end the directors made a dividend distribution of €1,003,083,000 to Visa International Holdings Limited (see note 25).

Directors

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Employees

It is the company's policy to ensure that no job applicant or employee is disadvantaged or receives unfavourable treatment, that all employees have the opportunity for advancement and development, regardless of race, colour, nationality or ethnic origins, sex, marital status, disability, religion or sexual orientation. Visa Europe is an equal opportunity employer. Equal opportunity is about good employment practices and treating our most valuable asset, our employees, fairly and equally.

The company is also committed to ensuring that all prospective applicants for employment are treated fairly and equitably throughout the recruitment process. The company provides reasonable workplace adjustments for new entrants into the company and for existing employees who become disabled during their employment.

The company has established clear standards of communication for all of our employees, to provide information and to consult with our employees about important developments in the business and future changes to the organisation, and to generate an understanding of our purpose, strategy, values and business performance on an ongoing basis. Employees are provided with an anonymous channel to communicate views and opinions about working for Visa Europe through an annual Employee Engagement survey.

Financial risk management

Financial risk is managed on a group level and is set out in the publicly available consolidated financial statements of the company's parent, Visa Europe Limited.

Political and charitable donations

The group made no political contributions during the year.

Post balance sheet event

In February 2017 the company undertook a reorganisation which resulted in the conversion of the company from a Delaware Corporation to a Delaware Limited Liability Company. Accordingly, from 17 February 2017, the company was renamed Visa Europe Services LLC.

As part of the above reorganisation, the company repaid its intercompany debt of €986 million to its immediate parent company, Visa Europe Limited. Subsequently, the company was sold by Visa Europe Limited to a fellow group company, Visa International Holdings Limited. After disposing of its stock interest in Visa Inc., and paying a dividend of €1,003,083,000 to Visa International Holdings Limited, the company was resold by Visa International Holdings Limited to Visa Europe Limited.

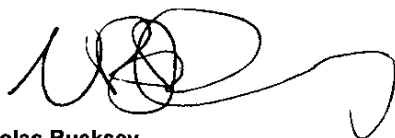
Directors' report (continued)

Board membership

The following directors held office during and after the year ended 30 September 2016:

Pascal Auge	Resigned 21 June 2016
Joseph Bachar	Resigned 21 June 2016
Jean-Louis Constanza	
Giuseppe Capponcelli	Resigned 21 June 2016
Fernando de la Rica	Resigned 21 June 2016
Fabrice Denèle	Resigned 21 June 2016
Bartosz Drabikowski	Resigned 21 June 2016
Johannes Evers	Resigned 21 June 2016
Jose Souto Gonzalez	Appointed 21 June 2016
Alison Deborah Hewitt	Appointed 07 June 2017
Gary Hoffman	
Nicolas Huss	Resigned 01 April 2017
Ron Kalifa	Resigned 21 June 2016
Peter Lybecker	Resigned 21 June 2016
Vim Maru	Resigned 21 June 2016
Les Matheson	Resigned 21 June 2016
Juan Maria Olaizola	Resigned 21 June 2016
Carl Renstrom	Resigned 21 June 2016
Mary Ellen Richey	Appointed 21 June 2016
Amer Sajed	Resigned 21 June 2016
Eva Castillo Sanz	Resigned 30 December 2016
William Morgan Sheedy	Appointed 01 April 2017
Nazan Somer Özelgin	Resigned 21 June 2016
Frank Stockx	Resigned 21 June 2016
Michel Vial	Resigned 21 June 2016

On behalf of the Board



Nicholas Bucksey
Company Secretary

29 September 2017

Statement of directors' responsibilities in respect of the annual 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 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 and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Income statement

For the year ended 30 September 2016

	Note	2016 €'000	2015(restated) €'000
Turnover		800,081	1,383,368
Administrative expenses			
Pension scheme amendment	16	-	41,336
Transaction bonus	4	(40,802)	-
Other		(400,582)	(810,336)
		(441,384)	(769,000)
Other expenses			
Impairment of property, plant and equipment	10	(17,689)	(51,815)
Impairment of intangible assets	9	-	(102,724)
		(17,689)	(154,539)
Operating profit		341,008	459,829
Other interest receivable and similar income	5	1,935	1,006
Other finance income	6	-	16,716
Other finance costs	6	(1,929)	(13,108)
Dividend income	7	1,116	921
Profit on ordinary activities before taxation		342,130	465,364
Tax on profit on ordinary activities	8	(86,301)	(163,354)
Profit on ordinary activities after taxation		255,829	302,010

Statement of other comprehensive income

For the year ended 30 September 2016

		2016 €'000	2015(restated) €'000
Profit for the year attributable to equity holders of the parent		255,829	302,010
Gains/(losses) on revaluation of available for sale VI shares	18	25,889	43,539
Deferred tax arising on available for sale VI shares	18	(4,765)	(47,069)
Actuarial (losses) on retirement schemes	18	(100,230)	(14,431)
Deferred tax on actuarial losses on retirement schemes	18	36,732	4,987
Cash flow hedges:			
Net (losses)/gains taken to other comprehensive income	18	(75,557)	114,313
Net gains transferred from other comprehensive income to income statement	18	(52,054)	(67,580)
Deferred tax arising on cash flow hedges	18	51,056	(16,357)
Other comprehensive income for the year, net of tax		(118,929)	17,402
Total comprehensive income for the year		136,900	319,412

The notes on pages 8 to 31 form part of these financial statements

Statement of financial position

As at 30 September 2016

	Note	2016 €'000	2015(restated) €'000
Non-current assets			
Goodwill and intangible assets	9	77,508	58,771
Tangible assets	10	209,212	266,684
Deferred tax assets	8	99,504	-
Financial assets		10,669	44,908
Fixed asset investment	11	161,702	135,813
		558,595	506,176
Current assets			
Debtors	12	1,085,617	1,440,143
Deferred tax assets		33	-
Financial assets	11	28,848	68,724
Cash at bank and in hand	13	2,227,335	1,725,506
		3,341,833	3,234,373
Current liabilities			
Financial liabilities	24	50,570	3,985
Deferred tax Liabilities	14	-	45,189
Creditors: amounts falling due within one year	14	2,273,772	2,265,945
		2,324,342	2,315,119
Net current assets		1,017,491	919,254
Non-current liabilities			
Creditors: amounts falling due after one year	14	547	611
Provisions	15	127,172	130,588
Deferred tax liabilities	8	-	4,447
Financial liabilities	24	17,462	4,027
Retirement benefit obligation	16	52,289	48,180
		197,470	187,853
Net assets		1,378,616	1,237,577
Equity			
Called up share capital	17	-	-
Other reserves	18	91,698	147,128
Profit and loss account	18	1,286,918	1,090,449
Equity shareholders' funds		1,378,616	1,237,577

The notes on pages 8 to 31 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on behalf by:

2017. They were signed on its


William Sheedy
 Chief Executive Officer, Visa Europe
 Branch No: BR007632

29 September 2017

Statement of changes in equity
For the year ended 30 September

	Attributable to equity holders of the parent company				
	Merger reserve €,000	Available-for-sale reserve €,000	Cash flow hedging reserve €,000	Retained earnings €,000	Total equity €,000
Balance at 1 October 2014 (restated)	2,045	79,109	39,128	797,883	918,165
Total comprehensive income for the year					
Profit for the year attributable to equity holders of the parent	-	-	-	302,010	302,010
Other comprehensive income:					
Items that will not be reclassified to income statement					
Actuarial losses on defined benefit pension plans	-	-	-	(13,940)	(13,940)
Deferred tax arising on actuarial losses on retirement schemes	-	-	-	4,496	4,496
	-	-	-	(9,444)	(9,444)
Items that may be reclassified subsequently to income statement					
Available-for-sale investments: Gains/(losses) on revaluation	-	43,539	-	-	43,539
Cash flow hedges:					
Net gains taken to other comprehensive income	-	-	114,313	-	114,313
Net gains transferred from other comprehensive income to income statement	-	-	(67,580)	-	(67,580)
Income tax relating to items that may be reclassified	-	(47,069)	(16,357)	-	(63,426)
	-	(3,530)	30,376	-	26,846
Other comprehensive income for the year, net of tax	-	(3,530)	30,376	(9,444)	17,402
Total comprehensive income for the year	-	(3,530)	30,376	292,566	319,412
Balance at 30 September 2015 (restated)	2,045	75,579	69,504	1,090,449	1,237,577
Total comprehensive income for the year					
Profit for the year attributable to equity holders of the parent	-	-	-	255,829	255,829
Other comprehensive income:					
Items that will not be reclassified to income statement					
Actuarial losses on defined benefit pension plans	-	-	-	(100,230)	(100,230)
Deferred tax arising on actuarial losses on retirement schemes	-	-	-	36,731	36,731
	-	-	-	(63,499)	(63,499)
Items that may be reclassified subsequently to income statement					
Available-for-sale investments: Gains/(losses) on revaluation	-	25,889	-	-	25,889
Cash flow hedges:					
Net gains taken to other comprehensive income	-	-	(75,557)	-	(75,557)
Net gains transferred from other comprehensive income to income statement	-	-	(52,054)	-	(52,054)
Income tax relating to items that may be reclassified	-	(4,764)	51,056	-	46,292
	-	21,125	(76,555)	-	(55,430)
Other comprehensive income for the year, net of tax	-	21,125	(76,555)	(63,499)	(118,929)
Total comprehensive income for the year	-	21,125	(76,555)	192,330	136,900
Transactions with owners, recorded directly in equity					
Equity settled share based payment transactions	-	-	-	4,139	4,139
	-	-	-	4,139	4,139
Total contributions by and distributions to owners	-	-	-	4,139	4,139
Balance at 30 September 2016	2,045	96,704	(7,051)	1,286,918	1,378,616

The notes on pages 8 to 31 form part of these financial statements

Statement of cash flow

As at 30 September 2016

	Note	2016 €'000	2015 €'000
Profit before tax		342,130	465,364
Adjustments for:			
Depreciation of property, plant and equipment	10	58,342	71,586
Amortisation of intangibles	9	23,755	44,640
Loss on disposal and write off of property, plant and equipment and intangibles	10	17,689	154,539
Pension scheme amendment	16	-	(41,336)
Onerous contract expense	3	1,417	10,181
Cash contribution into pension scheme	16	94,343	25,574
Foreign exchange loss/(gain)		42,151	(13,429)
Write off of prepaid expenses	3	-	27,399
(Decrease)/increase in provisions		(4,833)	46,824
Operating cash flows before movements in working capital		574,994	791,342
(Increase)/Decrease in receivables		148,939	328,206
Increase/(Decrease) in payables		73,707	(197,527)
Cash generated by operations		797,640	922,021
Pension benefits paid	16	(5,135)	(8,902)
Income taxes paid		(172,755)	(162,443)
Interest paid		(478)	(1,541)
Net cash from operating activities		619,272	749,135
Investing activities			
Interest received		2,464	1,106
Dividends received from other financial assets	7	1,116	921
Purchase of property, plant and equipment	10	(60,759)	(123,923)
Net cash used in investing activities		(57,179)	(121,896)
Cash flows from financing activities			
Repayment of obligations under finance leases		-	-
		-	-
Net increase in cash and cash equivalents		562,093	627,239
Cash and cash equivalents at the beginning of the year		1,723,527	1,071,804
Foreign exchange (loss)/gain thereon		(68,903)	24,484
Cash and cash equivalents at the end of the year, net of overdraft	13	2,216,717	1,723,527

The notes on pages 8 to 31 form part of these financial statements

Notes to the financial statements

For the year ended 30 September 2016

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 except as noted below.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with IFRSs as adopted by the European Union (the EU).

FRS 1

The last set of financial statements were prepared under United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), and with the exception of 'fixed asset investment', under the historical cost convention until 30 September 2015.

The company adopted International Financial Reporting Standards (IFRS) on 1 October 2015.

UK GAAP differs from IFRS in certain respects, hence when preparing these financial statements, management has amended certain accounting valuation methods and disclosures to comply with IFRS. The reconciliations required by IFRS 1 are included in the Note 26 to the financial statements.

Turnover

Turnover consists of fees earned under a subcontractor agreement between the company and Visa Europe Limited, the company's ultimate parent company. Certain subcontracted services are provided under this agreement, primarily authorising, clearing and settlement services and processing payment transactions within the EU Territory including operating the processing centre, and certain ancillary services such as developing new Visa products to be used in the EU Territory.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date and any exchange differences arising are taken to the profit and loss account.

Goodwill and intangible assets

Goodwill arising from a business combination represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses to the income statement.

Intangible assets include internally generated software which is software designed, developed and commercialised by the group to generate economic profit. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognised in the income statement as incurred. Expenditure related to research-associated activities is recognised as an expense in the period in which it is incurred.

Intangible assets are recorded at cost less accumulated amortisation and any impairment losses. Amortisation for internally generated software is charged to the income statement using the straight-line method so as to write off the cost of the assets over their estimated useful lives on the following bases:

Internally generated software 3 to 10 years.

Tangible fixed assets

Tangible fixed assets are capitalised at cost. Depreciation is provided on a straight-line basis to write off the cost of tangible fixed assets over their estimated useful economic lives to any estimated residual value, using the following rates, adjusted where necessary for assets acquired when already in use:

Buildings	40 years
Leasehold improvements	40 years (or lease term if shorter)
Furniture and fittings	3 - 10 years
Computer equipment	3 - 10 years
Computer software	3 - 10 years

Notes to the financial statements

For the year ended 30 September 2016

1. Accounting policies (continued)

Impairment of tangible and intangible assets

The carrying amounts of the company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historical cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

The recoverable amount of fixed assets is the greater of their net realisable value and value-in-use. In assessing value-in-use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Pensions and other post-retirement benefit schemes

Funded pension schemes are in place for the company's employees. The assets of these pension schemes are managed by third-party investment managers and are held separately in trust.

Regular valuations are prepared by independent professionally qualified actuaries.

These determine the level of contributions required to fund the benefits set out in the rules of the schemes and allow for the periodic increase of pensions in payment. The regular service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service is charged to operating profit in the year.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurement gains and losses are recognised in full in the period in which they occur. These gains and losses are not recognised within the income statement, but are instead included in other comprehensive income.

The value of the retirement benefits recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Payments made to the schemes reduce the liability or increase the surplus.

For defined contribution schemes the amount charged to operating profit in respect of pension costs is the company's contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Notes to the financial statements

For the year ended 30 September 2016

1. Accounting policies (continued)

Fixed asset investments

Equity shares are held as investments and are initially measured at fair value at the date of trade plus directly attributable acquisition costs. These are subsequently measured at fair value, with gains and losses arising from changes in fair value recognised directly in other comprehensive income, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the income statement for the period. An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the financial instrument's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade receivables 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, short-term bank deposits with an original maturity of three months or less, money market funds and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and overdrafts are held separately on the balance sheet as assets and liabilities, but are combined for the purpose of the statement of cash flows.

Provisions and contingent liabilities

Provisions are recognised when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value using a commercial rate where the effect is material. Discounts are unwound through the income statement from the date the provision is made up to the date that the expenditure covered by the provision is incurred. Contingent liabilities are disclosed when the company has a present obligation as a result of a past event, but the probability that it will be required to settle that obligation is more than remote, but not probable.

Leases

Rental payments under operating leases are charged to the profit and loss account as incurred.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax in the income statement except as relates to other comprehensive income.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of temporary differences arising between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the year. Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax balances are not discounted.

Notes to the financial statements

For the year ended 30 September 2016

2. Critical accounting judgements and key sources of estimation uncertainty

Accounting judgements and key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Revenue recognition

Revenues are stated net of volume-based discounts and support incentives. This offset takes place when it is probable that criteria for the discount or incentive will be met and can be reliably estimated. Management exercises judgement in assessing whether criteria will be met and in estimating the percentage of completion. For support incentives, management estimates the percentage of completion against the target criteria agreed with members. For volume-based discounts, management bases the estimates upon past experience.

Taxation

The company has taken account of tax issues that are subject to ongoing discussions with HM Revenue and Customs and other tax authorities in measuring tax assets and liabilities. Inherent in this is management's assessment of legal and professional advice, case law and other relevant guidance. The various risks are categorised and appropriate weightings applied in determining the carrying value of current and deferred tax balances.

Goodwill

The company reviews the goodwill for impairment at least annually or when events or changes in economic circumstances indicate that impairment may have taken place. The impairment review is performed by projecting future cash flows based upon budgets and plans and making appropriate assumptions about rates of growth and discounting these using a rate that takes into account prevailing market interest rates and the risks inherent in the business. If the present value of the projected cash flows is less than the carrying value of the underlying net assets and related goodwill, an impairment charge is required in the income statement. This calculation requires the exercise of significant judgement by management; if the estimates made prove to be incorrect or performance does not meet expectations, which affects the amount and timing of future cash flows, goodwill may become impaired in future periods. Further details are given in note 9.

The recoverable amount of the cash-generating unit is determined from value-in-use calculations. A cash-generating unit is the smallest group of assets that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next three years and extrapolates cash flows based on an estimated growth rate of five per cent (2015: ten per cent). This rate does not exceed the average long-term growth rate for the relevant markets.

Fixed and intangible assets

Intangible assets that derive their value from contractual customer relationships or that can be separated and sold and have a finite useful life are amortised over their estimated useful life. Determining the estimated useful life of these finite life intangible assets requires an analysis of circumstances, and judgement by the group's management. At each balance sheet date, or more frequently when events or changes in circumstances dictate, intangible assets are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount: the higher of the asset's or the cash-generating unit's net selling price and its value-in-use. Net selling price is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arm's length transaction evidenced by an active market or recent transactions for similar assets. Value-in-use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pre-tax basis.

In 2015, the group changed its strategic direction on digital products and consequently impaired assets associated with those products. It was considered that the assets could not be sold to a third party. Management exercised judgement in determining the value-in-use and concluded that the value was negligible. See notes 9 and 10.

Notes to the financial statements

For the year ended 30 September 2016

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Retirement benefits

The schemes' liabilities are calculated using the projected unit credit method, which takes into account projected earnings increases, using actuarial assumptions that give the best estimate of the future cash flows that will arise under the scheme liabilities. The resulting estimated cash flows are discounted at a rate equivalent to the market yield at the balance sheet date on high quality bonds with a similar duration and currency to the schemes' liabilities. In order to estimate the future cash flows, a number of financial and non-financial assumptions are made by management, changes to which could have a material impact upon the overall deficit or the net cost recognised in the income statement.

The three most important assumptions are the rate of inflation, the discount rate and the rates of mortality.

The assumed rates of inflation affect the rate at which salaries and deferred pensions are projected to grow before retirement and also the rates at which pensions in payment increase. Over the longer term rates of inflation can vary significantly; at 30 September 2016 it was assumed that the rate of inflation was based on the increase in the Retail Prices Index (RPI), for which an assumption of 3.30 per cent per annum (2015: 3.30 per cent) was made, and also on the increase in the Consumer Prices Index (CPI), for which an assumption of 2.20 per cent per annum was made (2015: 2.30 per cent). If these assumptions were increased by 0.1 per cent, and the other inflation related assumptions were increased by a commensurate amount, the overall deficit would increase by approximately €7.4million (2015: €4.2 million) and the annual cost by approximately €0.2 million (2015: €0.3 million). A reduction of 0.1 per cent would reduce the overall deficit by approximately €7.3 million (2015: €4.2 million) and the annual cost by approximately €0.2 million (2015: €0.1 million). In 2015, and subsequent years, the impacts of this are smaller as many scheme members are now subject to frozen pensionable salaries. The size of the overall deficit is also sensitive to changes in the discount rate, which is affected by market conditions and therefore potentially subject to significant variations. At 30 September 2016 the discount rate used was 2.40 per cent (2015: 3.87 per cent); a reduction of 0.1 per cent would increase the overall deficit by approximately €9.3 million (2015: €7.8 million) and the annual cost by approximately €0.3 million (2015: €0.4 million), while an increase of 0.1 per cent would reduce the deficit by approximately €9.1 million (2015: €7.5 million) and the annual cost by approximately €0.3 million (2015: €0.4 million). See note 16.

The size of the overall deficit is also sensitive to changes in the assumption for rates of mortality, which is another variable that cannot be predicted with any degree of certainty; it is therefore also an assumption which is subject to variations over time (both in terms of the ultimate rates observed and what is considered a reasonable assumption for projecting future improvements to these rates). If the assumed life expectancy was increased by approximately* one year the overall deficit would increase by approximately €16.7 million (2015: €7.8 million) and the annual cost by approximately €0.7 million (2015: €0.4 million). If the assumed life expectancy was reduced by approximately* one year the overall deficit would reduce by approximately €17.1 million (2015: €7.7 million) and the annual cost by approximately €0.7 million (2015: €0.4 million).

The scheme exposes the group to the following risks:

- Asset volatility: The Scheme's assets may underperform the discount rate assumed over any accounting period.
- Inflation risk: A significant proportion of the Scheme's benefits increase in line with the UK inflation measures, RPI and CPI. Unexpected increases in UK inflation would lead to higher Scheme liabilities.
- Longevity: Unexpected increases in life expectancy would increase the Scheme's liabilities.

* We have approximated the change in life expectancy by assuming that everyone experiences the mortality rates (prior to the allowance for improvements) of someone aged one year younger or older than they actually were.

Notes to the financial statements
For the year ended 30 September 2016

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Provisions and Contingent liabilities

The company exercises its judgement in considering whether a liability may arise and whether measurement is practicable. Judgement is necessary in assessing the likelihood that a claim or allegation will succeed or that a negotiated settlement may be reached. Judgement is further required in recognising and estimating the quantum of contingent liabilities (see note 19) related to legal and regulatory proceedings.

As noted above, taxation is inherently uncertain and subject to a number of factors. The group has used its judgement in recognising a provision for indirect taxes on certain fees expensed through the income statement (see note 15).

Due to the inherent uncertainty in these evaluation processes, assessments or estimates may prove to be incorrect and actual outflows of resources may be different from the original assessment.

Notes to the financial statements

For the year ended 30 September 2016

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	Note	2016 €'000	2015(restated) €'000
Audit of the parent and related company financial statements		773	596
Other services related to taxation		1,100	492
Other services pursuant to legislation		2,941	968
Employee cost	4	282,470	242,001
Restructuring costs – Other	4	-	23,205
Provision for indirect taxes	15	27,375	39,982
Pension scheme amendment	16	-	(41,336)
Depreciation on property, plant and equipment:	10		
- owned		58,342	71,586
- leased		-	-
Onerous contract expense	15	1,417	10,181
Write off of prepaid expenses		-	27,399
Impairment of property, plant and equipment	10	17,689	51,815
Impairment of intangible assets	9	-	102,724
Amortisation of goodwill and other intangible assets	9	23,755	43,635
Operating lease rentals:			
- Plant and machinery		(384)	683
- Other assets		21,731	21,154

In 2016 management has recognised a provision of €1,417,000 (2015: €10,181,000) relating to onerous contracts, following their decision to realign the digital strategy. In 2015, €27,399,000 was written off prepaid software licences, following the reduced investment in existing digital propositions.

Also during 2016 following the acquisition of company's parent company, Visa Europe Limited, by Visa Inc. transaction bonuses were paid to full time employees on completion of the transaction. The total charge recognised in the income statement for transaction bonus during the year is €40,802,000 (2015: €Nil).

During 2015, Visa Inc. and Visa Europe agreed on an annual increase methodology for the licence fee charged by Visa Inc. This resulted in a release of €17,261,000 as Visa Europe had accrued an amount higher than the additional charge.

The remaining costs within administrative expenses include charges from Visa Inc., which are a result of our contractual arrangement with Visa Inc. as governed by the framework agreement, professional and consulting costs, and marketing costs.

4. Employee benefit costs and employee numbers

Employee benefit costs were as follows:

	2016 €'000	2015 (restated) €'000
Wages and salaries	174,826	197,267
Social security costs	28,673	25,565
Other retirement benefit obligation costs	15,622	19,169
Share based payment	490	-
Severance Costs	22,057	-
Transaction Bonus	40,802	-
Restructuring costs	-	23,205
	282,470	265,206

The average number of employees (including executive directors) during the year was:

	2016 Number	2015(restated) Number
Sales and marketing	319	212
Business operations, core payments and digital	805	1,012
Other	487	432
	1,611	1,656

Notes to the financial statements
For the year ended 30 September 2016

5. Interest

	2016	2015(restated)
	€'000	€'000
Other interest receivable and similar income	1,935	1,006

6. Other finance income/(costs)

	Note	2016	2015(restated)
		€'000	€'000
Finance charge on pension scheme liabilities	16	(1,644)	(12,786)
Discounted provisions - unwind of discount	15	(285)	(322)
Other finance (costs)		(1,929)	(13,108)

7. Dividend income

	2016	2015(restated)
	€'000	€'000
Dividend income on current asset investment	1,116	921
	1,116	921

8. Income tax expense

The tax charge for the year comprises:

	2016	2015(restated)
	€'000	€'000
Current tax:		
UK corporation tax:		
Current tax on profit for the year	54,123	115,109
Adjustments in respect of prior years	(12,511)	1,280
Foreign tax:		
Current tax on profit for the year	94,833	50,105
Adjustments in respect of prior years	19,024	(5,257)
Total current income tax expense	155,469	161,237
Deferred tax:		
Origination and reversal of timing differences	(29,122)	(470)
Adjustments in respect of prior years	(40,046)	2,587
	(69,168)	2,117
Tax on profit on ordinary activities	86,301	163,354

Notes to the financial statements

For the year ended 30 September 2016

8. Income tax expense (continued)

Reconciliation of tax expense

The total tax charge for the year is lower (2015: higher) than the standard rate of Federal income tax in the USA of 35% (2015: 35%).

The differences are explained below:

	2016 €'000	2015(restated) €'000
Profit before tax	342,130	465,364
Taxation at the standard US Federal income tax rate of 35% (2014: 35%)	119,746	162,877
<i>Effects of:</i>		
Permanent differences	1,249	3,698
Prior year adjustments	(33,533)	(1,390)
Other	(1,161)	(1,831)
Total current income tax expense (see above)	86,301	163,354

Deferred tax

	Retirement benefit obligations €'000	Other Debtors €'000	Total €'000
At 1 October 2014 (restated)	47,384	(36,341)	11,043
(Charged) to profit for the year	(13,719)	14,189	470
Charged/(credited) to other comprehensive income	4,496	(63,426)	(58,930)
Prior year adjustment	(1,236)	(1,351)	(2,587)
Exchange movement	368	-	368
At 1 October 2015(restated)	37,293	(86,929)	(49,636)
(Charged)/credited to profit for the year	(2,241)	31,363	29,122
Charged/(credited) to other comprehensive income	36,731	46,292	83,023
Prior year adjustment	(1,048)	41,094	40,046
Exchange movement	(1,011)	(2,007)	(3,018)
At 30 September 2016	69,724	29,813	99,537

Notes to the financial statements
For the year ended 30 September 2016

9. Goodwill and intangible assets

	Goodwill €'000	Operating rights €'000	Internally Generated Software €'000	Total €'000
Cost				
At 1 October 2014 (restated)	18,826	20,519	189,120	228,465
Additions (note 10)	-	-	32,763	32,763
Impairment	-	-	(177,610)	(177,610)
At 1 October 2015 (restated)	18,826	20,519	44,273	83,618
Additions (note 10)	-	-	42,491	42,491
Impairment	-	-	-	-
At 30 September 2016	18,826	20,519	86,764	126,109
Accumulated amortisation				
At 1 October 2014 (restated)	-	-	56,097	56,097
Charge for the year	-	-	43,635	43,635
Elimination on impairment	-	-	(74,886)	(74,886)
At 1 October 2015 (restated)	-	-	24,846	24,846
Charge for the year	-	-	23,755	23,755
Elimination on impairment	-	-	-	-
At 30 September 2016	-	-	48,601	48,601
Net book value at 30 September 2015 (restated)	18,826	20,519	19,427	58,772
Net book value at 30 September 2016	18,826	20,519	38,163	77,508

The goodwill and operating rights are assessed as having indefinite lives because the relevant businesses are expected to generate net cash inflows indefinitely.

Internally-generated software is software designed, developed and commercialised by the company.

Due to a change in strategic direction, the platforms on which certain services were supplied have been fully impaired. The decision was taken to stop the provision of Visa Direct, Targeted Marketing Solutions and V.me by Visa to members. As a result, management has assessed that the recoverable amount of the assets used for these services is nil.

Notes to the financial statements
For the year ended 30 September 2016

10. Tangible assets

Cost	Land and buildings €'000	Assets in the course of construction €'000	Fixtures and equipment €'000	Computer equipment and software €'000	Total €'000
At 1 October 2014	68,567	97,950	30,509	483,704	680,730
Additions	-	123,500	-	-	123,500
Transfer to intangibles (note 9)	-	(32,763)	-	-	(32,763)
Transfer between items	2,122	(71,088)	7,092	61,874	-
Transfer to subsidiary	(234)	-	(147)	(17)	(398)
Impairment	(2,756)	(24,308)	(1,596)	(57,852)	(86,512)
At 1 October 2015	67,699	93,291	35,858	487,709	684,557
Additions	-	60,759	-	539	61,298
Transfer to intangibles (note 9)	-	-	-	(42,491)	(42,491)
Transfer between items	975	(118,905)	5,090	112,840	-
Transfer to subsidiary	(34)	-	(156)	(58)	(248)
Impairment	-	(2,172)	-	(20,433)	(22,605)
At 30 September 2016	68,640	32,973	40,792	538,106	680,511
Accumulated depreciation					
At 1 October 2014	43,191	-	17,523	320,270	380,984
Charge for the year	5,626	-	5,984	59,987	71,597
Transfer to subsidiary	(3)	-	(7)	(1)	(11)
Elimination on impairment	(1,780)	-	(1,110)	(31,807)	(34,697)
At 1 October 2015	47,034	-	22,390	348,449	417,873
Charge for the year	5,273	-	6,583	46,486	58,342
Transfer to subsidiary	-	-	-	-	-
Elimination on impairment	-	-	-	(4,916)	(4,916)
At 30 September 2016	52,307	-	28,973	390,019	471,299
Net book value at 30 September 2015	20,665	93,291	13,468	139,260	266,684
Net book value at 30 September 2016	16,333	32,973	11,819	148,087	209,212

The cost of internally generated software that has been brought into use, initially held in computer equipment and software, is transferred to intangible assets (see Note 9).

Due to a change in strategic direction in 2015, the platforms on which certain services were supplied were fully impaired. In 2016, the write off of project-related costs to recoverable amount was €2,172,000 (2015: €24,308,000). The recoverable amount of the assets was assessed to be nil (2015: €nil)

The net book value of land and buildings comprise:

	2016 €'000	2015 €'000
Freehold	15,451	19,600
Long leasehold	882	1,065
	16,333	20,665

Notes to the financial statements
For the year ended 30 September 2016

11. Fixed asset investment

	Visa Inc. Series IV €'000
Balance sheet value as at 30 September 2014	92,274
Subsequent movement in fair value through recognised gains and losses	43,539
Balance sheet value as at 1 October 2015	135,813
Subsequent movement in fair value through recognised gains and losses	25,889
Balance sheet value as at 30 September 2016	161,702

Financial Asset

	2016 €'000	2015(restated) €'000
Current		
Interest rate derivatives	-	282
Currency derivatives	28,848	68,724
Available-for-sale investment	161,702	135,813
	190,550	204,819

Subsidiary undertakings

The undertakings in which the company's interest at the yearend is more than 20% are as follows:

Name	Country of incorporation	Principal Activity	Class of shares held	Proportion of voting power held
Visa Management Limited	UK	Dormant	Ordinary	100%
Visa Europe Management Services Limited	UK	Services	Ordinary	100%
Visa EU Limited	UK	Dormant	Ordinary	100%

The net aggregate profit for the year of the company's subsidiaries was €4,111,000 (2015: €1,413,000). This is not included in the company's profit and loss account. In 2016, European Resource Management Limited, one of the company's subsidiaries, was dissolved through a solvent members' voluntary liquidation.

12. Debtors

	2016 €'000	2015(restated) €'000
Trade debtors	907,437	1,277,799
Other debtors	1,931	1,258
Prepayments and accrued income	176,249	161,086
	1,085,617	1,440,143

Total debtors include other debtors of €88,000 due after more than one year, relating to a lease agreement for premises (2015: €88,000).

At 30 September 2016, trade debtors included settlement balances due from members of €916,102,000 (2015: €1,269,372,000). The decrease in settlement balances due from members in 2016 was due to changes in accounting treatment for net settlement position between the company and Visa Inc. following the acquisition of the Group by the latter. Correspondingly settlement balances payable to members of €1,421,252,000 (2015: €1,285,238,000) are included within trade creditors (see note 15).

13. Cash at bank and in hand

	2016 €'000	2015(restated) €'000
Cash at bank	2,227,335	1,725,506
Bank overdrafts	(10,618)	(1,979)
	2,216,717	1,723,527

Notes to the financial statements
For the year ended 30 September 2016

14. Creditors

	2016 €'000	2015(restated) €'000
Creditors: amounts falling due within one year		
Trade creditors	1,506,453	1,393,340
Amounts owed to related parties	567,465	626,279
Other creditors including taxation and social security	65,338	79,788
Accruals and deferred income	134,516	166,538
Deferred tax liability (note 8)	-	45,189
	2,273,772	2,311,134
Creditors: amounts falling due after one year		
Other creditors including taxation and social security	547	611
	547	611
	2,274,319	2,311,745

15. Provisions

	2016			
	Asset retirement obligation €'000	Indirect Taxes €'000	Other €'000	Total €'000
At 1 October	7,482	111,572	11,534	130,588
Additional provision in the year	-	27,375	2,804	30,179
Unwinding of discount	285	-	-	285
Provisions used during the year	-	(4,152)	(10,654)	(14,806)
Provisions reversed during the year	-	-	(578)	(578)
Exchange difference	(894)	(17,602)	-	(18,496)
At 30 September	6,873	117,193	3,106	127,172
	2015(restated)			
	Asset retirement obligation €'000	Indirect Taxes €'000	Other €'000	Total €'000
At 1 October	8,668	68,543	6,621	83,832
Additional provision in the year	-	39,982	11,536	51,518
Unwinding of discount	322	-	-	322
Provisions reversed during the year	(1,989)	-	(6,098)	(8,087)
Provisions used during the year	-	-	(525)	(525)
Exchange difference	481	3,047	-	3,528
At 30 September	7,482	111,572	11,534	130,588

In 2013 a provision for indirect taxes on certain fees was created. In 2016 and 2015, the company increased the provision held for indirect taxes on certain fees. The total charge recognised within other expenses in the income statement in 2016 is €27,375,000 (2015: €39,982,000). The tax treatment of these fees is currently disputed with the relevant tax authority.

In 2016 management has recognised a provision of €1,417,000 (2015: €10,181,000) relating to onerous contracts, following their decision to realign the digital strategy.

Notes to the financial statements

For the year ended 30 September 2016

16. Retirement benefit obligation

Defined contribution pension schemes

The retirement benefit obligation charge for the year represents contributions payable by the company to the schemes and amounted to €11,503,000 (2015: €13,138,000). The assets of the defined contribution schemes are held in independently administered funds. The charge in respect of these schemes is calculated on the basis of contributions payable by the company in the financial year. Approximately 85% of all employees (2015: 87%) are members of these retirements benefit obligation schemes. A defined contribution liability of €196,000 (2015: €148,000) was recognised at the end of the year.

Defined benefit schemes

The company provides benefits through a defined benefit plan which is known as 'The Visa Europe Pension Plan' (VPP). Here the benefits are provided on a funded basis and are based on the final pensionable pay of its members to the maximum level allowed by HMRC. The balance of the benefit, for those few individuals entitled to benefits above the maximum allowed by HMRC, is provided through an unfunded unapproved arrangement (UA). The UA scheme is classified in 'other schemes' in the following tables.

The latest actuarial valuation for the VPP and UA scheme was carried out at 30 September 2013 and was updated for the purpose of IAS 19, Employee Benefits, to 30 September 2016 by a qualified independent actuary. As the schemes are closed to new members, it is expected that the cost of the schemes as a percentage of individual pensionable salaries will increase as the members age.

The principal financial assumptions used by the actuaries, at the balance sheet date were:

	2016 %	2015(restated) %
Discount rate applied to scheme liabilities	2.40	3.87
Expected rate of salary increases	3.30	4.30
Future pension increases	3.20	3.15
Inflation (RPI)	3.30	3.30
Inflation (CPI)	2.20	2.30

The average life expectancy assumptions, for members after retirement at 65 years of age, are as follows:

	2016 Years	2015 Years
Life expectancy for a male aged 65	23.9	24.1
Life expectancy for a male aged 45 from the age of 65	25.7	25.9
Life expectancy for a female aged 65	27.1	27.0
Life expectancy for a female aged 45 from the age of 65	29.1	28.6

Notes to the financial statements
For the year ended 30 September 2016

16. Retirement benefit obligation (continued)

Scheme costs

Amounts recognised through the profit and loss account in respect of defined retirement benefit schemes are as follows:

	2016			2015(restated)		
	VPP	Other	Total	VPP	Other	Total
	€'000	schemes	€'000	€'000	schemes	€'000
		€'000			€'000	
Current service cost	4,659	-	4,659	5,420	-	5,420
Interest on pension plan liabilities	1,390	254	1,644	12,467	319	12,786
Pension scheme amendment	-	-	-	(41,336)	-	(41,336)
Curtailment	-	-	-	-	-	-
	6,049	254	6,303	(23,449)	319	(23,130)

Amounts recognised through the profit and loss account have been included in administrative expenses. Actuarial gains and losses have been reported in recognised gains and losses.

Scheme financial position

Amounts included in the balance sheet arising from the company's obligations in respect of its defined retirement benefit schemes are as follows:

	2016	2015(restated)
	€'000	€'000
VPP		
Fair value of scheme assets	369,431	285,934
Present value of defined benefit obligation	(417,466)	(327,050)
	(48,035)	(41,116)
Other schemes		
Fair value of scheme assets	-	-
Present value of defined benefit obligation	(4,254)	(7,065)
	(4,254)	(7,065)
(deficit) recognised in the balance sheet	(52,289)	(48,181)

Reconciliation of plan liabilities

The table below illustrates the movement in plan liabilities during the year:

	2016			2015 (restated)		
	VPP	Other	Total	VPP	Other	Total
	€'000	schemes	€'000	€'000	schemes	€'000
		€'000			€'000	
At 1 October	(327,050)	(7,065)	(334,115)	(335,182)	(9,425)	(344,607)
Current service cost	(4,659)	-	(4,659)	(5,420)	-	(5,420)
Interest on pension plan liabilities	(11,780)	(254)	(12,034)	(12,467)	(319)	(12,786)
Contributions by scheme participants	(103)	-	(103)	-	-	-
Actuarial (losses)/gains on plan liabilities	(124,145)	791	(123,354)	(3,694)	424	(3,270)
Exchange difference	46,638	772	47,410	(17,763)	(507)	(18,270)
Benefits paid	3,633	1,502	5,135	6,140	2,762	8,902
Pension scheme amendment	-	-	-	41,336	-	41,336
Curtailment	-	-	-	-	-	-
At 30 September	(417,466)	(4,254)	(421,720)	(327,050)	(7,065)	(334,115)

Notes to the financial statements
For the year ended 30 September 2016

16. Retirement benefit obligation (continued)

Reconciliation of plan assets

The table below illustrates the movement on the plan assets during the year:

	2016			2015(restated)		
	VPP	Other	Total	VPP	Other	Total
	€'000	schemes	€'000	€'000	schemes	€'000
At 1 October	285,934	-	285,934	247,389	-	247,389
Interest income	10,390	-	10,390	10,419	-	10,419
Actuarial gains/(losses) on plan assets	23,215	-	23,215	(10,701)	-	(10,701)
Contributions by scheme participants	104	-	104	-	-	-
Benefits paid	(3,633)	(1,502)	(5,135)	(6,140)	(2,762)	(8,902)
Contributions by employer	94,343	1,502	95,845	25,574	2,762	28,336
Exchange difference	(40,922)	-	(40,922)	13,096	-	13,096
At 30 September	369,431	-	369,431	285,934	-	285,934

Experience assets and liabilities

Experience assets and liabilities are reported within recognised gains and losses and are as follows:

	2016			2015		
	VPP	Other	Total	VPP	Other	Total
	€'000	schemes	€'000	€'000	schemes	€'000
Experience gains/(losses) on assets	23,215	-	23,215	(10,701)	-	(10,701)
Experience gains/(losses) on liabilities	(124,145)	791	(123,354)	(3,694)	424	(3,270)
	(100,930)	791	(100,139)	(14,395)	424	(13,971)

The expected contributions between 1 October 2016 and 30 September 2017 are €3,719,000 (2015: €5,169,000).

The above contribution figure is based on the Schedule of Contributions currently in force.

Fair value of assets

The analysis of scheme assets at the reporting date were as follows:

	Fair value of assets	
	2016	2015(restated)
	€'000	€'000
Equity instrument	103,504	107,458
Index-linked gilts	46,292	42,332
Debt instruments	34,791	32,472
Property	25,590	29,050
Investment funds	65,923	71,169
Other assets	93,331	3,453
At 30 September	369,431	285,934

In 2016 €9,334,000 within Investment funds relates to unquoted investments (2015: €10,394,000).

Notes to the financial statements

For the year ended 30 September 2016

20. Member financial safeguards

Under its corporate By-Laws, the company indemnifies a member for any loss suffered due to failure of any other member to honour drafts or other instruments processed in accordance with the company's operating regulations. The term of the indemnification covers the period until both sides of the transaction are settled.

To reduce losses from settlement, the company requires certain members to post collateral to ensure performance of settlement obligations arising from card and other product clearings. The types of member financial safeguards are based on Board-approved guidelines and generally include cash equivalents, letters of credit, guarantees and securities. At 30 September 2016 the company held member financial safeguards as follows:

	2016 €m	2015(restated) €m
Cash	266.0	241.0
Letters of credit	135.0	159.4
Guarantees	335.5	133.4
Total collateral	736.5	533.8

As the collateral does not meet the definition of an asset of the company, no amounts are included on the balance sheet.

21. Capital Commitments

Annual commitments at the end of the financial year, for which no provision has been made are as follows:

	2016 €'000	2015(restated) €'000
Contracted purchase of software and computer equipment	3,253	4,528
Contracted expenditure on buildings, fixtures and equipment	9	-
	3,262	4,528

22. Operating lease arrangements

Annual commitments under non-cancellable operating leases are as follows:

	2016 €'000	2015(restated) €'000
Within one year	18,170	19,620
In the second to fifth years inclusive	69,501	76,133
After five years	17,845	37,051
	105,516	132,804

Notes to the financial statement

For the year ended 30 September 2016

23. Related party transactions

The company earns an intercompany management fee through the provision of various services for Visa Europe Limited, the company's parent company. These services include the employment of the majority of Visa Europe employees, and the provision of marketing and information technology related services, among others. The total intercompany management fee for the year was €796,042,000 (2015: €1,374,501,000)

At 30 September 2016, debtors and creditors falling due within one year include the following amounts due from Visa Inc, amount due to Visa Europe Limited, the company's parent company, and the company's subsidiaries:

	2016 €'000	2015(restated) €'000
Visa Europe Limited	(880,302)	(623,271)
Visa Europe Management Services Limited	(9,762)	(2,778)
Visa Inc.	322,892	-
European Resource Management Limited	-	(230)
	(567,172)	(626,279)

The following transactions were carried out with an associate to the parent company and were in the normal course of business. Amounts payable to and receivable from the related party are due on normal commercial terms:

	2016 €'000	2015(restated) €'000
Sales: services supplied to related party	-	-
Purchases: services received from related party	-	1,294
Amounts receivable from related party	-	-
Amounts payable to related party	-	-
Dividends received from related party	-	-

24. Financial liabilities

	2016 €'000	2015(restated) €'000
Non-current		
Currency derivatives	17,462	4,027
	17,462	4,027
Current		
Bank overdrafts (note 13)	10,618	1,979
Currency derivatives	39,952	2,006
	50,570	3,985

Notes to the financial statements
For the year ended 30 September 2016

17. Called up share capital

	2016 Number	€	2015 (restated) Number	€
Called up, allotted and fully paid				
Equity: Ordinary shares of €1 each	100	82	100	82

18. Reserves

	Revaluation reserve €'000	Merger reserve €'000	Cash flow hedging reserve €'000	Profit & loss account €'000	Total €'000
At 1 October 2014 (restated)	79,109	2,045	39,128	797,883	918,165
Profit for the year	-	-	-	302,010	302,010
Gains on revaluation of available for sale VI shares	43,539	-	-	-	43,539
Actuarial gains/(losses) on retirement schemes	-	-	-	(13,940)	(13,940)
Equity settled share based payment transaction	-	-	-	-	-
Cash flow hedges:					
Net gains/(losses) taken to other comprehensive income	-	-	114,313	-	114,313
Net gains transferred from other comprehensive income to income statement	-	-	(67,580)	-	(67,580)
Deferred tax arising on cash flow hedges	-	-	(16,357)	-	(16,357)
Deferred tax arising on available for sale VI Shares	(47,069)	-	-	-	(47,069)
Deferred tax credit arising on actuarial losses on retirement schemes	-	-	-	4,496	4,496
At 30 September 2015 (restated)	75,579	2,045	69,504	1,090,449	1,237,577
Profit for the year	-	-	-	255,829	255,829
Gains on revaluation of available for sale VI shares	25,889	-	-	-	25,889
Actuarial gains/(losses) on retirement schemes	-	-	-	(100,230)	(100,230)
Equity settled share based payment transaction	-	-	-	4,139	4,139
Cash flow hedges:					
Net gains/(losses) taken to other comprehensive income	-	-	(75,557)	-	(75,557)
Net gains transferred from other comprehensive income to income statement	-	-	(52,054)	-	(52,054)
Deferred tax arising on cash flow hedges	-	-	51,056	-	51,056
Deferred tax arising on available for sale VI Shares	(4,764)	-	-	-	(4,764)
Deferred tax credit arising on actuarial losses on retirement schemes	-	-	-	36,731	36,731
At 30 September 2016	96,704	2,045	(7,051)	1,286,918	1,378,616

Notes to the financial statements

For the year ended 30 September 2016

19. Contingent liabilities

The company is subject to extensive regulation and oversight in the conduct of its business. A failure to comply with applicable regulations could result in regulatory investigations, fines and restrictions on some of the group's business activities or other sanctions. The group seeks to minimise this risk through the adoption of compliance and other policies and procedures, continuing to refine controls over business practices and behaviour, employee training, the use of appropriate documentation, and the involvement of outside legal counsel, where appropriate.

During 2013, certain UK and Irish retailers issued proceedings against Visa Europe 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 judgement. However, the judgement was upheld. The retailers did not submit a further appeal to the Supreme Court. This judgement will apply to all current and future related claims, in principle. Overall, Visa Europe considers that it has strong defences and intends to defend the claims accordingly. On this basis Visa Europe does not consider it has a present obligation.

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 is pending in relation to the one remaining Merchant claim.* 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. Notwithstanding this judgment, which MasterCard is presently seeking to appeal, the Company does not consider that it has a present obligation.

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 has agreed to hear an appeal of these two cases, which is likely to take place in 2018.

The potential liabilities in respect of these claims are estimated at this point in time to be in the range of zero to several billion Euros.

Notes to the financial statements

For the year ended 30 September 2016

25. Events after the balance sheet date

In February 2017 the company undertook a reorganisation which resulted in the conversion of the company from a Delaware Corporation to a Delaware Limited Liability Company. Accordingly, from 17 February 2017, the company was renamed Visa Europe Services LLC.

As part of the above reorganisation, the company repaid its intercompany debt of €986 million to its immediate parent company, Visa Europe Limited. Subsequently, the company was sold by Visa Europe Limited to a fellow group company, Visa International Holdings Limited. After disposing of its stock interest in Visa Inc., and paying a dividend of €1,003,083,000 to Visa International Holdings Limited, the company was resold by Visa International Holdings Limited to Visa Europe Limited.

Notes to the financial statements
For the year ended 30 September 2016

26. First time adoption of IFRS for company accounts

Effect of IFRS adoption for the statement of financial position of VES LLC

The company's date of transition to IFRSs is 1 October 2014, with its first IFRS financial statements prepared to 30 September 2016. The changes in accounting policies as a consequence of the transition to IFRSs are as described in the notes following the reconciliations.

		At 30 September 2015			At 1 October 2014		
	Notes	Previously reported under UK GAAP €'000	Effect of transition to IFRS €'000	Opening IFRS Statement of Financial Position €'000	Previously reported under UK GAAP €'000	Effect of transition to IFRS €'000	IFRS Statement of Financial Position €'000
Non-current assets							
Property, plant and		266,684	--	266,684	299,746	--	299,746
Goodwill and intangibles	a	48,731	10,040	58,771	163,332	9,037	
Derivative assets	b	--	44,908	44,908	--	34,625	
Fixed asset investments		135,813	--	135,813	92,274	--	
		451,228	54,949	506,176	555,352	43,662	
Current assets							
Trade and other receivables	c	1,440,099	44	1,440,143	2,152,852	77	2,152,929
Deferred tax assets		--	--	--	--	5,328	5,328
Derivative assets		--	68,724	68,724	--	41,596	41,596
Cash and cash equivalents		1,723,527	1,979	1,725,506	1,071,804	5,215	
		3,163,626	70,747	3,234,373	3,224,656	52,216	
Current liabilities							
Deferred tax liabilities	d	--	45,189	45,189	--	23,738	
Financial liabilities	d	--	3,985	3,985	--	20,824	
Trade and other payables	c	2,266,685	(740)	2,265,945	2,771,392	7,450	
		2,266,685	48,434	2,315,119	2,771,392	52,012	2,823,404
Net current assets		896,941	22,313	919,254	453,264	204	
Non-current liabilities							
Retirement benefit obligation	d	10,888	37,292	48,180	49,834	--	49,834
Other liabilities		611	--	611	103	--	103
Deferred tax liabilities	d	--	4,447	4,447	--	--	--
Derivative liabilities	b	--	4,027	4,027	--	548	548
Provisions		130,588	--	130,588	83,832	--	83,832
		142,087	45,766	187,853	133,769	548	134,317
Net assets		1,206,082	31,495	1,237,577	874,847	43,318	918,165
Equity							
Called up share capital		--	--	--	--	--	--
Other reserves		124,694	22,543	147,237	81,154	39,237	120,391
Retained earnings		1,081,388	8,952	1,090,340	793,693	4,081	797,774
Equity attributable to equity		1,206,082	31,495	1,237,577	874,847	43,318	918,165

Notes to the financial statements

For the year ended 30 September 2016

26. First time adoption of IFRS for company accounts (cont'd)

Notes to the Effect of IFRS adoption for the statement of financial position

Reconciliation of Equity

	Notes	30 September 2015 €'000	1 October 2014 €'000
Total Equity Under UK GAAP		1,206,082	874,847
Reversal of Goodwill Amortization	a	11,295	10,292
Goodwill Adj for conversion to IFRS resulting from Split from VI in FY04	a	(1,255)	(1,255)
Financial instrument Fair Value Movement	b	107,600	54,849
Adj to Tenant Rent Deposit till lease end date	c	44	77
Adj to Rent Free Period till lease end date	c	(2,273)	(2,236)
Deferred tax recognition on various items	d	(83,916)	(18,409)
Total Adjustment to Equity		31,495	43,318
Total Equity Under IFRS		1,237,577	918,165

a. Intangible Assets

Under UK GAAP, goodwill was amortised on a straight-line basis through profit or loss based on an individual assessment of the economic life of the asset, subject to a maximum of 20 years. Under IFRSs, goodwill is not amortised but is measured at cost less impairment losses. The impact of transition to IFRS is shown below:

	30 September 2015 €'000	1 October 2014 €'000
Goodwill amortisation reversal	11,295	10,292
Eliminate Historic IFRS conversion Adj to Goodwill	(1,255)	(1,255)
Income Statement	(10,040)	(9,037)

b. Financial Instruments

Under UK GAAP, fair value of derivatives is not recognised. Under IFRS derivatives are measured at fair value and are classified as 'Financial Assets at Fair Value Through Profit & Loss'. The impact of recognition of fair value movements under IFRS are summarised below:

	30 September 2015 €'000	1 October 2014 €'000
Current and non-current derivative assets	113,633	76,221
Current and non-current derivative liabilities	(6,033)	(21,372)
Shareholder Funds	(107,600)	(54,849)

Notes to the financial statements

For the year ended 30 September 2016

26. First time adoption of IFRS for company accounts (cont'd)

c. Rent free period

Under UK GAAP rent free period on office lease contracts are amortized from start of lease period up till lease break-clause or review date whereas under IFRS they are amortized until lease end date. This result in increased accrual for operating lease and increased receivable balances for sub-lease tenant's rent deposit under IFRS.

	30 September 2015 €'000	1 October 2014 €'000
Sub-lease tenant deposit rent free period adj	44	77
Operating lease rent-free period accrual	(2,273)	(2,236)
Shareholder Funds	2,229	2,159

d. Deferred Tax

The reversal of goodwill amortisation (as per a above) and the change in recognition of financial instruments (as per b above) has result in a deferred tax liability provision under IFRS. Also, under UKGAAP deferred tax was not previously recognised for fair value movement in available-for-sale investment classified as fixed asset investment on the balance sheet. As deferred tax liabilities were not previously recognised on fair value gains, the impact under IFRS is summarised below:

	30 September 2015 €'000	1 October 2014 €'000
Deferred tax liabilities	(83,916)	(18,409)
Shareholder Funds	83,916	18,409

e. Cash flow statement

Under UK GAAP, the company took advantage of the exemption under FRS 1 to prepare a company cash flow statement. This exemption is not available under IFRS.