

MASTERCARD PAYMENT GATEWAY SERVICES GROUP LIMITED
(Company Registration Number: 03168091)

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



Company information

Directors Milena Maria Maffeis (appointed on 12 July 2021)
James Alexander Couch (appointed on 15 November 2021)
Maria Parpou (appointed on 4 May 2022)

Registered number 03168091 (England and Wales)

Registered office 19th Floor
10 Upper Bank Street
London
E14 5NP

Independent auditors PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers Barclays Bank PLC
Level 11
1 Churchill Place
London
E14 5HP

Contents

	Page
Strategic report	3
Directors' report	6
Independent auditors' report to the members of Mastercard Payment Gateway Services Group Limited	9
Statement of comprehensive income	12
Statement of financial position	13
Statement of changes in equity	14
Notes to the financial statements	15

Strategic report

For the year ended 31 December 2021

The directors present the Strategic report of Mastercard Payment Gateway Services Group Limited ("the Company") for the year ended 31 December 2021.

Principal activities

The principal activities of the Company are that of a holding company. The activity was unchanged during the year and no significant changes to the principal business are expected in the forthcoming years.

Review of business, future outlook and key performance indicators

The Company results are set out in the statement of comprehensive income on page 12. The Company statement of financial position is set out on page 13.

The Company measures and monitors a number of key performance indicators, the most important of which is net assets.

The Company's net assets (being total assets less total liabilities) at the year end were £1,808,465,000 (2020: £1,571,577,000). The increase in net assets is largely driven by an increase in investments of £263,351,000 as follows:

- An incremental investment of £255,851,000 in Mastercard Payment Gateway Services Limited to fund the Vocalink business (£237,600,000) and to convert the Company's intercompany receivable with this subsidiary to an investment (£18,251,000);
- An incremental investment of £7,500,000 in Mastercard UK Holdco Limited.

The Company's loss before income tax for the year was £738,000 (2020: profit of £50,784,000). In 2020, there was dividend in kind of £54,620,000 received from Mastercard Payment Gateway Services Client Finance Limited and Mastercard Payment Gateway Services (Pty) Limited (South Africa) following the strike off of these entities, which was not repeated in 2021. The loss is mainly driven by foreign exchange losses of £717,000 (2020: gain of £153,000) on foreign exchange revaluation of investments and intercompany receivables denominated in USD. The main expenses incurred by the Company during the year were statutory compliance fees of £18,000 (2020: £19,000).

The directors have carried out a detailed and comprehensive review of the business and its future prospects. The Company expects to largely continue to execute its strategy as a holding company.

Strategic report (continued)

For the year ended 31 December 2021

Section 172 (1) Statement

The directors have a duty to promote the success of the Company which is a key consideration when determining the Company's strategy. The directors ensure they have suitable access to information to allow them to make informed business decisions and the directors consider whether they possess sufficient information regarding the stakeholder interests which are affected by their actions. In instances when the directors do not have all the information relevant to a decision, it is important to consider the expertise of others and care is taken to assess the source, quality and quantity of all information available. A principal key decision is a decision that the Company's directors make in supporting the implementation and achievement of the Company's long-term strategy.

In 2021, the directors made the following key decisions:

- the issuance of £237,600,000 shares to its parent company Mastercard Holdings LP UK;
- made a capital contribution of £237,600,000 to its subsidiary Mastercard Payment Gateway Services Limited to fund the Vocalink business;
- made an incremental capital contribution of £18,251,000 to its subsidiary Mastercard Payment Gateway Services Limited to convert an existing receivable with this subsidiary into investment;
- made capital contributions of £7,500,000 to its subsidiary Mastercard UK Holdco Limited.

The directors ensure that key management personnel are consulted on any principal decisions, to ensure that all stakeholders are fairly considered.

The directors have utilised a number of communication methods with employees of subsidiaries throughout the year, including townhalls, emails and employee engagement surveys. Employee engagement is measured annually, using an external anonymised tool. This enables the directors to see and respond to anonymised feedback. A number of initiatives were implemented in response to the feedback, including career development workshops.

Every individual stakeholder within the Company is, indirectly, an asset of the shareholders. The directors will continue to promote a culture which considers the interests of all stakeholders. The directors need to foster the Company's business relationships with suppliers, customers, HM Revenue and Customs ("HMRC") which includes committing to partnerships that share the Mastercard dedication to conducting business in a legal, ethical, and socially responsible manner, to deliver the best possible value for the Company and mitigate the risk to the Company.

Through the entity's subsidiaries, the directors aim to attract and retain talented employees from diverse backgrounds and industries by building a world-class culture based on integrity, respect and inclusion in which people have opportunities to do purpose-driven work that impacts customers, communities and co-workers globally.

Principal risks, financial risks and uncertainties

All businesses are subject to risk and many individual risks are macro-economic or social and common across many businesses. Many risks are to a greater or lesser degree controllable, but some are not controllable. Through its internal risk management process, the Company identifies business specific risks. It classifies the key risks as those which could materially damage the Company's strategy, reputation, business, profitability or assets and these risks are listed below. This list is in no particular order and is not an exhaustive list of all potential risks. Some risks may be unknown and it may transpire that others, currently considered immaterial, become material.

Strategic report (continued)

For the year ended 31 December 2021

Operational risk

Operational risk is defined as the risk arising from within the Company from inadequate or failed internal processes, inadequately designed or maintained systems and inadequate staffing resources. Operational risk exposures are identified, managed and controlled by the business. Internal controls include a segregated operations structure and the delegation of authority within authorised limits. This is designed to manage, rather than eliminate the risk of failure to achieve business objectives.

Foreign currency risk

The Company incurs costs in currencies that differ from its functional currency. These exposures are monitored and hedged when necessary.

Business continuity risk

The Company, through its subsidiaries, continues to document a Business Continuity Plan (BCP) annually, and revisits it on a quarterly basis for any necessary amendments. The BCP is intended for use during a serious and unplanned business disruption impacting staff or premises of the Company's subsidiaries. It is designed to enable these subsidiaries to minimize impact to, and prevent further degradation of, their critical activities. This is achieved through execution of appropriate recovery strategies prioritized to meet pre-defined recovery time objectives.

Recovery strategies for premises have been deployed in 2020 and 2021 in the wake of the COVID-19 outbreaks. The Company, through its subsidiaries, has ensured continued delivery of service with no issues noted in the period up to signing these financial statements.

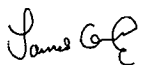
Regulation and compliance risk

The Company has a dedicated team to set policy and ensure compliance with General Data Protection Regulation (GDPR) and Anti Money Laundering (AML) and other legal, regulatory and licensing requirements. Money Laundering Reporting Officers (MLROs) are employed to implement policies and monitor transactions.

Investment risk

The Company has a number of indirectly held investments which are at risk from adverse changes in their market values. To manage this risk, the Company reviews these investments for impairment on a quarterly basis.

This report was approved by the board on 17 June 2022 and signed on its behalf.



James Alexander Couch
Director

Directors' report

For the year ended 31 December 2021

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

Directors

The directors who held office throughout the year and up to the date of this report are:

Keith Robert Douglas (resigned on 4 May 2022)
Tine Christiane Fincioen (resigned on 12 July 2021)
Milena María Maffei (appointed on 12 July 2021)
Sandra Monica Simoes De Matos (resigned on 15 November 2021)
James Alexander Couch (appointed on 15 November 2021)
Maria Parpou (appointed on 4 May 2022)

Company secretary

Hemal Parekh (resigned on 01 October 2021)

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnities were in place throughout the financial year and to the date of signing of these financial statements. The Company also purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its directors.

Dividends

The directors do not recommend the payment of a dividend (2020: £nil).

Political contributions

The Company made no political donations and did not incur any political expenditure during the year (2020: £nil).

Employees

The business, through its subsidiaries, maintains regular cadence when it comes to engaging with employees in order to understand views and interests via an established Employee Engagement Survey as well as follow up Listening Groups to analyse the associated results in partnership with employee populations.

The Company also shares important business information and updates via monthly 'all-employee' meetings hosted by directors, newsletters, Chatter page, corporate e-mails as well as via our extensive Mastercard intranet site.

Employee involvement

Through the entity's subsidiaries, the Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. The Company, through its subsidiaries, encourages employee involvement, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company, plays a major role in maintaining business.

Suppliers, customers and others

In the Strategic report, within the Section 172 (1) Statement on page 4, the directors have summarised how they have engaged with suppliers, customers and others in a business relationship.

Financial risk management

The Company has limited exposure to financial risk as all its material financial instruments are with companies within the group headed by Mastercard Incorporated, its ultimate parent undertaking. The Company's management of financial risks are included in the Strategic report.

Directors' report (continued)

For the year ended 31 December 2021

Going concern

These financial statements have been prepared on a going concern basis. In preparing the financial statements the directors have taken into account all information that could reasonably be expected to be available for the following 12 months from the date of signing the financial statements and beyond.

The directors have considered the recoverability of the Company's investments in subsidiaries, the net assets, future performance projected, Covid-19, the Company's ongoing cash requirements, amounts owed by group undertakings, amounts due to group undertakings, the impact of sanctions in relation to the Russia/Ukraine conflict and the letter of support received from Mastercard International Incorporated, the intermediate parent company.

As a result of the review and the support from Mastercard International Incorporated, the intermediate parent company, the directors are confident the Company has sufficient resources to continue as a going concern for at least 12 months from the date of signing these financial statements and on this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis.

Events after the reporting period

Please see note 16 for details of the Company's events after the reporting date.

Future developments

Please see the review of business, future outlook and key performance indicators section of the Strategic report on page 3 for details of the Company's future developments.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

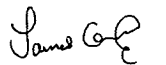
Directors' report (continued)
For the year ended 31 December 2021

Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the board on 17 June 2022 and signed on its behalf by



James Alexander Couch
Director

Independent auditors' report to the members of Mastercard Payment Gateway Services Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Mastercard Payment Gateway Services Group Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and audited financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2021; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to but not limited to general data protection regulation (GDPR) and anti money laundering regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation in relevant jurisdictions and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to potential management bias in accounting estimates, including the impairment of investments in subsidiaries, and inappropriate journal postings to manipulate financial results. Audit procedures performed by the engagement team included:

- Discussions with management and the Company's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Review of legal expenses;
- Identifying and testing unusual journal entries, in particular those with an unusual account combination; and
- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

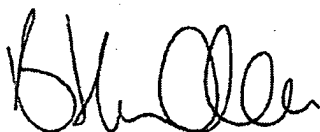
Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Brian Henderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 June 2022

Statement of comprehensive income
For the year ended 31 December 2021

	Note	2021 £000	2020 £000
Operating expenses	3	(738)	(10,944)
Other operating income	4	-	61,700
Operating (loss)/profit		(738)	50,756
Finance income	7	-	28
(Loss)/profit before taxation		(738)	50,784
Tax on (loss)/profit	8	26	(31)
(Loss)/profit and total comprehensive (expense)/income for the year		(712)	50,753

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

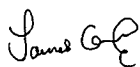
The notes on pages 15 to 24 form an integral part of these financial statements.

Statement of financial position
As at 31 December 2021

	Note	2021 £000	2020 £000
ASSETS			
Non-current assets			
Investments	9	1,808,386	1,545,035
		1,808,386	1,545,035
Current assets			
Trade and other receivables	10	172	26,251
Cash and cash equivalents		2,940	1,654
		3,112	27,905
Total assets		1,811,498	1,572,940
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary shares	12	123,600	1,476,700
Share premium account	13	-	42,972
Retained earnings		1,684,865	51,905
Total equity		1,808,465	1,571,577
Current liabilities			
Trade and other payables	11	3,033	1,363
Total liabilities		3,033	1,363
Total equity and liabilities		1,811,498	1,572,940

The notes on pages 15 to 24 form an integral part of these financial statements.

The financial statements on pages 12 to 24 were approved and authorised for issue by the board on 17 June 2022 and signed on its behalf by:



James Alexander Couch
Director

Company registration number: 03168091

Statement of changes in equity
For the year ended 31 December 2021

	Ordinary shares £000	Share premium account £000	Retained earnings £000	Total equity £000
As at 1 January 2020	1,459,700	42,972	1,152	1,503,824
Proceeds from shares issued	17,000	-	-	17,000
Profit and total comprehensive income for the year	-	-	50,753	50,753
As at 31 December 2020	1,476,700	42,972	51,905	1,571,577
Proceeds from shares issued (note 12)	237,600	-	-	237,600
Transfer to retained earnings (notes 12 and 13)	(1,590,700)	(42,972)	1,633,672	-
Loss and total comprehensive expense for the year	-	-	(712)	(712)
As at 31 December 2021	123,600	-	1,684,865	1,808,465

The notes on pages 15 to 24 form an integral part of these financial statements.

1 Company information

Mastercard Payment Gateway Services Group Limited is a private limited liability company limited by shares incorporated and domiciled in England and Wales in the United Kingdom. The registered number is 03168091 and the registered address is 19th Floor, 10 Upper Bank Street, Canary Wharf, London, E14 5NP.

2 Accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("UK-adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The statement of financial position has been presented using the IFRS presentation. The financial statements have been prepared under the historical cost convention.

On 31 December 2020, EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. In preparing these financial statements in accordance with FRS 101, the Company's financial statements transitioned to UK-adopted international accounting standards (as described above) on 1 January 2021. There is no impact on recognition, measurement or disclosure in the period reported as a result of this change.

The principal accounting policies, which have been consistently applied, are set out below. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.4.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- a) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- b) the requirements of IFRS 7 Financial Instruments: Disclosures;
- c) Paragraph 38 of IAS 1, 'Presentation of financial statements' - comparative information requirements in respect of:
 - i) Paragraph 79(a)(iv) of IAS 1;
- d) the requirements of IAS 7 Statement of Cash Flows;
- e) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- g) The requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- h) the disclosure requirements of IAS 36 Impairment of Assets in relation to estimates used in measuring the recoverable amount of investments in subsidiaries; and
- i) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii) B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations.

The Company is a wholly-owned subsidiary of Mastercard Holdings LP, the ultimate parent undertaking and is included in the consolidated financial statements of Mastercard Incorporated which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

2.2 Going concern

These financial statements have been prepared on a going concern basis. In preparing the financial statements the directors have taken into account all information that could reasonably be expected to be available for the following 12 months from the date of signing the financial statements and beyond.

Notes to the financial statements (continued)

For the year ended 31 December 2021

2 Accounting policies (continued)

2.2 Going concern (continued)

The directors have considered the recoverability of the Company's investments in subsidiaries, the net assets, future performance projected, COVID-19, the Company's ongoing cash requirements, amounts owed by group undertakings, amounts due to group undertakings, the impact of sanctions in relation to the Russia/Ukraine conflict and the letter of support received from Mastercard International Incorporated, the intermediate parent company.

As a result of the review and the support from Mastercard International Incorporated, the intermediate parent company, the directors are confident the Company has sufficient resources to continue as a going concern for at least 12 months from the date of signing these financial statements and on this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis.

2.3 New accounting standards

The Company has applied all standards and amendments, which are mandatory for 31 December 2021 reporting period. These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.4 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

There are no significant judgements used in the application of the accounting policy. The most significant area where estimates are applied are in relation to the investments in subsidiaries.

Investments in subsidiaries

Recoverability of investments - The Company conducts impairment reviews of investments in subsidiaries whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, or tests for impairment annually in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use based on future cash flows and a suitable discount rate in order to calculate the present value.

The assessment of the recoverable amount of the investment in subsidiaries is prepared using 2022 budgets with International Monetary Fund ("IMF") forecast GDP growth rates to project growth to 2026. Group-wide weighted average cost of capital ("WACC") and long term growth rates are used for computing terminal value of future cash flows. All inputs are deemed reasonable for calculating the recoverability of investments. The level of uncertainty associated is minimal due to headroom the Company has when carrying out its assessment.

The impairment reviews conducted by the directors show that there was no impairment during 2021 (2020: £11,065,000, relating to the strike off of Mastercard Payment Gateway Services Client Finance Limited).

2.5 Foreign currency translations

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Pounds Sterling, which is the Company's functional currency and presentation currency.

Transactions and balances

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

2 Accounting policies (continued)

2.6 Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

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

A financial asset is measured at amortised cost if it meets both of the following conditions:

- 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:

- 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 for 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. This includes all derivative financial assets.

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) 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.

2 Accounting policies (continued)

2.6 Financial instruments (continued)

Financial assets (continued)

b) Subsequent measurement and gains and losses (continued)

Debt investments 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 reclassified to profit or loss.

Equity investments 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.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI.

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12 month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, 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.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Notes to the financial statements (continued)

For the year ended 31 December 2021

2 Accounting policies (continued)

2.6 Financial instruments (continued)

(iii) Impairment (continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

2.7 Finance income and expense

Finance expenses include interest payable.

Finance income includes interest receivable on funds invested.

Finance income and expense is recognised in profit or loss as it accrues, using the effective interest method.

Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

Foreign currency gains and losses are reported on a net basis, as part of operating expense.

2.8 Share capital and reserves

Ordinary shares

Represents the nominal value of shares issued.

Share premium account

Share premium account represents the excess of the issue price over the par value on shares issued less transaction costs arising on issue.

Retained earnings

Represents the reserves for net gains and losses recognised in the statement of comprehensive income.

2.9 Income taxes

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes to the financial statements (continued)

For the year ended 31 December 2021

3 Operating expenses

The following items have been charged / (credited) in operating expenses:

	2021 £000	2020 £000
Audit fees (note 5)	18	19
Foreign exchange loss/(gain)	717	(153)
Impairment of investments (note 9)	-	11,065
Other operating expenses	3	13
	<u>738</u>	<u>10,944</u>

The Company does not employ any staff directly (2020: none). There is no identifiable recharge in relation to any associated costs in relation to the employees.

4 Other operating income

The following items have been credited in other operating income:

	2021 £000	2020 £000
Dividend income*	-	(54,620)
Gain on sale of investment	-	(7,080)
	<u>-</u>	<u>(61,700)</u>

*In 2021, there was no dividend income. In 2020, there was dividend in kind of £54,620,000 received from Mastercard Payment Gateway Services Client Finance Limited and Mastercard Payment Gateway Services (Pty) Limited (South Africa) following the strike off of these entities.

5 Audit fees

Audit fees were £18,000 (2020: £19,000) for the financial statements related to the year ended 31 December 2021. There were no non-audit fees (2020: £nil) paid to the auditors.

6 Directors' emoluments

The directors did not receive any identifiable emoluments in respect of their services to the Company (2020: £nil). The emoluments of the directors are paid by another entity in the Mastercard group, which makes no recharge to the Company.

The directors are undertaking executive duties on a number of fellow Mastercard subsidiaries, and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries.

7 Finance income

	2021 £000	2020 £000
Interest income	-	1
Amounts owed by group undertakings	-	27
	<u>-</u>	<u>28</u>

Notes to the financial statements (continued)
For the year ended 31 December 2021

8 Tax on (loss)/profit

Recognised in the statement of comprehensive income

	2021 £000	2020 £000
Current tax:		
Current tax on profit for the year	-	25
Adjustments in respect of prior years	(26)	6
	<u>(26)</u>	<u>31</u>
Total current tax	(26)	31
	<u>(26)</u>	<u>31</u>
Total tax (credit)/charge	<u>(26)</u>	<u>31</u>

The tax (credit)/expense for the year can be reconciled to the (loss)/profit per the statement of comprehensive income as follows:

	2021 £000	2020 £000
(Loss)/profit before income tax	(738)	50,784
	<u>(738)</u>	<u>50,784</u>
Tax on (loss)/profit at standard UK tax rate of 19.00% (2020: 19.00%)	(140)	9,649
Effects of:		
Expenses not deductible	-	756
Income not taxable	-	(10,380)
Group relief surrendered	140	-
Adjustments in respect of prior years	(26)	6
	<u>(26)</u>	<u>31</u>
Total tax (credit)/charge	<u>(26)</u>	<u>31</u>

In the Finance Bill 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 11 March 2021.

9 Investments

	2021 £000	2020 £000
Cost and net book value		
As at 1 January	1,545,035	1,500,518
Additions	263,351	56,207
Impairment	-	(11,065)
Disposals	-	(625)
	<u>1,808,386</u>	<u>1,545,035</u>
As at 31 December	<u>1,808,386</u>	<u>1,545,035</u>

Notes to the financial statements (continued)

For the year ended 31 December 2021

9 Investments in subsidiaries (continued)

Throughout the year, the Company paid £237,600,000 for the subscription of 23,760,000,000 ordinary shares in Mastercard Payment Gateway Services Limited at a par value of £0.01 each.

In April 2021, the company received a Non-Cash Capital Injection from Mastercard Payment Gateway Services Limited of 1,825,082,066 shares at a par value of £0.01 each.

In April 2021, the company paid £7,500,000 for the subscription of 7,500,000 ordinary shares in Mastercard UK Holdco Limited at a par value of £1 each.

Name of company	Address	Country of incorporation	Class of shares	Percentage held 2021	Percentage held 2020	Principal Activity
Mastercard Payment Gateway Services Limited	10 Upper Bank Street Canary Wharf 14 5NP United Kingdom	England & Wales	Ordinary	100%	100%	Payment solutions
Mastercard UK Holdco Limited	10 Upper Bank Street Canary Wharf E14 5NP United Kingdom	England & Wales	Ordinary	100%	100%	Holding company
Vocalink Holdings Limited*	1 Angel Lane, London, EC4R 3AB	England & Wales	Ordinary	92.4%	92.4%	Holding company
Vocalink Limited*	1 Angel Lane, London, EC4R 3AB	England & Wales	Ordinary	92.4%	92.4%	Payment solutions
Vocalink International Limited*	1 Angel Lane, London EC4R 3AB	England & Wales	Ordinary	92.4%	92.4%	Payment solutions
IPCO 2012 Limited*	1 Angel Lane, London, EC4R 3AB	England & Wales	Ordinary	92.4%	92.4%	Intellectual property rights ownership
Vocalink Interchange Network Limited*	1 Angel Lane, London, EC4R 3AB	England & Wales	Ordinary	92.4%	92.4%	Dormant company
Catsec 401 Limited*	Drake House, Three Rivers Court Homestead Road Rickmansworth Hertfordshire WD3 1FX	England & Wales	Ordinary	92.4%	92.4%	Dormant company
Vocalink Retail Services Limited*	Drake House, Three Rivers Court Homestead Road Rickmansworth Hertfordshire WD3 1FX	England & Wales	Ordinary	92.4%	92.4%	Dormant company
Voca Limited*	Drake House, Three Rivers Court Homestead Road Rickmansworth Hertfordshire WD3 1FX	England & Wales	Ordinary	92.4%	92.4%	Dormant company
Mastercard Vocalink Asia Pacific Pte. Limited*	3, Fraser Street, #17-21/28 Duo Tower, Singapore 189352	Singapore	Ordinary	92.4%	92.4%	Payment solutions
Voca Pension Trustees Limited*	Drake House, Three Rivers Court Homestead Road Rickmansworth Hertfordshire WD3 1FX	England & Wales	Ordinary	92.4%	92.4%	Dormant company
Mastercard Vocalink Canada Limited*	1000 - 595 Burrard Street, Vancouver, British Columbia, V7X 1S8 Canada	Canada/British Columbia	Ordinary	92.4%	0%	Payment solutions
Mastercard OB Services UK Limited*	1 Angel Lane, London, EC4R 3AB	England & Wales	Ordinary	100%	100%	Data processing, hosting and other related activities

MASTERCARD PAYMENT GATEWAY SERVICES GROUP LIMITED

Notes to the financial statements (continued)

For the year ended 31 December 2021

10 Trade and other receivables

	2021 £000	2020 £000
Current		
Amounts owed by group undertakings	168	26,251
Other taxation	4	-
	<u>172</u>	<u>26,251</u>

Amounts owed by group undertakings are unsecured, non-interest bearing, repayable on demand and have no fixed date of repayment.

11 Trade and other payables

	2021 £000	2020 £000
Amounts owed to group undertakings	3,016	1,320
Accruals	17	17
Corporation tax payable	-	26
	<u>3,033</u>	<u>1,363</u>

Amounts owed to group undertakings are unsecured, non-interest bearing, repayable on demand and have no fixed date of repayment.

12 Ordinary shares

	2021 £000	2020 £000
Allotted and fully paid		
105,502,899 (2020: 105,502,899) ordinary shares of £0.01 each	1,055	1,055
1,713,244,500 (2020: 1,475,644,500) ordinary shares of £1.00 each	1,713,245	1,475,645
Share capital adjustment	(1,590,700)	-
	<u>123,600</u>	<u>1,476,700</u>

In May 2021, a capital transfer was made to distributable reserves as part of a liquidation which was subsequently put on hold. The share capital of the Company was reduced by £1,590,700,000.

Throughout the year, the Company issued the following shares to Mastercard Partners LLC:

- 50,000,000 ordinary shares of £1 each allotted on 19th February 2021
- 64,000,000 ordinary shares of £1 each allotted on 24th March 2021
- 53,000,000 ordinary shares of £1 each allotted on 13th July 2021
- 53,000,000 ordinary shares of £1 each allotted on 13th October 2021
- 17,600,000 ordinary shares of £1 each allotted on 17th December 2021

Notes to the financial statements (continued)
For the year ended 31 December 2021

13 Share premium account

	2021 £000	2020 £000
Share premium account	-	42,972

In May 2021, a capital transfer was made to distributable reserves as part of a liquidation which was subsequently put on hold. The share premium of the company was reduced by £42,972,000.

14 Related parties

The Company is exempt from the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

15 Immediate and ultimate holding company

The Company's immediate parent undertaking is Mastercard Holdings LP, a company incorporated and domiciled in the United Kingdom.

The Company's ultimate parent undertaking and controlling party is Mastercard Incorporated, a company incorporated and domiciled in the United States of America.

The intermediate parent company is Mastercard International Incorporated, a company incorporated and domiciled in the United States of America.

Mastercard Incorporated is the parent of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2021. The consolidated financial statements of Mastercard Incorporated are available from its registered office at 2000 Purchase Street, Purchase, New York.

16 Events after the reporting period

Share issuance

- The Company allotted 50,000,000 ordinary shares of £1.00 each on 22nd February 2022.
- The Company allotted 42,400,000 ordinary shares of £1.00 each on 26th May 2022.

Investments in group companies

- The Company made a capital injection in Mastercard Payment Gateway Services Limited and acquired 5,000,000,000 shares at £0.01 each on 22nd February 2022.
- The Company made a capital injection in Mastercard Payment Gateway Services Limited and acquired 4,240,000,000 shares at £0.01 each on 26th May 2022.

Russia / Ukraine conflict

Beginning in February 2022, in response to the Russian invasion of Ukraine, the UK and other governments imposed sanctions and other restrictive measures on certain Russian entities and individuals.

The Company is not exposed either directly or indirectly to such entities and individuals, and at the date of issuing these financial statements there was no financial impact in relation to these sanctions.

The directors of the Company expect no financial impact in future periods from the prolonged effect of sanctions, and continue to monitor the situation, both internally and externally, to ensure compliance with any regulatory or legal changes which may impact operations as the conflict continues and sanctions extend to other countries.

There are no other subsequent events noted.