P/O 17878243/20

Visa Europe Services LLC
2020 FINANCIAL STATEMENTS

Company number FC025276
UK establishment number BR007632

Contents

Directors' Report	1
Statement of directors' responsibilities	3
Income statement	4
Statement of financial position	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8

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 2020.

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 from €48.4 million in 2019 to €32.6 million in 2020. The decrease is directly attributable to the decrease in administrative expenses from €45.4 million in 2019 to €29.3 million in 2020, largely driven by reduced core marketing expenses and professional fees, as well as foreign exchange gains, in 2020.

Results and dividends

The Company made a profit before tax for the period of €2.9 million (2019: €3.1 million), which is set out on page 4. The statement of financial position is on page 5 and shows a net asset balance of €369.8 million (2019: €365.3 million).

The Directors do not recommend any dividend (2019: €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 and 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 considers and, where appropriate, provides reasonable workplace adjustments to both current and prospective disabled employees.

The Company is also committed to ensuring that all prospective applicants for employment are treated fairly and equitably throughout the recruitment process.

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 periodic Employee Surveys. 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 has exposure to the following financial risks:

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under a contract and arises principally from the Company's transfer pricing arrangement with Visa Europe Limited.

Liquidity risk
Liquidity risk is the risk that the Company is unable to meet its current and future cash flow obligations as and when they fall due, or can only do so at excessive cost.

Market risk
Market risk is the risk that movements in market factors will reduce the Company's income. The Company is exposed to market risk factors such as changes in foreign exchange rates and interest rates.

Financial risk is managed on a group level and is set out in the publicly available financial statements of Visa Europe Limited. An enterprise-wide risk management framework is used to identify, assess, measure, report and manage all types of risk and to align the risk management with the business strategy.

Political donations

The Company made no political contributions during the year (2019: €nil).

COVID-19

The global outbreak of COVID-19 continues to evolve at the time of writing this report. At Visa, the health and safety of our employees remains a primary concern, and to support our employees in the remote work environment, Visa has increased flexibility in schedules, encouraged individuals to collaborate with managers to balance professional and personal obligations and launched "Wellbeing Hours" to encourage schedule flexibility at the end of the work week. This global risk is also set out in the publicly available financial statements of Visa Europe Limited.

Brexit

The UK left the EU on 31 January 2020 and the Brexit transition period (or implementation) came to an end on the 31 December 2020. A post-Brexit trade arrangement ("Trade and Cooperation Agreement") has applied between the UK and EU since 1 January 2021. In the immediate term, the agreement provides clarity on the new EU-UK trade arrangements, but there remains a risk of economic, political and social uncertainty across Europe as the new regime becomes normalised. It may also lead to legal uncertainty and potentially divergent national laws and regulations in the UK and EU over time. Visa Europe Limited continues to monitor the situation for the group, which includes the Company, and this risk is set out in the publicly available financial statements of Visa Europe Limited.

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 COVID-19. The Company supplies all its services to Visa Europe Limited and will continue to do so for the foreseeable future. Visa Europe Limited's balance sheet has sufficient capacity to withstand significant interruption to its revenues without jeopardising either its capital or liquidity positions.

Post balance sheet events

Refer to Notes to the financial statements, Note 14, Contingent liabilities, for details on activity of pending litigation against the Company taking place subsequent to the balance sheet date and before the date of approval of the Directors' Report.

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

Board membership

The following Directors held office during and after the year ended 30 September 2020:

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
0FFEB92C667E4CA...
Robert Livingston
Director

28 October 2021

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 accounting standards in conformity with the requirements of the Companies Act 2006 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 international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that 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 2020

	Note	2020 €'000	2019 €'000
Turnover		**32,618**	48,447
Administrative expenses	3	**(29,317)**	(45,374)
Other expenses			
Impairment of property, plant and equipment	6	**(13)**	—
Operating profit		**3,288**	3,073
Interest expense		**(376)**	—
Profit before tax		**2,912**	3,073
Income tax expense	5	**(1,293)**	(10,531)
Profit/(Loss) for the year attributable to equity holders of the parent		**1,619**	(7,458)

There are no other recognised gains or losses for the year.

The notes on pages 8 to 24 form part of these financial statements.

Statement of financial position

As at 30 September 2020

	Note	2020 €'000	*Restated 2019 €'000
Non-current assets			
Property, plant and equipment	6	**4,269**	31
Right-of-use assets	13	**2,739**	—
Deferred tax asset	7	**1,331**	1,110
		8,339	1,141
Current assets			
Trade and other receivables	8	**634,725**	727,699
Cash and cash equivalents	9	**55,349**	84,326
		690,074	812,025
Current liabilities			
Trade and other payables	10	**280,569**	405,517
		280,569	405,517
Net current assets		**409,505**	406,508
Non-current liabilities			
Other liabilities		**11,727**	11,727
Provisions	11	**34,821**	30,615
Lease liabilities	13	**1,524**	—
		48,072	42,342
Net assets		**369,772**	365,307
Equity			
Other reserves		**4,310**	4,310
Retained earnings		**365,462**	360,997
Equity shareholders' funds		**369,772**	365,307

*See Note 8, Trade and other receivables, and Note 10, Trade and other payables, for details.

The notes on pages 8 to 24 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 28 October 2021. They were signed on its behalf by:

DocuSigned by:
Robert Livingston
0FFEB92C667E4CA...
Robert Livingston
Director

28 October 2021

Statement of changes in equity

For the year ended 30 September 2020

	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 2019	**2,045**	**2,265**	**360,997**	**365,307**
Total comprehensive income for the year				
Profit for the year attributable to equity holders of the parent	—	—	**1,619**	**1,619**
Total comprehensive income for the year	—	—	**1,619**	**1,619**
Transactions with owners, recorded directly in equity				
Contributions by and distribution to owners:				
Equity settled share-based payment transactions	—	—	**2,846**	**2,846**
Total contributions by and distributions to owners	—	—	**2,846**	**2,846**
Balance as at 30 September 2020	**2,045**	**2,265**	**365,462**	**369,772**

	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 loss for the year				
Loss for the year attributable to equity holders of the parent	—	—	(7,458)	(7,458)
Total comprehensive 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 8 to 24 form part of these financial statements.

Statement of cash flows

For the year ended 30 September 2020

	Note	2020 €'000	*Restated 2019 €'000
Profit before tax		**2,912**	3,073
Adjustments for:			
Depreciation of property, plant and equipment	3, 6	**864**	8
Depreciation of right-of-use assets	3, 13	**1,245**	—
Loss on disposal and impairment of property, plant and equipment	6	**13**	—
Foreign exchange gain	3	**(17,843)**	(313)
Change in other assets and liabilities		**(1,408)**	7,962
Share-based compensation	4	**2,846**	1,493
Increase/(decrease) in provisions	11	**4,206**	(22,634)
Operating cash flows before movements in working capital		**(7,165)**	(10,411)
Decrease/(increase) in receivables		**99,892**	(506,788)
(Decrease)/increase in payables		**(117,314)**	413,681
Cash generated by operations		**(24,587)**	(103,518)
Income taxes paid		**(36)**	(13,426)
Net cash from operating activities		**(24,623)**	(116,944)
Investing activities			
Purchase of property, plant and equipment	6	**(1,678)**	(38)
Net cash used in investing activities		**(1,678)**	(38)
Financing activities			
Payment of lease liabilities - principal	13	**(1,210)**	—
Payment of lease liabilities - interest	13	**(63)**	—
Net cash used in financing activities		**(1,273)**	—
Net decrease in cash and cash equivalents		**(27,574)**	(116,982)
Cash and cash equivalents at the beginning of the year		**84,326**	208,076
Foreign exchange loss thereon		**(1,403)**	(6,768)
Cash and cash equivalents at the end of the year	9	**55,349**	84,326

*See Note 8, Trade and other receivables, and Note 10, Trade and other payables, for details.

The notes on pages 8 to 24 form part of these financial statements.

Notes to the financial statements

For the year ended 30 September 2020

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 accounting standards in conformity with the requirements of the Companies Act 2006.

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 16 - *Leases* (IFRS 16) has been applied. (Refer to below - Adoption of revised standards.)

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 COVID-19. The Company supplies all its services to Visa Europe Limited and will continue to do so for the foreseeable future. Visa Europe Limited's balance sheet has sufficient capacity to withstand significant interruption to its revenues without jeopardising either its capital or liquidity positions. The period covered by the Directors' assessment of going concern is twelve months from the date of approval of the financial statements.

Adoption of revised standards

The Company has initially applied IFRS 16 from 1 October 2019. A number of other new standards or amendments are also effective from 1 October 2019 but they do not have a material effect on the Company's financial statements.

Due to the transition method chosen by the Company in applying IFRS 16, comparative information throughout these financial statements has not been restated.

IFRS 16

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 International Accounting Standard 17 - Leases (IAS 17), 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.

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 October 2019. Accordingly, the comparative information presented for fiscal year 2019 is not restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

A. Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 - Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained below under Accounting policies - Leasing.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 October 2019.

B. As a lessee

As a lessee, the Company leases property. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases - i.e. these leases are on-balance sheet.

The Company recognised new assets and liabilities for its operating leases of office facilities. The nature of expenses related to those leases has changed because the Company recognises 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.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration In the contract to each lease component on the basis of its relative stand-alone price. Lease agreements generally contain lease and non-lease components. Non-lease components primarily include payments for maintenance and utilities. The Company does not combine lease payments with non-lease components for any of its leases.

Leases classified as operating leases under IAS 17

Previously, the Company classified property leases as operating leases under IAS17. On transition for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the incremental borrowing rate as at 1 October 2019, depending on lease term.

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases under IAS 17

The Company did not have finance leases in the current or prior year.

C. As a lessor

Lessor accounting under IFRS 16 is similar to existing IAS 17 accounting. The Company does not have leases in which the Company is a lessor in the current or prior year.

D. Impact on financial statements

On transition to IFRS 16, the Company recognised right-of-use assets and lease liabilities as follows:

	1 October 2019
	€'000
Right-of-use assets	3,984
Lease liabilities	3,984

For the impact of IFRS 16 on profit or loss for the period, see Note 13, Leases.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using a rate based upon the Visa Group's incremental borrowing rate at 1 October 2019. As a majority of the Company's leases do not provide an implicit rate, the Company used the incremental borrowing rate based on the information available at 1 October 2019 in determining the present value of lease payments. The weighted average discount rate applied was 1.8%.

	1 October 2019
	€'000
Operating lease commitments at 30 September 2019 as disclosed under IAS 17 in the Company's 2019 financial statements	5,645
Discounted using the incremental borrowing rate at 1 October 2019	(205)
Recognition exemption for leases with less than 12 months of lease term at transition	(16)
Adjustment for change to lease terms and foreign exchange differences	(1,440)
Lease liabilities recognised at 1 October 2019	3,984

For the details of accounting policies under IFRS 16 and IAS 17, refer to below under Accounting policies - Leasing.

A number of amendments to accounting standards and pronouncements were issued as at 30 September 2020, but are effective for accounting periods beginning on or after 1 October 2020. Amendments applicable to the Company effective for accounting periods beginning after 30 September 2020 are not expected to have a material impact.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and consists of fees earned under a supply of services agreement between the Company and Visa Europe Limited, the Company's immediate parent company, net of value added tax and other sales related taxes. 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

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 October 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 October 2019.

The Company as lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. Lease agreements generally contain lease and non-lease components. Non-lease components primarily include payments for maintenance and utilities. The Company does not combine lease payments with non-lease components for any of its leases.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, a rate based upon the Visa Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- — fixed and determinable payments;
- — variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- — amounts expected to be payable under a residual value guarantee; and
- — the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property as a separate line item in the Statement of financial position. The current portion of lease liabilities are included in Trade and other payables and the non-current portion is included in Lease liabilities in the Statement of financial position.

Depreciation of right-of-use assets is charged to the Income statement and included in Administrative expenses. Interest expense on lease liabilities is charged to the Income statement and included in Interest expense.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 October 2019

The Company as lessee

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.

Share-based payments

The overall parent company of the group 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 group'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.

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, indissociable 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.

Impairment of non-financial 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 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.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior periods.

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through OCI (FVOCI) — debt investment; FVOCI — equity investment; or Fair Value through Profit and Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held tor trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment:

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

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

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

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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

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

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

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

Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt instruments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassed to profit or loss.
Equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Trade and other receivables

Trade receivables are measured at fair value at the date of trade plus directly attributable transaction costs on initial recognition, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement. When 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. 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 are comprised of 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, and are carried at amortised cost.

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 overall 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 Visa Inc.'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. The discount rate adopted for present value purposes in calculating provisions is pre-tax, reflective of the risks specific to the liability, and not reflective of risks for which future cash flow estimates have been adjusted. 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.

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 11, Provisions, and Note 14, 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 Company's estimates.

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 14, Contingent liabilities.

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	**2020 €'000**	2019 €'000
Employee benefit costs	4	**29,339**	13,553
Provision for indirect taxes	11	**4,150**	—
Depreciation (see below)	6	**2,109**	8
Operating lease cost	13	**146**	1,654
Foreign exchange gain		**(17,843)**	(313)
Other administrative expenses		**11,416**	30,472
Total Administrative expenses		**29,317**	45,374

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.

Decrease in operating lease costs is a result of the implementation of IFRS 16 effective 1 October 2019. Refer to Note 1 - Accounting policies - Adoption of revised standards and Note 13 - Leases.

Depreciation includes:

	2020 €'000	2019 €'000
Depreciation of property, plant and equipment (see Note 6)	**864**	8
Depreciation of right-of-use assets (see Note 13)	**1,245**	—
Total Depreciation	**2,109**	8

Increase in depreciation of right-of-use assets is a result of the implementation of IFRS 16 effective 1 October 2019. Refer to Note 1 - Accounting policies - Adoption of revised standards and Note 13 - Leases.

4. Employee benefit costs and employee numbers

Employee benefits costs were as follows:

	2020 €'000	2019 €'000
Wages and salaries	**22,066**	10,464
Social security costs	**2,996**	1,244
Other retirement benefit obligation costs	**1,334**	302
Share-based compensation	**2,846**	1,493
Severance costs	**97**	50
	29,339	13,553

The average number of employees (excluding Directors) during the period was:

	2020	2019
Technology and Business operations	**46**	28
Sales and marketing	**111**	97
Management and administrative	**30**	25
	187	150

Retirement benefit obligation costs for the year represents contributions payable by the Company to defined contribution pension schemes and amounted to €1.3 million (2019: €0.3 million). There was no outstanding pension plan contribution at the year-end (2019: €Nil).

Share-based payment arrangements

Description of Share-based payment arrangements

Equity based remuneration has been issued to select employees annually since November 2017. The majority of awards are made as part of the annual compensation cycle in the form of Restricted Stock Units (RSUs) with some executives eligible to receive stock options. Awards are made by the overall parent company, Visa Inc.

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.

	Restricted Stock Units	Weighted-Average Grant Date Fair Value[1]	Weighted Average Remaining Contractual Term (in years)	Fair Value at Grant[1]
Outstanding at 30 September 2019	25,375	$123.35		
Granted	13,923	$182.77		$182.77
Exercised	(10,554)	$118.25		
Transfers in	395	$149.73		
Forfeited[2]	(2,466)	$133.42		
Outstanding at 30 September 2020[3]	**26,673**	**$155.85**	**1.38**	

1 Visa Inc. shares are quoted in USD.

2 No shares expired during the period.

3 None of the shares outstanding as at 30 September 2020 are exercisable.

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 overall parent company, Visa Inc., which are not charged back to the Company. The Company incurs the cost on behalf of Visa Inc. and as the Company is not compensated, this is considered a capital contribution recognised in equity.

The expense recognised for the period totals:

Equity settled transactions	**2020 €'000**	2019 €'000
Total share-based compensation expense recognised during the period	**2,846**	1,493

5. 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.

	2020 €'000	2019 €'000
Current tax:		
UK corporation tax:		
Current tax on profit for the year	**832**	7,577
Adjustment in respect of prior years	**(15)**	(1,044)
	817	6,533
Foreign tax:		
Current tax on profit for the year	**214**	—
Total current income tax expense	**1,031**	6,533
Deferred tax:		
Origination and reversal of temporary differences	**208**	3,145
Adjustment in respect of prior years	**54**	853
	262	3,998
Total income tax expense	**1,293**	10,531

Reconciliation of income tax expense

The current income tax expense for the year is higher than the UK tax rate of 19.0% (2019: higher than the UK tax rate of 19.0%).

The differences are explained below:

	2020 €'000	2019 €'000
Profit before tax	**2,912**	3,073
Taxation at the standard UK tax rate of 19.0%	**553**	584
Effects of:		
Non-deductible expenses	**487**	138
Adjustments in respect of prior year tax liabilities	**—**	10,000
Effect of foreign tax	**214**	—
Prior year adjustments	**39**	(191)
Total income tax expense (see above)	**1,293**	10,531

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

In the 3 March 2021 Budget it was announced that the main rate of corporation tax in the UK will increase to 25% from 1 April 2023.

Deferred tax assets and liabilities are required to be valued using the tax rate which will be in force at the time when the temporary difference is expected to unwind. In line with the requirements of IAS 12, the impact of the future change in rate to 25% has not been reflected in the deferred tax balances at 30 September 2020 and will be recognized once it has been substantively enacted by the UK Parliament.

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.

6. Property, plant and equipment

	Land, building and leasehold improvements €'000	Assets in course of construction €'000	Fixtures and equipment €'000	Computer equipment and software €'000	Total €'000
Cost					
At 1 October 2018	—	2,790	—	—	2,790
Additions	—		33	5	38
Transfer to Visa Europe Limited	—	(2,790)	—	—	(2,790)
At 1 October 2019	—	—	33	5	38
Additions	**529**	**670**	**393**	**86**	**1,678**
Impairment	**—**	**—**	**—**	**(31)**	**(31)**
Transfer from Visa Europe Limited	**3,382**	**—**	**671**	**1,049**	**5,102**
At 30 September 2020	**3,911**	**670**	**1,097**	**1,109**	**6,787**
Accumulated depreciation and impairment					
At 1 October 2018	—	—	—	—	—
Charge for the year	—	—	(6)	(2)	(8)
At 1 October 2019	—	—	(6)	(2)	(8)
Charge for the year	**(427)**	**—**	**(231)**	**(206)**	**(864)**
Impairment	**—**	**—**	**—**	**18**	**18**
Transfer from Visa Europe Limited	**(1,105)**	**—**	**(44)**	**(515)**	**(1,664)**
At 30 September 2020	**(1,532)**	**—**	**(281)**	**(705)**	**(2,518)**
Carrying amount					
At 30 September 2019	—	—	27	3	30
At 30 September 2020	**2,379**	**670**	**816**	**404**	**4,269**

There are no restrictions on title and property, plant and equipment have not been pledged as security for liabilities.

An annual assessment has been made as to whether the carrying amount of tangible assets is impaired. No such indication of impairment was identified.

7. 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 2019	1,110
Charged to profit for the year	**(208)**
Prior year adjustment	**(54)**
Transfer to group companies	**483**
At 30 September 2020	**1,331**

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

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

	2020 €'000	2019 €'000
Deferred tax assets	**1,331**	1,594
Deferred tax liabilities	**—**	(484)
	1,331	1,110

8. Trade and other receivables

	2020 €'000	*Restated 2019 €'000
Amounts owed by related parties (Note 15)	**616,655**	711,920
Prepayments and accrued income	**17,202**	14,361
Other receivables	**868**	1,418
	634,725	727,699

*During the period management have reviewed intercompany balances and found that for these balances no right of set off exists. As a consequence the prior year was restated to increase the receivables and payables balances by €386,427, respectively. No effect on total net assets and profit. (Refer to Note 10, Trade and other payables.)

9. Cash and cash equivalents

	2020 €'000	2019 €'000
Bank balances	**55,349**	84,326
	55,349	84,326

10. Trade and other payables

	2020 €'000	*Restated 2019 €'000
Current		
Trade payables and accruals	**12,949**	18,213
Amounts owed to related parties (Note 15)	**266,038**	386,427
Social security and other taxes	**502**	877
Current lease liabilities (Note 13)	**1,080**	—
	280,569	405,517

*During the period management have reviewed intercompany balances and found that for these balances no right of set off exists. As a consequence the prior year was restated to increase the receivables and payables balances by €386,427, respectively. No effect on total net assets and profit. (Refer to Note 8, Trade and other receivables.)

11. Provisions

Provisions held as at 30 September 2020:

	Indirect taxes €'000	Other €'000	Total €'000
At 30 September 2019	30,333	282	30,615
Additional provision in the year	**4,150**	—	**4,150**
Exchange difference	**56**	—	**56**
At 30 September 2020	**34,539**	**282**	**34,821**

In 2017, a provision for indirect taxes on certain fees was created as the tax treatment of these items was potentially going to be in dispute with the relevant tax authority, given the matter was in question. The additional provision in the year was made to take account of another matter. As of 30 September 2020, both matters remained under discussion with the relevant tax authorities.

12. Share capital

Called up share capital

	2020 **Number**	**€**	2019 Number	€
Called up, allotted and fully paid				
Equity: Ordinary shares of $1 USD each	**101**	**82**	101	82

13. Leases

The Company as lessee (IFRS 16)

The Company leases its office properties. The leases typically run for an average term of four years, with an option to renew the lease after that date and lease payments are renegotiated to reflect market rentals. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments under the Company's lease arrangements are generally fixed. Some leases provide for additional rent payments that are based on changes in local price indices. Previously, these leases were classified as operating leases under IAS 17.

Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

Right-of-use assets are leased office properties that do not meet the definition of investment property.

	2020 €'000
Balance at 1 October 2019	3,984
Depreciation charge for the year	(1,245)
Balance at 30 September 2020	2,739

Amounts recognised in Income statement

	2020 €'000
2020 - Leases under IFRS 16:	
Depreciation of right-of-use assets presented in 'Administrative expenses'	1,245
Interest on lease liabilities presented in 'Interest expense'	63
Expense related to short-term leases presented in 'Administrative expenses'	146

	2019 €'000
2019 - Operating leases under IAS 17:	
Lease expense presented in 'Administrative expenses'	1,654

Amounts recognised in Statement of cash flows

	2020 €'000
Total cash outflow for leases (IFRS 16):	
Payment of lease liabilities-principal	1,210
Payment of lease liabilities-interest	63
	1,273

Lease liabilities

At 30 September 2020, the present value of future minimum lease payments was as follows:

	2020 €'000
2021	1,153
2022	661
2023	230
2024	216
2025	133
Thereafter	401
Total undiscounted lease payments	2,794
Less: interest	(190)
Present value of lease liabilities	2,604

Current portion of lease liabilities presented in 'Trade and other payables'	1,080
Non-current portion of lease liabilities presented in 'Lease liabilities'	1,524
Present value of lease liabilities	2,604

The total amount of the Company's lease commitments for short-term leases at 30 September 2020 was €67 thousand.

At 30 September 2020 the Company did not have any leases that had not yet commenced but to which the Company is committed.

Extension options

Some property leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The above lease liabilities balance includes extension options exercisable by the Company.

14. 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 those elements of the claim that were out of time (i.e. in relation to the period preceding the six years before the claims were brought). The retailers' appeals were ultimately unsuccessful. In principle, this judgment on limitation issues will apply to all current and future related claims which concern domestic and intra-EEA multilateral interchange fees (MIFs) on UK transactions. In other words, claimants can only claim damages for the six years prior to issuing their claim.

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 domestic UK interchange fees did not restrict UK and EU competition law, leading it to reject Sainsbury's claim in its entirety. A further judgment by the same court, which was considered on the hypothetical 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.

Sainsbury's claim went ultimately to the Supreme Court which handed down its judgment on 17 June 2020, finding that for the relevant claim period, Visa's UK consumer interchange fee was a restriction of competition, and directing a trial on exemption issues and quantum.

As Visa and Sainsbury's had agreed on the exemptible levels of Visa's MIFs for the purpose of those proceedings only, the proceedings moved straight to a quantum trial.

On 30 September 2021, Visa and Sainsbury's entered into a confidential settlement.

On 13 December 2019, Euronet 360 Finance Limited, Euronet Polska Spolka z.o.o., Euronet Services spol. S.r.o. and Euronet Card Services S.A. ("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. Visa served its defence to the claim on 24 April 2020, and a Case Management Conference, to determine next steps in the case, took place on 19 October 2020. The parties subsequently agreed to transfer the claim to the Competition Appeal Tribunal (CAT), which took place on 14 June 2021. A revised timetable was also agreed, in accordance with which the parties have now provided disclosure and inspection of their documents (on 30 September 2021 and 7 October 2021, respectively). A trial will not occur before October 2023. 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.

15. Related party transactions

The Company earns intercompany fees through the provision of various services for Visa Europe Limited. The services include the provision of client liaison, business development and general support services to Visa Europe Limited. The total intercompany revenue fees for the year were as follows:

	2020 **€'000**	2019 €'000
Visa Europe Limited	**32,618**	48,447

The Company's trade and other receivables falling due within one year include the following amounts due from Visa Europe Limited and subsidiaries and the Company's trade and other payables falling due within one year include the following amounts due to Visa Europe Limited and subsidiaries:

	2020 **€'000**	2019 €'000
Amounts due from related parties (see Note 8):		
Visa Europe Limited and subsidiaries	**616,655**	711,920
Amounts due to related parties (see Note 10):		
Visa Europe Limited and subsidiaries	**266,038**	386,427

Overall 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 overall parent company, for the years ended 30 September 2020 and 2019. Visa Inc. is incorporated in the United States of America and copies of Visa Inc.'s financial statements are available from its website.

16. Post balance sheet events

See Note 14, Contingent liabilities, for details on activity of pending litigation against the Company taking place subsequent to the balance sheet date and before the date of approval of the Directors' Report.

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