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VISA

Visa Europe Services LLC
2019 FINANCIAL STATEMENTS

Company number FC025276
UK establishment number BR007632

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Directors' Report

The Board of Directors (the Directors) present their annual report and financial statements for Visa Europe Services LLC (the Company) for the year ended 30 September 2019.

Principal activities, review of business and future developments

The Company was registered as a UK branch of an overseas private corporation limited by shares under the name of Visa Europe Services Inc. on 25 June 2004. On 17 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 (LLC), and accordingly, the Company was renamed Visa Europe Services LLC.

In December 2017, the Company and other Visa group entities, underwent a reorganisation, which resulted in the transfer of its investment in Visa Europe Management Services Limited to Visa Europe Limited, its immediate parent company.

Effective 31 March 2018, directly related to the Visa group reorganisation, the Company and Visa Europe Limited executed an Intra Group Business Transfer Agreement involving the sale by the Company and the purchase by Visa Europe Limited of the majority of the Company's UK business operations as a going concern together with the assets and liabilities used in connection with its operations. The transaction resulted in the transfer of these assets and liabilities from the Company to Visa Europe Limited.

The principal activity of the Company is to provide client liaison, business development and general support services to Visa Europe Limited, its immediate parent company. Turnover has decreased to €48.4 million in 2019 from €386.6 million in 2018. The decrease is mainly due to the Company's transfer during 2018 of the majority of its UK business to Visa Europe Limited.

Results and dividends

The Company made a profit before tax for the period of €3.1 million (2018: €66.7 million), which is set out on page 4. The statement of financial position is on page 6 and shows a net asset balance of €365.3 million (2018: €370.3 million).

The Directors do not recommend any dividend (2018: €0 million).

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 origin, gender, marital status, age, disability, religion or sexual orientation. The Company 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 staff 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 the Company through an annual Employee Engagement Survey. Visa's Code of Business Conduct and Ethics sets out Visa's commitment to the highest ethical standards and provides employees with channels to raise any concerns and questions including a Confidential Compliance Hotline where they can remain anonymous if they chose to do so.

Financial risk management

The Company is exposed to market risk, liquidity risk, credit risk and other price risk, which are the same set of exposures for all entities within the group. Financial risk is managed on a group level and is set out in the publicly available financial statements of Visa Europe Limited.

Political donations

The Company made no political contributions during the year (2018: €nil).

Going concern

The Directors have adopted the going concern basis in preparing these financial statements having given due consideration to the liabilities of the Company and the financial resources available to meet its obligations and the potential impact of novel coronavirus (COVID-19). The Company supplies all its services to Visa Europe Limited and will continue to do so for the foreseeable future.

Brexit

The UK left the EU on 31 January 2020 and is now in a transition period until 31 December 2020. With ongoing uncertainty about the terms of the separation, there is an increasing risk of economic, political and social uncertainty across Europe. A central programme has been established by Visa Europe Limited to oversee management of all Brexit-related activities for the group. The Company's management of Brexit forms part of this central programme. The impact of Brexit on the Company is likely to be limited.

Post balance sheet events

On 20-23 January 2020, Visa's appeal of certain elements of the Court of Appeal's judgment in relation to the Retailer Litigation was heard by the Supreme Court. The Supreme Court's judgment was handed down on 17 June 2020. See Note 23, Contingent liabilities, for further discussion of the Retailer Litigation.

The existence of COVID-19 was confirmed in early 2020 and has spread globally, causing disruptions to businesses and economic activity. The Company considers this outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company.

Board membership

The following Directors held office during and after the year ended 30 September 2019:

Sharon Dean	Appointed 10 October 2019
Robert Livingston	Appointed 10 October 2019
Antony Cahill	Appointed 10 October 2019
Jose Souto	Resigned 10 October 2019
Charlotte Hogg	Resigned 10 October 2019

On behalf of the Board

DocuSigned by:

Robert Livingston

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Robert Livingston
Director

28 October 2020

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Income statement

For the year ended 30 September 2019

	Note	2019 €'000	2018 €'000
Turnover		**48,447**	386,641
Administrative expenses	3	**(45,374)**	(316,864)
Other expenses			
Impairment of property, plant and equipment	9	**—**	(4,002)
Operating profit		**3,073**	65,775
Finance income	5	**—**	1,082
Finance costs	6	**—**	(148)
Profit on ordinary activities before taxation		**3,073**	66,709
Income tax expense on profit on ordinary activities	7	**(10,531)**	(5,139)
Profit/(Loss) on ordinary activities after taxation		**(7,458)**	61,570

The notes on pages 10 to 22 form part of these financial statements.

Statement of comprehensive income

For the year ended 30 September 2019

	2019 €'000	2018 €'000
Profit/(Loss) for the year attributable to equity holders of the parent	**(7,458)**	61,570
Other comprehensive income:		
Items that will not be reclassified to income statement		
Remeasurement losses on defined benefit pension schemes	—	(4,345)
Deferred tax arising on remeasurement losses on defined benefit pension schemes	—	2,177
	—	(2,168)
Items that may be reclassified subsequently to income statement		
Cash flow hedges:		
Net gains taken to other comprehensive income	—	2,519
Effective hedge gains transferred from other comprehensive income to income statement	—	12,613
Deferred tax arising on cash flow hedges	—	(13,257)
	—	1,875
Other comprehensive loss for the year, net of tax	—	(293)
Total comprehensive income/(loss) for the year	**(7,458)**	61,277

The notes on pages 10 to 22 form part of these financial statements.

Statement of financial position

As at 30 September 2019

	Note	2019 €'000	2018 €'000
Non-current assets			
Property, plant and equipment	9	**31**	2,790
Goodwill and intangible assets	8	**—**	—
Deferred tax asset	10	**1,110**	—
		1,141	2,790
Current assets			
Trade and other receivables	12	**341,272**	216,964
Cash and cash equivalents	13	**84,326**	208,076
		425,598	425,040
Current liabilities			
Financial liabilities		**—**	453
Trade and other payables	14	**19,090**	218
Deferred tax liability	10	**—**	466
		19,090	1,137
Net current assets		**406,508**	423,903
Non-current liabilities			
Trade and other payables	14	**11,727**	2,952
Provisions	15	**30,615**	53,249
Retirement benefit obligation		**—**	169
		42,342	56,370
Net assets		**365,307**	370,323
Equity			
Other reserves		**4,310**	4,310
Retained earnings		**360,997**	366,013
Equity shareholders' funds		**365,307**	370,323

The notes on pages 10 to 22 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 28 October 2020. They were signed on its behalf by:

DocuSigned by:

Robert Livingston

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Robert Livingston
Director

28 October 2020

Statement of changes in equity

For the year ended 30 September 2019

	Attributable to equity holders of the parent company			
	Merger reserve €'000	Cash flow hedging reserve €'000	Retained earnings €'000	**Total €'000**
Balance as at 1 October 2018	**2,045**	**2,265**	**366,013**	**370,323**
Total comprehensive income/(loss) for the year				
Loss for the year attributable to equity holders of the parent	—	—	**(7,458)**	**(7,458)**
Total comprehensive income/(loss) for the year	—	—	**(7,458)**	**(7,458)**
Transactions with owners, recorded directly in equity				
Contributions by and distribution to owners:				
Equity settled share-based payment transactions	—	—	**1,493**	**1,493**
Income tax relating to transactions with owners, recorded directly in equity	—	—	**949**	**949**
Total contributions by and distributions to owners	—	—	**2,442**	**2,442**
Balance as at 30 September 2019	**2,045**	**2,265**	**360,997**	**365,307**

The notes on pages 10 to 22 form part of these financial statements.

Statement of changes in equity *continued*

	Attributable to equity holders of the parent company			
	Merger reserve €'000	Cash flow hedging reserve €'000	Retained earnings €'000	**Total €'000**
Balance as at 1 October 2017	2,045	390	305,256	307,691
Total comprehensive income for the year				
Profit for the year attributable to equity holders of the parent	—	—	61,570	61,570
Other comprehensive income:				
Items that will not be reclassified to income statement				
Remeasurement losses on defined benefit pension schemes	—	—	(4,345)	(4,345)
Income tax relating to items that will not be reclassified	—	—	2,177	2,177
	—	—	(2,168)	(2,168)
Items that may be reclassified subsequently to income statement				
Cash flow hedges:				
Net gains taken to other comprehensive income	—	2,519	—	2,519
Net gains transferred from other comprehensive income to income statement	—	12,613	—	12,613
Income tax relating to items that may be reclassified	—	(13,257)	—	(13,257)
	—	1,875	—	1,875
Other comprehensive income for the year, net of tax	—	1,875	(2,168)	(293)
Total comprehensive income for the year	—	1,875	59,402	61,277
Transactions with owners, recorded directly in equity				
Contributions by and distribution to owners:				
Equity settled share-based payment transactions	—	—	1,355	1,355
Total contributions by and distributions to owners	—	—	1,355	1,355
Balance as at 30 September 2018	2,045	2,265	366,013	370,323

The notes on pages 10 to 22 form part of these financial statements.

Statement of cash flows

For the year ended 30 September 2019

	Note	2019 €'000	2018 €'000
Profit before tax		**3,073**	66,709
Adjustments for:			
Depreciation of property, plant and equipment	9	**8**	16,642
Amortisation of intangible assets	8	**—**	116
Loss on disposal and impairment of property, plant and equipment	9	**—**	4,002
Foreign exchange (gain)/loss		**(313)**	5,353
Change in other assets and liabilities		**7,962**	—
Finance income	5	**—**	(1,082)
Effective hedge gains transferred from other comprehensive income to income statement		**—**	(12,613)
Share-based compensation	4	**1,493**	1,355
(Decrease)/increase in provisions	15	**(22,634)**	9,181
Operating cash flows before movements in working capital		**(10,411)**	89,663
(Increase)/decrease in receivables		**(118,162)**	1,332,354
Increase/(decrease) in payables		**25,055**	(2,565,071)
Cash generated by operations		**(103,518)**	(1,143,054)
Income taxes paid		**(13,426)**	(11,446)
Net cash from operating activities		**(116,944)**	(1,154,500)
Investing activities			
Purchase of property, plant and equipment	9	**(38)**	—
Net cash used in investing activities		**(38)**	—
Financing activities			
Finance income	5	**—**	1,082
Net cash provided by financing activities		**—**	**1,082**
Net decrease in cash and cash equivalents		**(116,982)**	(1,153,418)
Cash and cash equivalents at the beginning of the year		**208,076**	1,363,801
Foreign exchange loss thereon		**(6,768)**	(2,307)
Cash and cash equivalents at the end of the year	13	**84,326**	208,076

The notes on pages 10 to 22 form part of these financial statements.

Notes to the financial statements

For the year ended 30 September 2019

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of Visa Europe Services LLC (the Company).

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

Basis of preparation
The financial statements have been prepared under the historical cost convention. These financial statements are presented in Euros, which is both the Company's functional and presentational currency, rounded to the nearest thousand, unless stated otherwise.

This is the first set of the Company's annual financial statements in which IFRS 9 - *Financial Instruments* (IFRS 9) has been applied. (Refer to below - Adoption of revised standards.)

Turnover
Turnover consists of fees earned under a supply of services agreement between the Company and Visa Europe Limited, the Company's immediate parent company. Certain services are provided under this agreement, primarily client liaison, business development and general support services. These services are provided in various European countries to enable offices to be maintained in those European countries.

Foreign currency translation
In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the reporting date and any resulting exchange differences are included in administrative expenses in the income statement.

Leases
Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

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. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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 tax assets and liabilities are offset when there is a legally enforceable right to set off assets against liabilities and when they relate to income taxes levied by the same taxation authority.

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.

Property, plant and equipment
Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

The cost of self-constructed assets includes the costs of materials and direct labour. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Computer equipment and software includes integrated computer hardware, purchased software and IT system infrastructures which consist of integrated hardware and software.

Land is not depreciated. Depreciation on all other assets is charged to the income statement using the straight-line method so as to write off the cost of the asset to the estimated residual value over their estimated useful life on the following bases:

Buildings	40 years
Leasehold improvements	40 years (or lease term if shorter)
Fixtures and equipment	3 to 10 years
Computer equipment and software	3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Goodwill and intangible assets
Goodwill arising from a business combination represents the excess of the cost of acquisition over the Company'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.

Goodwill and operating rights are assessed to have indefinite useful lives as, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows for the entity.

Intangible assets include internally generated software, which is software designed, developed and commercialised by the Company 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 Company 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

Impairment of tangible and intangible assets
At each reporting date, or more frequently when an indication of impairment has been identified, the Company reviews the carrying amounts of its tangible assets, intangible assets and goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. 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. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately. If the recoverable amount of goodwill is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets of the cash-generating unit on a pro-rata basis.

Where an impairment loss, other than goodwill, subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. Impairment losses on goodwill are not subsequently reversed.

Trade and other receivables
Trade receivables are measured at fair value at the date of trade plus directly attributable transaction costs on initial recognition, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement. From 1 October 2018, when estimating loss allowances for trade receivables, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. (Before 1 October 2018, appropriate allowances were estimated when there was objective evidence that the asset was 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.

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

Retirement benefit costs
Contributions to defined contribution pension schemes are charged to the income statement in the period in which they become payable.

Share-based payments
The ultimate parent company of the Company, Visa Inc., issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

The fair value of awards of non-vested shares is equal to the closing price of the Visa Inc. shares on the date of grant, adjusted for the present value of future dividend entitlements where appropriate.

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 Company's 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.

Adoption of revised standards
The Company has initially applied IFRS 9 from 1 October 2018, and although IFRS 9 has had an impact on the Company's accounting policies with respect to recognising and measuring financial assets, IFRS 9 has not had a material effect on the Company's financial statements. A number of other new standards are also effective from 1 October 2018 but they do not have a material effect on the Company's financial statements.

IFRS 9
IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 - *Financial Instruments: Recognition and Measurement*. As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 - *Presentation of Financial Statements,* which require impairment of financial assets to be presented in a separate line item in the income statement. The Company's approach is to include the impairment of trade receivables in other expenses. However, the Company will not present impairment of trade receivables, recognised under IAS 39, separately in the income statement for the year ended 30 September 2019, as the impairment charge is immaterial. Impairment losses on other financial assets are presented under finance costs, similar to the presentation under IAS 39, and not presented separately in the income statement as the impairment charge is immaterial. Additionally, the Company has adopted consequential amendments to IFRS 7 - *Financial Instruments: Disclosures* that are applied to disclosures about 2019 but have not been generally applied to comparative information.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit and Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

The adoption of IFRS 9 has not had a significant effect on how the Company classifies and measures financial instruments and accounts for related gains and losses.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The Company has determined that the application of IFRS 9's impairment requirements at 1 October 2018 has not resulted in an additional allowance for impairment as any credit losses are immaterial.

Amendments were made to the following accounting standards in the current financial year and the adoption of these standards has had no material impact on these financial statements:

IFRS 15

IFRS 15 - *Revenue from Contract with Customers* (IFRS 15), sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). The standard establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 - *Revenue*, IAS 11 - *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. IFRS 15 has had no material impact on the Company's financial statements.

IFRS 16

Of those standards that were issued as at 30 September 2019, but are effective for accounting periods beginning on or after 1 October 2019, IFRS 16 - *Leases* (IFRS 16) is expected to have a material impact on the Company's financial statements in the period of initial application.

The Company is required to adopt IFRS 16 from 1 October 2019. The Company has assessed the estimated impact that initial application of IFRS 16 will have on its financial statements, as described below. The actual impacts of adopting the standard on 1 October 2019 may change because:

- the Company has not finalised the testing and assessment of controls over its new IT systems; and
- the new accounting policies are subject to change until the Company presents its first financial statements that include the date of initial application.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e., lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 - *Leases*, IFRIC 4 - *Determining whether an Arrangement contains a Lease*, SIC-15 - *Operating Leases-Incentives,* and SIC 27 - *Evaluating the Substance of Transactions involving the Legal Form of a Lease.*

Leases in which the Company is a lessee - The Company will recognise new assets and liabilities for its operating leases of office facilities. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

Lessee accounting under IFRS 16 will be similar in many respects to existing IAS 17 accounting for finance leases. (The Company currently does not have finance leases.)

Based on the information currently available, the Company estimates that it will recognise right-of-use assets of €3.8 million and lease liabilities of €3.8 million as at 1 October 2019 for leases in which the Company is a lessee.

Leases in which the Company is a lessor - Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting. (The Company currently does not have leases in which the Company is a lessor.)

The Company plans to apply IFRS 16 initially on 1 October 2019 and expects to adopt using the modified retrospective approach without restating comparative periods. The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 October 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

All other amendments to accounting standards and pronouncements applicable to the Company effective for accounting periods beginning after 30 September 2019 are not expected to have a material impact.

2. Critical accounting judgments 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.

Provisions and contingent liabilities
The Company exercises its judgement in considering whether a liability may arise and where measurement is possible, makes a prudent estimate of that liability. 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 provisions and contingent liabilities related to legal and regulatory proceedings. (Refer to Note 15, Provisions, and Note 19, Contingent liabilities.)

The Company evaluates the likelihood of an unfavourable outcome in legal or regulatory proceedings to which it is a party and recognises a provision when it is probable that an outflow of resources will be required to settle the obligation and the amount of the loss can be estimated reliably. "Probable" is defined as more likely than not. The amount recorded as a provision is the Company's best estimate of the expenditure required to settle the obligation. If the best estimate of the expenditure is a range, and if one amount in that range represents a better estimate than any other amount within the range, that amount is recorded. If no amount in the range is a better estimate than any other amount, the Company recognises the midpoint of the range for recording the liability. These judgements are subjective, based on the status of such legal or regulatory proceedings, the merits of the Company's defences and consultation with corporate and external legal counsel. Actual outcomes of these legal and regulatory proceedings may differ materially from the Group's estimates. See Note 21 - Provisions and Note 28 - Legal matters.

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events or present obligations arising from past events that are not recognised because either an outflow of economic benefits is not probable or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised but information about them is disclosed unless the possibility of any outflow of economic benefits in settlement is remote. See Note 25 - Contingent liabilities and Note 28 - Legal matters.

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.

3. Administrative expenses

Administrative expenses include:

	Note	2019 €'000	2018 €'000
Employee benefit costs	4	**13,553**	109,221
Provision for indirect taxes		**—**	38,556
Depreciation of property, plant and equipment - owned	9	**8**	16,642
Amortisation of intangible assets	8	**—**	116
Operating lease cost		**1,654**	9,291
Audit of the parent and related company financial statements		**—**	301
Other services related to taxation		**—**	345
Other assurance services pursuant to legislation and regulatory compliance		**—**	212
Other administrative expenses		**30,159**	142,180
Total Administrative expenses		**45,374**	316,864

Other administrative expenses includes administrative and marketing costs incurred to provide a range of client liaison, business development and general support services to the Company's immediate parent company.

In March 2018, the Company and other Visa group entities completed a reorganization resulting in the transfer of a large part of the UK business of the Company to Visa Europe Limited, resulting in a decrease to the Company's revenue and operating expenses from this date forward. As the transfer took place mid-year during fiscal 2018, current year and prior year figures are not directly comparable.

4. Employee benefit costs and employee numbers

Employee benefits costs were as follows:

	2019	2018
	€'000	€'000
Wages and salaries	**10,464**	85,457
Social security costs	**1,244**	14,904
Other retirement benefit obligation costs	**302**	6,612
Share-based compensation	**1,493**	1,355
Severance costs	**50**	893
	13,553	109,221

The average monthly number of employees (including executive directors) was:

	2019	2018
Technology and Business operations	**28**	420
Sales and marketing	**97**	202
Management and administrative	**25**	115
	150	737

In March 2018, the Company and other Visa group entities completed a reorganization resulting in the transfer of a large part of the UK business of the Company to Visa Europe Limited, resulting in a decrease to the Company's revenue and operating expenses from this date forward, including the transfer of a large number of employees from the Company to Visa Europe Limited, effective 1 April 2018. As the transfer took place mid-year during fiscal 2018, current year and prior year figures are not directly comparable.

Share-based payment arrangements

Description of Share-based payment arrangements

Equity based remuneration has been issued to select employees annually since November 2016. The majority of awards made have been in the form of Restricted Stock Units (RSUs) with some executives eligible to receive stock options. Awards are made by the ultimate parent company, Visa Inc.

In November 2017 and 2018, additional RSUs were awarded to certain employees of the Company under graded vesting conditions by the ultimate parent company, Visa Inc. The vesting period for these awards ends in 2020 and 2021, respectively.

Shares generally vest rateably over three years from the date of grant, subject to earlier vesting in full under certain conditions. Recipients must be employed through each respective grant date, except in the case of termination of employment due to death or disability, in which case restrictions would cease immediately.

Measurement of Share-based payment arrangements

RSUs have been treated as equity-settled share-based payment transactions and have been valued at Visa Inc.'s closing stock price on the date of grant, or in cases where the date of grant is not a trading day, the last trading day prior.

Each RSU entitles the participant to dividend equivalents with respect to regular cash dividends during the period from the grant date to the date such shares are delivered to employees. Dividend equivalents have been settled in cash.

Details of increase in equity arising from Share-based payments

RSUs have been granted by the ultimate parent company, Visa Inc., which are not charged back to the Company.

The expense recognised for the period totals:

Equity settled transactions	**2019**	2018
	€'000	€'000
Expense recognised during the period	**1,493**	1,355

5. Finance income

	2019	2018
	€'000	€'000
Interest income	**—**	1,053
Net interest income on pension scheme liability	**—**	29
	—	1,082

6. Finance costs

	2019 €'000	2018 €'000
Discounted provisions - unwinding of discount	**—**	(148)
	—	(148)

7. Income tax expense

The Income tax expense represents the sum of both current and deferred taxes.

Current tax payable is based on taxable profit for the year. Taxable profit can differ from the profit reported on the income statement due to permanent or timing differences for tax purposes.

Deferred tax is the tax expected to be payable or recoverable in the future, arising from temporary differences between the carrying value in the accounts and the tax bases used in the computation of taxable profits.

	2019 €'000	2018 €'000
Current tax:		
UK corporation tax:		
Current tax on profit for the year	**7,577**	6,091
Adjustment in respect of prior years	**(1,044)**	1,782
Total current income tax expense	**6,533**	7,873
Deferred tax:		
Origination and reversal of temporary differences	**3,145**	7,708
Adjustment in respect of prior years	**853**	(465)
Rate change	**—**	(9,977)
	3,998	(2,734)
Total income tax expense	**10,531**	5,139

Reconciliation of income tax expense

The current income tax expense for the year is higher than the UK tax rate of 19.0% (2018: lower than the UK tax rate of 19.0%).

The differences are explained below:

	2019 €'000	2018 €'000
Profit before tax	**3,073**	66,709
Taxation at the standard UK tax rate of 19.0%	**584**	12,675
Effects of:		
Non-deductible expenses	**138**	160
Other permanent differences	**—**	893
Adjustments in respect of prior year tax liabilities	**10,000**	—
Effect of rate change for deferred tax	**—**	(465)
Effect of exchange rates	**—**	(15)
Prior year adjustments	**(191)**	(8,109)
Total income tax expense (see above)	**10,531**	5,139

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 30 September 2018 was calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This has been reflected in the numbers calculated for the year ended 30 September 2019 above.

Future tax charges and therefore the Company's effective tax rate, may be affected by factors such acquisitions, disposals, restructuring, tax regime reforms and resolutions of open matters as we continue to manage our tax affairs around the world.

8. Goodwill and intangible assets

	Goodwill	Operating rights	Internally generated software (IGS)	Total
	€'000	€'000	€'000	€'000
Cost				
At 30 September 2017	18,826	20,519	43,367	82,712
Impairment	—	—	(21,665)	(21,665)
Transfer to Visa Europe Limited	(18,826)	(20,519)	(21,702)	(61,047)
At 30 September 2018 and 2019	**—**	**—**	**—**	**—**
Accumulated amortisation				
At 30 September 2017	—	—	(42,889)	(42,889)
Charge for the year	—	—	(116)	(116)
Transfer of charge relating to IGS additions during the year (Note 9)	—	—	7,968	7,968
Impairment	—	—	21,665	21,665
Transfer to Visa Europe Limited	—	—	13,372	13,372
At 30 September 2018 and 2019	**—**	**—**	**—**	**—**
Carrying amount				
At 30 September 2018 and 2019	**—**	**—**	**—**	**—**

The operating rights were assessed as having an indefinite life because the Company's immediate parent company, Visa Europe Limited, has signed an exclusive, irrevocable licensing arrangement in perpetuity with Visa Inc. to use the Visa trademarks and technology, and the countries are expected to generate net cash inflows indefinitely.

In 2018 an annual assessment was made as to whether the carrying value of goodwill was impaired. For assessment, the recoverable amount of goodwill was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of cash generating units (CGUs). As a result, the carrying amount of the goodwill was determined to be lower than its recoverable amount, indicating no impairment.

In 2018, the write off of internally generated software assets totaled €Nil as the assets were fully amortised at the time of impairment.

In March 2018, the Company and other Visa group entities completed a reorganization resulting in the transfer of a large part of the UK business, assets and liabilities of the Company to to Visa Europe Limited.

9. Property, plant and equipment

	Land, building and leasehold and improvements €'000	Assets in course of construction €'000	Fixtures and equipment €'000	Computer equipment and software €'000	Total €'000
Cost					
At 1 October 2017	69,961	7,176	38,625	473,064	588,826
Write off of fully depreciated assets	(2,647)	(183)	(8,539)	—	(11,369)
Impairment	—	—	—	(294,383)	(294,383)
Transfer to Visa Europe Limited	(67,314)	(4,203)	(30,086)	(178,681)	(280,284)
At 1 October 2018	—	2,790	—	—	2,790
Additions	**—**	**—**	**33**	**5**	**38**
Transfer to Visa Europe Limited	**—**	**(2,790)**	**—**	**—**	**(2,790)**
At 30 September 2019	**—**	**—**	**33**	**5**	**38**
Accumulated depreciation and impairment					
At 1 October 2017	(55,687)	—	(31,958)	(428,965)	(516,610)
Charge for the year	(1,980)	—	(2,515)	(12,147)	(16,642)
Transfer to internally generated software (Note 8)	—	—	—	(7,968)	(7,968)
Write off of fully depreciated assets	(527)	—	5,086	—	4,559
Impairment	—	—	—	290,381	290,381
Transfer to Visa Europe Limited	58,194	—	29,387	158,699	246,280
At 1 October 2018	—	—	—	—	—
Charge for the year	**—**	**—**	**(6)**	**(2)**	**(8)**
At 30 September 2019	**—**	**—**	**(6)**	**(2)**	**(8)**
Carrying amount					
At 30 September 2018	—	2,790	—	—	2,790
At 30 September 2019	**—**	**—**	**27**	**3**	**30**

In 2018, impairment charges on project-related costs totaled €4.0 million as management assessed a number of significant operational services, products and projects, which will either be integrated into global services, decommissioned or otherwise impaired.

In March 2018, the Company and other Visa group entities completed a reorganization resulting in the transfer of a large part of the UK business, assets and liabilities of the Company to to Visa Europe Limited.

10. Deferred tax

The table below summarises the deferred tax assets and liabilities recognised by the Company and movements thereon during the current reporting period.

	Total €'000
At 30 September 2018	(466)
Charged to profit for the year	**(3,145)**
Prior year adjustment	**(853)**
Adjustment to prior year transfer	**4,900**
Exchange movement	**674**
At 30 September 2019	**1,110**

The deferred tax assets and liabilities have been offset where there is a legal right of set off. The deferred tax assets and liabilities recognised in the balance sheet relate to timing differences related to stock based compensation and pension contributions.

The following is the analysis of the deferred tax balances (before offset) for financial reporting purposes:

	2019 €'000	2018 €'000
Deferred tax assets	**1,594**	4,980
Deferred tax liabilities	**(484)**	(5,446)
	1,110	(466)

11. Subsidiary undertakings

In December 2017, the Company and other Visa group entities, underwent a reorganisation which resulted in the transfer of the Company's investment in Visa Europe Management Services Limited, a UK registered entity, to Visa Europe Limited.

In March 2018, the Company and other Visa group entities completed a reorganization further to that completed previously in December 2017, resulting in the transfer of a large part of the UK business, assets and liabilities of the Company to Visa Europe Limited.

The company's former subsidiaries, Visa Management Limited and Visa EU Limited, both UK dormant entities, were dissolved effective 30 October 2018.

12. Trade and other receivables

	2019 €'000	2018 €'000
Amounts owed by related parties (Note 20)	**325,493**	103,508
Prepayments and accrued income	**14,361**	112,831
Other receivables	**1,418**	625
	341,272	216,964

13. Cash and cash equivalents

	2019 €'000	2018 €'000
Bank balances	**84,326**	208,076
	84,326	208,076

14. Trade and other payables

	2019 €'000	2018 €'000
Current		
Trade payables and accruals	**18,213**	218
Social security and other taxes	**877**	—
	19,090	218

	2019 €'000	2018 €'000
Non-current		
Other creditors including taxation and social security	**11,727**	2,952

15. Provisions

Provisions held as at 30 September 2019:

	Indirect taxes €'000	Other €'000	Total €'000
At 30 September 2018	52,611	638	53,249
Provisions reversed during the year	**(22,278)**	**(356)**	**(22,634)**
At 30 September 2019	**30,333**	**282**	**30,615**

In 2013, a provision for indirect taxes on certain fees was created. Payment of a portion of these indirect taxes has been made on deposit as the tax treatment of these items is in dispute with the relevant tax authority. The provision is relieved as payments are made. The remaining provision relates to this issue and certain other indirect tax matters.

16. Retirement benefit obligation

Defined contribution pension schemes
The retirement benefit obligation charge for the year represents contributions payable by the Company to defined contribution pension schemes and amounted to €0.3 million (2018: €9.8 million). 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.

Defined benefit schemes
Prior to March 2018, the company provided benefits to its employees through a defined benefit plan which is known as 'the Visa Europe Pension Plan' (VPP).

In March 2018, the Company and other Visa group entities completed a reorganisation resulting in the transfer of a large part of the UK business, assets and liabilities of the Company to Visa Europe Limited. Due to the reorganisation, the pension scheme administration, assets and obligations transferred from the Company to Visa Europe Limited.

17. Share capital

Called up share capital

	2019 Number	2019 €	2018 Number	2018 €
Called up, allotted and fully paid				
Equity: Ordinary shares of $1 USD each	**101**	**82**	101	82

18. Operating lease commitments

At the reporting date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 €'000	2018 €'000
Within one year	**1,767**	1,053
In the second to fifth years inclusive	**3,154**	1,665
After five years	**724**	246
	5,645	2,964

19. Contingent liabilities

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

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

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

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

The Court of Appeal agreed to hear an appeal of these two cases, together with the appeal against the Visa judgment. All of these appeals were heard at the same time in April 2018. It handed down its judgment on 4 July 2018, and overturned the lower court's rulings in relation to Visa of November 2017 and February 2018, concluding that Visa's UK domestic interchange restricted competition and that the question of exemption under applicable law had not been adequately dealt with. It also overturned the two previous MasterCard judgments, and decided to remit the cases to the Competition Appeal Tribunal (CAT) in order to reconsider the issue of exemption on the basis of the evidence put forward at trial.

In November 2018, the Supreme Court granted Visa leave to appeal certain elements of the Court of Appeal's judgment. The appeal was heard on 20-23 January 2020 and judgment was handed down on 17 June 2020. The judgment rejected Visa's appeals in relation to whether its UK interchange was a restriction of competition, as well as two questions relating to the burden of proof required to show that interchange was lawful. The case will now be remitted to the CAT to determine whether and to what extent the relevant interchange fees qualified for exemption (on the basis of the existing evidence) and, to the extent that they did not, what level of damages should be awarded taking into account factors such as the pass on of fees to the claimant's own customers. Visa's potential liability is capped as a result of a concession made by the claimant as to the lawful level of interchange fees which is not subject to appeal.

On 13 December 2019, Euronet 360 Finance Limited, Euronet Polska Spolka z.o.o. and Euronet Services spol. s.r.o. ("Euronet") served a claim in the UK alleging that certain rules affecting ATM access fees in Poland, the Czech Republic and Greece by Visa Inc. and Mastercard Incorporated, and certain of their subsidiaries, which included the Company, breach various competition laws. Euronet seeks damages, costs, and injunctive relief to prevent the defendants from enforcing the aforementioned rule.

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

20. Related party transactions

The Company earns an intercompany management fee through the provision of various services to Visa Europe Limited, the Company's immediate parent company. These services include the provision of administrative and marketing support services to Visa Europe Limited, and up until 31 March 2018, also included the employment of the majority of Visa Europe Limited's employees and information technology related services.

Effective 31 March 2018, directly related to the Visa group reorganisation, the Company and Visa Europe Limited executed an Intra Group Business Transfer Agreement involving the sale by the Company and the purchase by Visa Europe Limited of the majority of the Company's UK business operations as a going concern together with the assets and liabilities used in connection with its operations. The transaction resulted in the transfer of these assets and liabilities from the Company to Visa Europe Limited.

The total intercompany management fee for the year was €48.4 million (2018: €384.5 million).

At the end of the 2019 and 2018 financial year, trade and other receivables, falling due within one year, include the following amount due from Visa Europe Limited, the Company's immediate parent company, and subsidiaries, and Visa Inc, the Company's ultimate parent company:

	2019 **€'000**	2018 €'000
Visa Europe Limited and subsidiaries	**325,493**	103,313
Visa Inc.	**—**	195
	325,493	103,508

Ultimate Parent Company

The results of the Company, as well as the Company's immediate parent, Visa Europe Limited and all of its subsidiaries, are included in the audited consolidated financial statements of Visa Inc., the group's ultimate parent company, for the years ended 30 September 2019 and 2018. Visa Inc. is incorporated in the United States of America and copies of Visa Inc.'s financial statements are available from its website.

21. Post balance sheet events

On 20-23 January 2020, Visa's appeal of certain elements of the Court of Appeal's judgment in relation to the Retailer Litigation was heard by the Supreme Court. The Supreme Court's judgment was handed down on 17 June 2020. See Note 19, Contingent liabilities, for further discussion of the Retailer Litigation.

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread globally, causing disruptions to businesses and economic activity. The Company considers this outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company.