Visa Worldwide Pte. Limited
Registration Number: 200719281K

Annual Report
Year ended 30 September 2021

Directors' statement

We are pleased to submit this financial statements to the member of Visa Worldwide Pte. Limited (the "Company") together with the audited financial statements for the financial year ended 30 September 2021.

In our opinion:

(a) the financial statements set out on pages FS1 to FS59 are drawn up so as to give a true and fair view of the financial position of the Company as at 30 September 2021 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967 and Financial Reporting Standards in Singapore; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Vasant Prabhu
Prateek Sanghi
Christopher James Clark
Tan Kay Huat Andrew

Directors' interests

Pursuant to Section 202 of the Companies Act 1967 (the "Act"), the Company is relieved from the requirements of Section 201(16) and paragraph 9 of the Twelfth Schedule of the Act pertaining to the form and content of the report as mentioned therein, to disclose their interests in share and share options in the Company's ultimate holding company, pursuant to the Accounting and Corporate Regulatory Authority's Practice Direction No. 4 of 2005 addendum issued on 10 March 2006.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

DocuSigned by:
Prateek Sanghi
C65A9E0DE0C84DB...

Prateek Sanghi
Director

DocuSigned by:
Andrew Tan
7CD70280AAA9416...

Tan Kay Huat Andrew
Director

25 March 2022

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Member of the Company
Visa Worldwide Pte. Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Visa Worldwide Pte. Limited ('the Company'), which comprise the balance sheet as at 30 September 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS59.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 30 September 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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, 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 in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

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 SSAs 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.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
25 March 2022

Balance sheet
As at 30 September 2021

	Note	2021 US$'000	2020 US$'000
Non-current assets			
Property, plant and equipment	4	91,359	89,858
Volume and support incentives	5	511,950	408,552
Investment securities	6	298,375	145,376
Trade and other receivables	7	287,521	236,596
Subsidiaries	8	204,353	178,972
Deferred tax assets	15	1,033	350
		1,394,591	1,059,704
Current assets			
Volume and support incentives	5	251,085	219,642
Investment securities	6	535,166	896,567
Trade and other receivables	7	358,844	315,030
Customer collateral		195,450	150,231
Prepayments		19,628	13,332
Cash and cash equivalents	9	436,943	422,085
Derivative financial instruments	10	21,641	6,259
		1,818,757	2,023,146
Total assets		3,213,348	3,082,850
Equity attributable to equity holder of the Company			
Share capital	11	8,968	8,968
Reserves	12	(109,706)	(124,910)
Accumulated profits		274,618	537,448
Total equity		173,880	421,506
Non-current liabilities			
Volume and support incentives	5	78,222	90,037
Trade and other payables	13	63,551	46,669
		141,773	136,706
Current liabilities			
Volume and support incentives	5	1,311,663	1,178,756
Trade and other payables	13	623,334	471,713
Customer collateral		195,450	150,231
Deferred revenue	16	254,771	256,427
Derivative financial instruments	10	976	11,331
Tax liabilities	14	511,501	456,180
		2,897,695	2,524,638
Total liabilities		3,039,468	2,661,344
Total equity and liabilities		3,213,348	3,082,850

The accompanying notes form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income
Year ended 30 September 2021

	Note	2021 US$'000	2020 US$'000
Revenue	18	2,798,304	2,879,064
Intercompany service fee income		283,816	283,653
Income before operating expenses		3,082,120	3,162,717
Intercompany service fee expense		(571,410)	(559,670)
Staff costs		(288,858)	(265,781)
Professional fees expense		(24,610)	(23,117)
Depreciation expense	4	(31,348)	(30,969)
Advertising, marketing and promotions expenses		(126,098)	(153,333)
Impairment loss on trade receivables		(100)	(268)
Other expenses		(107,458)	(130,730)
Results from operating activities		1,932,238	1,998,849
Finance income		5,062	19,000
Finance costs		(1,205)	(9,451)
Net finance income	19	3,857	9,549
Profit before income tax		1,936,095	2,008,398
Income tax expense	20	(98,925)	(79,490)
Profit for the year	21	1,837,170	1,928,908
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		32,144	(16,118)
Net change in fair value of debt investments at fair value through other comprehensive income ("FVOCI")		(2,342)	3,098
Net change in fair value of debt investments at FVOCI reclassified to profit or loss		51	(655)
Income tax on items that are or may be reclassified subsequently to profit or loss		67	(254)
Other comprehensive income for the year, net of income tax		29,920	(13,929)
Total comprehensive income for the year		1,867,090	1,914,979

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
Year ended 30 September 2021

	Share capital US$'000	Hedging reserve US$'000	Fair value reserve US$'000	Other reserve US$'000	Accumulated profits US$'000	Total US$'000
At 1 October 2019	8,968	3,485	(707)	(96,787)	458,540	373,499
Total comprehensive income for the year						
Profit for the year	–	–	–	–	1,928,908	1,928,908
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedges	–	(16,118)	–	–	–	(16,118)
Net change in fair value of debt investments at FVOCI	–	–	3,098	–	–	3,098
Net change in fair value of debt investments at FVOCI reclassified to profit or loss	–	–	(655)	–	–	(655)
Income tax on other comprehensive income	–	161	(415)	–	–	(254)
Total other comprehensive income, net of income tax	–	(15,957)	2,028	–	–	(13,929)
Total comprehensive income for the year	–	(15,957)	2,028	–	1,928,908	1,914,979
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Dividends declared	–	–	–	–	(1,850,000)	(1,850,000)
Share-based payment transactions	–	–	–	(16,972)	–	(16,972)
Total contributions by and distributions to owners of the Company	–	–	–	(16,972)	(1,850,000)	(1,866,972)
At 30 September 2020	8,968	(12,472)	1,321	(113,759)	537,448	421,506

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity (continued)
Year ended 30 September 2021

	Share capital US$'000	Hedging reserve US$'000	Fair value reserve US$'000	Other reserve US$'000	Accumulated profits US$'000	Total US$'000
At 1 October 2020	8,968	(12,472)	1,321	(113,759)	537,448	421,506
Total comprehensive income for the year						
Profit for the year	–	–	–	–	1,837,170	1,837,170
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedges	–	32,144	–	–	–	32,144
Net change in fair value of debt investments at FVOCI	–	–	(2,342)	–	–	(2,342)
Net change in fair value of debt investments at FVOCI reclassified to profit or loss	–	–	51	–	–	51
Income tax on other comprehensive income	–	(322)	389	–	–	67
Total other comprehensive income, net of income tax	–	31,822	(1,902)	–	–	29,920
Total comprehensive income for the year	–	31,822	(1,902)	–	1,837,170	1,867,090
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Dividends declared	–	–	–	–	(2,100,000)	(2,100,000)
Share-based payment transactions	–	–	–	(14,716)	–	(14,716)
Total contributions by and distributions to owners of the Company	–	–	–	(14,716)	(2,100,000)	(2,114,716)
At 30 September 2021	8,968	19,350	(581)	(128,475)	274,618	173,880

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
Year ended 30 September 2021

	Note	2021 US$'000	2020 US$'000
Cash flows from operating activities			
Profit for the year		1,837,170	1,928,908
Adjustments for:			
Depreciation expense	4	31,348	30,969
Equity-settled share-based payment transactions	22	29,152	23,679
Net finance income	19	(3,857)	(9,549)
Impairment loss on trade receivables		100	268
Loss on disposal of property, plant and equipment		–	99
Income tax expense		98,925	79,490
		1,992,838	2,053,864
Changes in:			
- Amounts due from related corporations and subsidiaries		(28,283)	(7,330)
- Amount due from immediate holding company		–	321
- Amount due to ultimate holding company		(8,329)	(21,377)
- Amounts due to related corporations and subsidiaries		81,437	(69,403)
- Deferred revenue		(1,656)	187,648
- Volume and support incentives		(13,749)	(182,616)
- Prepayments		(6,296)	(1,777)
- Trade and other receivables		(65,509)	(26,569)
- Trade and other payables		76,351	(49,877)
Cash generated from operations		2,026,804	1,882,884
Income tax paid		(42,224)	(16,375)
Net cash from operating activities		1,984,580	1,866,509
Cash flows from investing activities			
Interest received		686	1,813
Purchase of debt investments at FVOCI		(7,429,772)	(1,762,064)
Purchase of property, plant and equipment	4	(36,844)	(4,751)
Proceeds from disposal of property, plant and equipment		3,995	454
Proceeds from sale/redemption of debt investments at FVOCI		5,736,045	1,988,406
Loan to immediate holding company		–	(2,000)
Loan to related corporation		(24,000)	(11,000)
Net cash (used in)/from investing activities		(1,749,890)	210,858

The accompanying notes form an integral part of these financial statements.

Statement of cash flows (continued)
Year ended 30 September 2021

	Note	2021 US$'000	2020 US$'000
Cash flows from financing activities			
Dividends paid		(199,947)	(1,845,330)
Payment of lease liabilities		(18,449)	(12,587)
Interest paid		(1,154)	(1,415)
Net cash used in financing activities		(219,550)	(1,859,332)
Net increase in cash and cash equivalents		15,140	218,035
Cash and cash equivalents at beginning of year		422,085	204,127
Effect of exchange rate fluctuations on cash held		(282)	(77)
Cash and cash equivalents at end of year	9	436,943	422,085

Significant non-cash transactions

During the financial year ended 30 September 2021, the Company declared dividends of US$2,100,000,000 (2020: US$1,850,000,000) to Visa International Holdings Limited ("VIHL"), of which US$199,947,000 (2020: US$1,845,330,000) were paid in cash, with the remaining settled as follows:

(a) US$1,900,053,000 (2020: US$Nil) by way of transfer of debt securities to VIHL; and

(b) US$Nil (2020: US$4,670,000) set-off against the loan to VIHL.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 25 March 2022.

1 Domicile and activities

Visa Worldwide Pte. Limited (the "Company") is a company incorporated in Singapore and has its principal place of business at 71 Robinson Road #08-01, Singapore 068895.

The principal activities of the Company include provision of payments technology that enables fast, secure and reliable electronic payments which facilitates commerce through the transfer of value and information among a network of consumers, merchants, financial institutions, businesses, strategic partners and government entities across the Asia Pacific region.

The immediate holding company of the Company is Visa International Holdings Limited, incorporated in the United Kingdom. The ultimate holding company is Visa Inc., incorporated in the United States of America.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standards ("SFRS"). The changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in United States Dollars ("USD" or "US$") which is the Company's functional currency. All financial information presented in USD have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

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

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

2 Basis of preparation (continued)

2.4 Use of estimates and judgements (continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Notes 3.10, 5 – measurement of volume and support incentives; and

- Notes 3.12, 14 and 15 – estimation of tax liabilities and deferred tax assets/liabilities.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

2.5 Changes in accounting policies

New standards and amendments

The Company has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 October 2020:

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business* (Amendments to FRS 103)
- *Definition of Material* (Amendments to FRS 1 and FRS 8)
- *Interest Rate Benchmark Reform* (Amendments to FRS 109, FRS 39 and FRS 107)

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are stated in the Company's balance sheet at cost less accumulated impairment losses.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an equity investment designated as at FVOCI; and

- qualifying cash flow hedges to the extent that the hedges are effective.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

3 Significant accounting policies (continued)

(ii) Classification and subsequent measurement

Non-derivative financial assets

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

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.

Financial assets at amortised cost

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.

Debt investments at FVOCI

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.

Equity investments at FVOCI

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.

Financial assets: 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 how information is provided to management. The information considered includes: business strategy and past sales.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets: Business model assessment (continued)

Transfers of financial assets to third parties in transactions that do not qualify 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.

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 would not meet this condition. In making this assessment, the Company considers:

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

Non-derivative financial assets: Subsequent measurement and gains and losses

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 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.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

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 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. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They 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.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

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

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included in cash and cash equivalents.

(vi) Customer collateral

The Company holds cash deposits and other non-cash assets from certain clients in order to ensure their performance of settlement obligations arising from Visa payment services are processed in accordance with the Company's rules. The cash collateral assets are restricted and fully offset by corresponding liabilities and both balances are presented on the balance sheet.

(vii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency risk exposure. The Company's policy is to enter into foreign exchange forward derivative contracts to manage the variability in expected future cash flows attributable to changes in foreign exchange rates. Such cash flow exposures result from portions of forecasted revenues and expenses being denominated in or based on currencies other than USD. The Company's rolling hedge strategy seeks to reduce the exchange rate risk from forecasted net exposure of revenue receipts derived from and payments made in foreign currencies during the immediately following 12 months. The Company does not use foreign exchange forward contracts for speculative or trading purposes.

On initial designation of the derivative as the hedging instrument, the Company formally documents the relationships between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship.

Derivatives are initially measured at fair value and any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of the changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(vii) Derivative financial instruments and hedge accounting (continued)

Cash flow hedges (continued)

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

(viii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with FRS 12.

3.4 Leases

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.

(i) As a 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.

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.

3 Significant accounting policies (continued)

3.4 Leases (continued)

(i) As a lessee (continued)

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

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, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

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 in 'property, plant and equipment' and lease liabilities in 'trade and other payables' in the balance sheet.

3.5 Impairment

(i) Non-derivative financial assets

The Company recognises loss allowances for Expected Credit Loss ("ECLs") on:

- financial assets measured at amortised cost; and
- debt investments measured at FVOCI.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

3 Significant accounting policies (continued)

3.5 Impairment (continued)

(i) Non-derivative financial assets (continued)

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

General approach (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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 includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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 probability-weighted estimates of credit losses. Credit losses are measured at 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.

3 Significant accounting policies (continued)

3.5 Impairment (continued)

(i) Non-derivative financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt investments 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.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

Write-off

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. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

3 Significant accounting policies (continued)

3.5 Impairment (continued)

(ii) Non-financial assets (continued)

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.6 Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

3 Significant accounting policies (continued)

3.6 Property, plant and equipment (continued)

(iii) Depreciation (continued)

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

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Leasehold improvements	Shorter of lease term or 6 years
Furniture and fittings	7 years
Office equipment	5 years
Telecommunications equipment	3 to 5 years
Computer equipment	3 to 7 years
Security equipment	5 years
Software	3 to 7 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.7 Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3 Significant accounting policies (continued)

3.7 Employee benefits (continued)

(iii) Share-based payment

The equity and equity-related compensation plans allow the Company's employees to acquire a certain number of options and shares of the ultimate holding company at a predetermined price. The fair value of options and shares granted is recognised as compensation expense, net of estimated forfeitures. Compensation cost for awards with only service condition is recognised on a straight-line basis over the requisite service period, which is generally the vesting period. Compensation cost for performance-based shares is initially estimated based on target performance and adjusted as appropriate throughout the performance period.

The fair value is measured at grant date, and compensation expense is recognised over the requisite service period during which the employees become unconditionally entitled to the options and shares. On a quarterly basis, the Company reviews the reasonableness of the forfeiture rate used. Any change in the forfeiture rate results in a true-up of compensation expense previously recognised for unvested options and shares in the period of change.

(iv) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(v) Termination benefits

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3.8 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3 Significant accounting policies (continued)

3.9 Revenue

The Company's revenue comprises service fees, data processing fees, international transaction fees, royalty fees (collectively, "payment services revenue"), and other revenues, reduced by client incentives. As a payment network service provider, the Company's performance obligation (PO) to the customer is to stand ready to provide continuous access to the payment network over the contractual term.

Service fees consist mainly of revenues earned for services provided in support of client usage of Visa payment services. Current quarter service revenues are primarily assessed using a calculation of current quarter's pricing applied to the prior quarter's payments volume. The Company also earns revenues from assessments designed to support ongoing acceptance and volume growth initiatives, which are recognised in the same period the related volume is transacted.

Data processing fees consist of revenues earned for authorisation, clearing, settlement, network access and other maintenance and support services that facilitate transaction and information processing among the Company's customers. Data processing revenues are recognised in the same period the related transactions occur or services are performed.

International transaction fees are earned for cross-border transaction processing and currency conversion activities. Cross-border transactions arise when the country of origin of the issuer or financial institution is different from that of the beneficiary. International transaction revenues are recognised in the same period the cross-border transactions occur or services are performed.

Royalty fees are assessed in relation to the right to use Visa's licensed trademarks in connection with customers' Visa card program. Royalty fees are recognised in the same period the related transactions occur or services are performed.

Other revenues consist mainly of value-added services, fees for account holder services, certification, licensing and product enhancements, such as extended account holder protection and concierge services. These fees are initially recognised as deferred revenue when advance payments are made by customers. Other revenues are recognised in accordance to when the related POs are satisfied.

The Company recognises payment services revenue, comprising service fees, data processing fees, international fees and royalty fees, at the transaction price allocated to the satisfied PO. Fees are collected from customers on a monthly basis on the 15th day of the subsequent month the services are provided based on agreed terms with the customers through pricing agreements.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised services. The individual standalone selling price of a service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the POs if it relates specifically to those POs.

3 Significant accounting policies (continued)

3.9 Revenue (continued)

The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised services. The transaction price is variable based primarily upon the amount and type of transactions and payments volume on Visa's products. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

3.10 Volume and support incentives

The Company enters into long-term contracts with financial institution clients, merchants and strategic partners for various programs designed to increase revenue by growing payments volume, increasing Visa product acceptance, winning merchant routing transactions over to Visa's network and driving innovation. These incentives are primarily accounted for as reductions to revenues. Client incentives are accounted for as operating expenses if the payment is in exchange for a distinct good or service provided by the customer and the fair value of the distinct good or service received by the Company can be reasonably estimated. The Company generally capitalises upfront and fixed incentive payments under these agreements and amortises the amounts as a reduction to revenues rateably over the contractual term. Incentives that are earned by the customer based on performance targets are recorded as reductions to revenues based on management's estimate of each client's future performance. These accruals are regularly reviewed and estimates of performance are adjusted, as appropriate, based on changes in performance expectations, actual client performance, amendments to existing contracts or the execution of new contracts. The cumulative impact of a revision in estimates is recorded in the period such revisions become probable and estimable.

3.11 Finance income and costs

Finance income and finance costs include interest income on funds invested; interest expense on borrowings and lease liabilities; hedge ineffectiveness recognised in profit or loss; the foreign currency gain or loss on financial assets and financial liabilities; the net gain or loss on the disposal of debt investments measured at FVOCI; impairment losses (and reversals) on debt investments carried at amortised cost or FVOCI; and the reclassification of net gains and losses previously recognised in OCI on cash flow hedges of interest rate risk and foreign currency risk for borrowings.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

3 Significant accounting policies (continued)

3.11 Finance income and costs (continued)

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.12 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

3 Significant accounting policies (continued)

3.12 Tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.13 Government grants

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses incurred are recognised in profit or loss as a deduction from the related expense on a systematic basis in the same periods in which the expenses are recognised.

3.14 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 October 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amendments to FRSs are not expected to have a significant impact on the Company's financial statements.

- FRS 117 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1)
- *Covid-19-Related Rent Concessions* (Amendment to FRS 116)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to FRS 110 and FRS 28)
- *Reference to the Conceptual Framework* (Amendments to FRS 103)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to FRS 16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to FRS 37)
- *Annual Improvements to FRS(I)s 2018 – 2020*
- *Interest Rate Benchmark Reform – Phase 2* (Amendments to FRS 109, FRS 39, FRS 107, FRS 104 and FRS 116)

4 Property, plant and equipment

	Leasehold improvements US$'000	**Furniture and fittings US$'000**	**Office equipment US$'000**	**Tele-communication s equipment US$'000**	**Computer equipment US$'000**	**Security equipment US$'000**	**Software US$'000**	**Leased premises US$'000**	**Total US$'000**
Cost									
At 1 October 2019	47,938	6,190	1,341	5,412	66,502	3,281	8,712	73,692	213,068
Additions	944	208	572	523	1,748	176	580	–	4,751
Disposals	(1,673)	(157)	(640)	(621)	(103)	(115)	(1,109)	–	(4,418)
At 30 September 2020	47,209	6,241	1,273	5,314	68,147	3,342	8,183	73,692	213,401
At 1 October 2020	47,209	6,241	1,273	5,314	68,147	3,342	8,183	73,692	213,401
Additions	45	–	60	–	2,020	50	394	34,275	36,844
Disposals	(113)	–	(228)	–	(18,773)	(536)	(42)	–	(19,692)
At 30 September 2021	47,141	6,241	1,105	5,314	51,394	2,856	8,535	107,967	230,553
Accumulated depreciation and impairment losses									
At 1 October 2019	33,326	3,911	1,189	4,012	43,164	2,487	8,350	–	96,439
Depreciation	5,888	600	131	529	7,472	305	354	15,690	30,969
Disposals	(1,653)	(104)	(639)	(596)	(61)	(115)	(697)	–	(3,865)
At 30 September 2020	37,561	4,407	681	3,945	50,575	2,677	8,007	15,690	123,543
At 1 October 2020	37,561	4,407	681	3,945	50,575	2,677	8,007	15,690	123,543
Depreciation	5,156	488	152	501	8,642	248	209	15,952	31,348
Disposals	(108)	–	(228)	–	(14,783)	(536)	(42)	–	(15,697)
At 30 September 2021	42,609	4,895	605	4,446	44,434	2,389	8,174	31,642	139,194
Carrying amounts									
At 1 October 2019	14,612	2,279	152	1,400	23,338	794	362	73,692	116,629
At 30 September 2020	9,648	1,834	592	1,369	17,572	665	176	58,002	89,858
At 30 September 2021	4,532	1,346	500	868	6,960	467	361	76,325	91,359

5 Volume and support incentives

	2021 US$'000	2020 US$'000
At 1 October	(640,599)	(822,291)
Current year amount charged to profit or loss		
- Volume and support incentives	(1,429,845)	(1,387,182)
- Operating expense	(1,177)	–
Reclassification to deferred revenue (Note a)	23,392	153,884
Payments	1,421,379	1,414,990
At 30 September, net liability	(626,850)	(640,599)

	2021 US$'000	2020 US$'000
Volume and support incentives:		
- Non-current assets	511,950	408,552
- Current assets	251,085	219,642
- Non-current liabilities	(78,222)	(90,037)
- Current liabilities	(1,311,663)	(1,178,756)
	(626,850)	(640,599)

Volume and support incentive amounts on the balance sheet are estimated based on existing customer performance and management's estimate of each customer's future performance, amongst other variables. These estimates require a degree of judgement and the application of assumptions.

Note (a)

Volume and support incentives balance is reclassified to deferred revenue upon the customer's election to receive the incentive through value-added-services.

6 Investment securities

	2021 US$'000	2020 US$'000
Debt securities, at FVOCI	833,530	1,041,932
Equity investment in a related corporation, at FVOCI	11	11
	833,541	1,041,943

	2021 US$'000	2020 US$'000
Non-current	298,375	145,376
Current	535,166	896,567
	833,541	1,041,943

FVOCI debt securities with a carrying amount of US$833,530,000 as at 30 September 2021 (2020: US$1,041,932,000) yield coupon interest rates of 0.000% to 0.440% (2020: 0.000% to 2.625%).

The Company's exposures to credit, currency and interest rate risks relating to investment securities are disclosed in Note 17.

7 Trade and other receivables

	2021 US$'000	2020 US$'000
Trade receivables	208,454	189,838
Allowance for impairment losses	(633)	(592)
	207,821	189,246
Amounts due from subsidiaries (note a)	47,405	44,722
Amounts due from related corporations (note a)	27,941	27,723
Amounts due from related corporations (note b)	46,200	22,200
Other receivables	316,998	267,735
	646,365	551,626
Trade and other receivables:		
Non-current	287,521	236,596
Current	358,844	315,030
	646,365	551,626

Note (a)

The amounts are non-trade in nature, unsecured, interest-free and repayable on demand or at short notice.

Note (b)

The amount relates to loans extended under revolving promissory notes which are unsecured, interest bearing at the annual short-term Applicable Federal Rate published by U.S.A. Internal Revenue Service and repayable on demand. The effective interest rate of the loans during the year was 0.138% (2020: 0.949%).

The Company's exposures to credit and currency risks, and impairment losses relating to trade and other receivables are disclosed in Note 17.

8 Subsidiaries

	2021 US$'000	2020 US$'000
Equity investments, at cost	204,353	178,972

During the financial year ended 30 September 2021, the Company subscribed for and was allotted 1,305,740 and 115,663 ordinary shares in Visa AP (Australia) Pty Ltd and Visa Worldwide (New Zealand) Limited via offsetting of intercompany receivables of US$22,921,000 and US$2,460,000 respectively.

8 Subsidiaries (continued)

Details of significant subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Visa AP (Australia) Pty Ltd	Provision of marketing support, client support, relationship and liaison services to its related companies	Australia	100	100
Visa Hong Kong Limited	Provision of marketing support, client support, relationship and liaison services to its related companies	Hong Kong	100	100
Visa Support Services (Singapore) Pte Ltd	Investment holding	Singapore	100	100
CYBS Singapore Pte. Ltd.	Provision of secure electronic payment and risk management solutions to organisations	Singapore	100	100
Visa Worldwide Singapore Pte. Limited	Provision of marketing support, client support, relationship and liaison services to its related company	Singapore	100	100
Visa Worldwide (New Zealand) Limited	Provision of marketing support, client support, relationship and liaison services to its related company	New Zealand	100	100
PT Visa Worldwide Indonesia	Provision of support services to its related company's clients and business interests in Indonesia to assist them in relation to international and domestic electronic payment transactions	Indonesia	99	99

8 Subsidiaries (continued)

Name of subsidiary	Principal activities	Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Visa Managed Service (India) Private Limited	Provision of payment processing services, consumer and business support services, technology and business process outsourcing to related companies	India	99.99	99.99
Visa Taiwan Co., Ltd.	Provision of support services to its related company	Taiwan	100	100
Visa Information Technology (Beijing) Co., Ltd.	Provision of support services to its related companies	China	99	99

Consolidated financial statements have not been prepared as the Company is itself a wholly-owned subsidiary within the Visa Inc. group of companies, incorporated in the United States of America with its address at 900 Metro Center Boulevard, Foster City, California 94404, United States of America, which prepares consolidated financial statements available for public use.

9 Cash and cash equivalents

	2021 US$'000	2020 US$'000
Bank balances	116,781	230,532
Money market funds	320,162	191,553
	436,943	422,085

10 Derivative financial instruments

	Notional amount US$'000	Positive fair value US$'000	Negative fair value US$'000
2021			
Forward foreign exchange contracts	771,584	21,641	976
2020			
Forward foreign exchange contracts	954,064	6,259	11,331

10 Derivative financial instruments (continued)

The Company enters into forward foreign exchange contracts to hedge certain operational cash flow exposures resulting from changes in foreign currency exchange rates that are expected to occur and affect profit or loss in the 12 months from the reporting date. These forward foreign exchange currency contracts have maturity dates that coincide within the expected occurrence of these transactions.

11 Share capital

	2021 No. of shares	2020 No. of shares
Fully paid ordinary shares, with no par value:		
In issue at 1 October and 30 September	8,967,651	8,967,651

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value. Capital comprises total shareholder's equity.

The Company manages its capital structure which comprises all components of equity and makes alignment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may align the dividend payment to shareholders, return capital to shareholders or issue new shares.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

12 Reserves

	2021 US$'000	2020 US$'000
Hedging reserve	19,350	(12,472)
Fair value reserve	(581)	1,321
Other reserve	(128,475)	(113,759)
	(109,706)	(124,910)

12 Reserves (continued

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to forecasted transactions.

Fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI and the cumulative net change in the fair value of debt securities at FVOCI until the assets are derecognised or reclassified.

Other reserve represents equity-settled share-based payments granted to employees. The reserves are made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the equity-settled share-based payments, and reduced by the recharge from the ultimate holding company.

13 Trade and other payables

	2021 US$'000	2020 US$'000
Trade payables	23,191	31,035
Non-trade amounts due to:		
- ultimate holding company	24,256	17,869
- immediate holding company	*	*
- subsidiaries	37,005	8,548
- related corporations	127,355	74,375
Accrued operating expenses	318,470	269,844
Accrued compensation	79,669	55,606
Lease liabilities	76,939	61,105
	686,885	518,382
Trade and other payables:		
Non-current	63,551	46,669
Current	623,334	471,713
	686,885	518,382

* Amount less than $1,000

Amounts due to ultimate holding company, subsidiaries and other related corporations are unsecured, interest-free and repayable on demand or at short notice.

The Company's exposures to currency and liquidity risks relating to trade and other payables are disclosed in Note 17.

13 Trade and other payables (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Note	Lease liabilities 2021 US$'000	2020 US$'000
At 1 October 2020/2019		61,105	73,692
Changes in financing cash flows			
Payment of lease liabilities		(18,449)	(12,587)
Interest paid		(1,154)	(1,415)
Total changes from financing cash flows	23	(19,603)	(14,002)
Other changes – liability related			
Interest expense on lease liabilities	23	1,154	1,415
New leases		34,283	–
At 30 September		76,939	61,105

14 Tax liabilities

	2021 US$'000	2020 US$'000
Tax payables	511,501	456,180

15 Deferred tax assets/(liabilities)

Movements in deferred tax assets and liabilities (prior to the offsetting of balances) of the Company during the year are as follows:

	At 1 October 2019 US$'000	Recognised in profit or loss (Note 20) US$'000	Recognised in other comprehen -sive income US$'000	At 30 September 2020 US$'000	Recognised in profit or loss (Note 20) US$'000	Recognised in other comprehen -sive income US$'000	At 30 September 2021 US$'000
Deferred tax assets							
Investment securities	1,533	–	(415)	1,118	–	389	1,507
Deferred tax liabilities							
Derivative financial instruments	(955)	–	161	(794)	–	(322)	(1,116)
Property, plant and equipment	(231)	(14)	–	(245)	57	–	(188)
Accrued operating expenses	(22,003)	22,274	–	271	559	–	830
	(23,189)	22,260	161	(768)	616	(322)	(474)
Net deferred tax assets/ (liabilities)	(21,656)	22,260	(254)	350	616	67	1,033

15 Deferred tax assets/(liabilities) (continued)

Deferred 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 the deferred taxes relate to the same tax authority.

Estimation of deferred tax asset/(liability)

Deferred taxes are calculated by applying enacted statutory tax rate and concessionary tax rate applicable for future years on temporary differences. Potential tax rate changes or level of temporary differences which differs from the assumptions may result in the deferred tax assets/(liabilities) not being reversed at the tax rates that are applied and consequently a different asset/(liability) has to be recorded.

Deferred tax assets/(liabilities) are calculated on the basis that the Company continues to qualify for the concessionary tax rate until 30 September 2023 (subjected to the fulfilment of certain conditions).

16 Deferred revenue

Such contract liabilities primarily relate to advance consideration received from customers for the services rendered.

Significant changes in the deferred revenue balance during the period are as follows.

	Contract liabilities 2021 US$'000	**Contract liabilities 2020 US$'000**
Revenue recognised that was included in the contract liability balance at the beginning of the year	(256,427)	(68,779)
Increases due to amount billed/(Decrease due to fulfilment of performance obligations), excluding amounts recognised as revenue during the year	65,377	50,580
(Decreases due to fulfilment of performance obligations) /Increases due to deferral of value-added services revenue, excluding amounts recognised as revenue during the year	189,394	205,847

16 Deferred revenue (continued)

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date.

	2022 US$'000	2023 US$'000	2024 and after US$'000	Total US$'000
30 September 2021				
Value-added services revenue	(31,681)	(55,006)	(156,748)	(243,435)

	2021 US$'000	2022 US$'000	2023 and after US$'000	Total US$'000
30 September 2020				
Value-added services revenue	(214,994)	(40,731)	(116,562)	(372,287)

The Company has applied the practical expedient to not disclose the remaining performance obligations related to payment services revenue.

17 Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

17 Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and/or satisfy credit worthiness procedures. The Company limits individual trade debtor counterparty exposure depending on the size and credit worthiness of the customer. At the reporting date, the Company is not exposed to significant credit risk.

The Company indemnifies its financial institution customers for settlement losses suffered due to failure of any other customer to honour Visa-branded cards and payment products processed in accordance with Visa's operating regulations. In certain instances, the Company may indemnify customers even in situations in which a transaction is not processed by the system. This indemnification creates settlement risk for the Company due to the difference in timing between the date of a payment transaction and the date of subsequent settlement. No material loss related to settlement risk has been incurred in recent years.

To manage the Company's exposure in the event the customers fail to fund their settlement obligations, the Company has a credit risk policy with a set of credit standards and risk control measures that are consistently applied. The Company regularly evaluates its customers to assess risk. In certain instances, the Company may require a customer to post collateral or provide other guarantees. If a customer becomes unable or unwilling to meet its obligations, the Company is able to draw upon such collateral or guarantee in order to minimise any potential loss.

The exposure to settlement losses is accounted for as a settlement risk guarantee. The fair value of the settlement risk guarantee is estimated using the Company's proprietary model. Key inputs to the model include the probability of customers becoming insolvent, statistically derived loss factors based on historical experience and estimated settlement exposures at period end.

Settlement risk (or exposure) is estimated based on the sum of the following inputs: (1) average daily issuing volumes during the quarter multiplied by the estimated number of days to settle plus a safety margin; (2) four months of the rolling acquiring chargebacks volume; and (3) average daily original credit volume initiated by the acquirer during the quarter multiplied by the estimated number of days to settle plus a safety margin.

The Company's settlement exposure is limited to the amount of unsettled Visa payment transactions at any point in time. As at 30 September 2021, the Company's estimated maximum settlement exposure was approximately US$7.6 billion (2020: US$8.7 billion). The Company maintains and regularly reviews global settlement risk policies and procedures to manage settlement exposure, which may require clients to post collateral if certain credit standards are not met. At 30 September 2021 and 2020, the Company held the following collateral to manage settlement exposure:

	2021	**2020**
	US$'000	**US$'000**
Cash equivalents	195,450	150,231
Letters of credit	380,764	267,229
Guarantees	63,634	77,918
	639,848	495,378

17 Financial risk management (continued)

Credit risk (continued)

Letters of credit are provided primarily by customer financial institutions to serve as irrevocable guarantees of payment. Guarantees are provided primarily by parent financial institutions to secure the obligations of their subsidiaries. The Company routinely evaluates the financial viability of institutions providing the guarantees.

The fair value of the settlement risk guarantee is estimated using a proprietary model which considers statistically derived loss factors based on historical experience, estimated settlement exposures at period end and a standardised grading process for clients (using, where available, third-party estimates of the probability of customer failure). Historically, the Company has experienced minimal losses, which has contributed to an estimated probability-weighted value of the guarantee of approximately US$643,121 (2020: US$643,121). The fair value of the settlement risk guarantee is reflected in accrued liabilities on the balance sheet.

Trade and other receivables

Exposure to credit risk

The exposure to credit risk for trade and other receivables (excluding tax receivables) at the reporting date by geographic region was as follows:

	2021 US$'000	2020 US$'000
United Kingdom	85	149
India	18,562	15,056
Australia	78,524	67,444
Singapore	59,170	38,113
Japan	46,802	43,215
China	24,282	19,817
Korea	8,371	7,478
Hong Kong	20,332	19,624
Thailand	8,209	7,740
Malaysia	8,444	7,121
Indonesia	50,811	39,546
Taiwan	10,288	9,208
New Zealand	26,507	15,263
Vietnam	4,549	4,232
Others	2,961	24,625
	367,897	318,631

17 Financial risk management (continued)

Credit risk (continued)

Trade and other receivables (continued)

Expected credit loss assessment

The following tables provide information about the exposure to credit risk and ECLs for trade and other receivables (excluding tax receivables).

30 September 2021

	Gross carrying amount US$'000	Impairment loss allowance US$'000	Credit impaired
Not past due	367,101	(369)	No
Past due 0 – 30 days	153	–	No
Past due 31 – 120 days	509	–	No
Past due more than 120 days	525	(22)	No
Past due more than one year	242	(242)	Yes
	368,530	(633)	

30 September 2020

	Gross carrying amount US$'000	Impairment loss allowance US$'000	Credit impaired
Not past due	317,152	–	No
Past due 0 – 30 days	240	–	No
Past due 31 – 120 days	750	(17)	Yes
Past due more than 120 days	815	(484)	Yes
Past due more than one year	266	(91)	Yes
	319,223	(592)	

Movements in allowance for impairment in respect of trade receivables

The movements in the allowance for impairment in respect of trade receivables were as follows:

	Lifetime ECL – credit impaired 2021 US$'000	**Lifetime ECL – credit impaired 2020 US$'000**
At 1 October	(592)	(329)
Impairment loss recognised	(100)	(268)
Amounts written off	59	5
At 30 September	(633)	(592)

Cash and cash equivalents and customer collateral

The Company held cash and cash equivalents and customer collateral of US$436,943,000 and US$195,450,000 respectively at 30 September 2021 (2020: US$422,085,000 and US$150,231,000 respectively) which represents its credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are rated P-1 (2020: P-1), based on *Moody's* ratings. Impairment on cash and cash equivalents and customer collateral has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents and customer collateral have low credit risk based on the external credit ratings of the counterparties. No impairment loss allowance was provided for cash and cash equivalents and customer collateral.

FVOCI debt investments

The Company limits its exposure to credit risk on investments held by investing in U.S Treasury or U.S government sponsored agencies that have a credit rating of Aaa (2020: Aaa) from *Moody's*.

12-month and lifetime probabilities of default are based on historical data supplied by *Moody's* for each credit rating. Loss given default (LGD) parameters generally reflect an assumed recovery rate of approximately 40% based on *Moody's* debt recovery rates, except when a security is credit-impaired, in which case the estimate of loss is based on the instrument's current market price and original effective interest rate.

The credit rating of the debt investments is Aaa (2020: Aaa) and impairment has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. No impairment loss was recognised on these balances.

Derivative financial instruments

The derivative financial instruments are entered into with bank and financial institution counterparties with strong ratings.

17 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

		Cash flows			
	Carrying amount US$'000	**Contractual cash flows US$'000**	**Within 1 year US$'000**	**Within 1 to 5 years US$'000**	**More than 5 years US$'000**
2021					
Non-derivative financial liabilities					
Trade and other payables*	(607,216)	(611,194)	(545,277)	(65,186)	(731)
Customer collateral	(195,450)	(195,450)	(195,450)	–	–
Volume and support incentives	(1,389,885)	(1,389,885)	(1,311,663)	(78,222)	–
	(2,192,551)	(2,196,529)	(2,052,390)	(143,408)	(731)
Derivative financial instruments					
Forward foreign exchange contracts used for hedging (net-settled)	21,641	21,641	21,641	–	–
Forward foreign exchange contracts used for hedging (gross-settled):	(836)				
- Outflow		(66,950)	(66,950)	–	–
- Inflow		66,114	66,114	–	–
Forward foreign exchange contracts used for hedging (net-settled)	(140)	(140)	(140)	–	–
	20,665	20,665	20,665	–	–
	(2,171,886)	(2,175,864)	(2,031,725)	(143,408)	(731)

* Trade and other payables exclude accrued compensation.

17 Financial risk management (continued)

Liquidity risk (continued)

		Cash flows			
	Carrying amount US$'000	**Contractual cash flows US$'000**	**Within 1 year US$'000**	**Within 1 to 5 years US$'000**	**More than 5 years US$'000**
2020					
Non-derivative financial liabilities					
Trade and other payables*	(462,776)	(464,972)	(416,582)	(43,306)	(5,084)
Customer collateral	(150,231)	(150,231)	(150,231)	–	–
Volume and support incentives	(1,268,793)	(1,268,793)	(1,178,756)	(90,037)	–
	(1,881,800)	(1,883,996)	(1,745,569)	(133,343)	(5,084)
Derivative financial instruments					
Forward foreign exchange contracts used for hedging (net-settled)	6,259	6,259	6,259	–	–
Forward foreign exchange contracts used for hedging (gross-settled):	(290)				
- Outflow		(52,208)	(52,208)	–	–
- Inflow		51,918	51,918	–	–
Forward foreign exchange contracts used for hedging (net-settled)	(11,041)	(11,041)	(11,041)	–	–
	(5,072)	(5,072)	(5,072)	–	–
	(1,886,872)	(1,889,068)	(1,750,641)	(133,343)	(5,084)

* Trade and other payables exclude accrued compensation.

Market risk

Market risk is the potential economic loss arising from adverse changes in market factors. The Company's exposure to financial market risks results primarily from fluctuations in foreign currency rates and interest rates. The Company does not hold or enter into derivatives or other financial instruments for speculative purposes. Aggregate risk exposures are monitored on an ongoing basis, and cash and cash equivalents are not considered to be subject to significant interest rate risk due to the short period of time to maturity.

Foreign currency risk

The Company is exposed to foreign currency risk on revenue and operating expenses that are denominated in currencies other than USD.

The Company enters into forward foreign exchange contracts to hedge certain operational ("cash flow") exposures resulting from changes in foreign currency exchange rates. Such cash flow exposures result from portions of forecasted revenues and expenses being denominated in or based on currencies other than USD.

17 Financial risk management (continued)

Market risk (continued)

Exposure to foreign currency risk

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

	AUD US$'000	**CNY US$'000**	**EUR US$'000**	**GBP US$'000**	**HKD US$'000**	**IDR US$'000**	**INR US$'000**	**JPY US$'000**	**KRW US$'000**	**NZD US$'000**	**SGD US$'000**	**THB US$'000**	**TWD US$'000**	**PHP US$'000**	**MYR US$'000**
2021															
Trade and other receivables*	–	5	–	–	–	46,355	10,459	27,634	29	–	33,429	6	145	50	48
Customer collateral	–	–	–	–	–	–	–	49,420	–	–	–	–	–	–	–
Cash and cash equivalents	1,235	–	–	–	221	–	24,144	749	–	1,005	3,672	64	–	–	–
Volume and support incentives	(225,719)	–	–	–	–	(12,368)	(114,379)	(54,080)	(75,511)	(51,472)	(19,514)	(1,702)	–	(2,617)	(12,087)
Trade and other payables**	(27,068)	(9,159)	–	(318)	(2,819)	(3,218)	(104,701)	(9,349)	(1,369)	(3,037)	(84,340)	(3,372)	(1,390)	(169)	(742)
Customer collateral	–	–	–	–	–	–	–	(49,420)	–	–	–	–	–	–	–
Balance sheet exposure	(251,552)	(9,154)	–	(318)	(2,598)	30,769	(184,477)	(35,046)	(76,851)	(53,504)	(66,753)	(5,004)	(1,245)	(2,736)	(12,781)
Forward foreign exchange contracts	(11,464)	(7,548)	(171,956)	(27,201)	(116,088)	–	(44,362)	(324,980)	–	–	(63,016)	(4,970)	–	–	–
Net exposure	(263,016)	(16,702)	(171,956)	(27,519)	(118,686)	30,769	(228,839)	(360,026)	(76,851)	(53,504)	(129,769)	(9,974)	(1,245)	(2,736)	(12,781)

* Trade and other receivables exclude tax receivable.
** Trade and other payables exclude accrued compensation.

17 Financial risk management (continued)

Market risk (continued)

Exposure to foreign currency risk (continued)

	AUD US$'000	CNY US$'000	EUR US$'000	GBP US$'000	HKD US$'000	IDR US$'000	INR US$'000	JPY US$'000	KRW US$'000	NZD US$'000	SGD US$'000	THB US$'000	TWD US$'000	PHP US$'000	MYR US$'000
2020															
Trade and other receivables*	8,081	–	–	–	395	35,656	5,762	27,103	–	375	22,483	–	84	27	12
Customer collateral	–	–	–	–	–	–	–	48,676	–	–	–	–	–	–	–
Cash and cash equivalents	4,276	–	–	–	290	–	17	301	–	1,654	3,316	94	–	–	–
Volume and support incentives	(174,217)	–	–	–	–	(10,521)	(83,140)	(65,978)	(70,468)	(30,260)	(18,042)	(5,351)	–	(3,935)	(2,807)
Trade and other payables**	(4,543)	(7,435)	(67)	(24)	(2,590)	(538)	(85,086)	(7,402)	(2,597)	(511)	(71,149)	(3,239)	(1,046)	(194)	(953)
Customer collateral	–	–	–	–	–	–	–	(48,676)	–	–	–	–	–	–	–
Balance sheet exposure	(166,403)	(7,435)	(67)	(24)	(1,905)	24,597	(162,447)	(45,976)	(73,065)	(28,742)	(63,392)	(8,496)	(962)	(4,102)	(3,748)
Forward foreign exchange contracts	(63,193)	–	(186,256)	(111,067)	(107,822)	(2,287)	(58,225)	(295,767)	(6,531)	–	(88,201)	(31,811)	–	–	(2,903)
Net exposure	(229,596)	(7,435)	(186,323)	(111,091)	(109,727)	22,310	(220,672)	(341,743)	(79,596)	(28,742)	(151,593)	(40,307)	(962)	(4,102)	(6,651)

* Trade and other receivables exclude tax receivable.
** Trade and other payables exclude accrued compensation.

17 Financial risk management (continued)

Market risk (continued)

Exposure to foreign currency risk (continued)

Sensitivity analysis

A 10 percent strengthening of the USD against the following currencies at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables remain constant.

	Profit or loss 2021 US$'000	Equity 2021 US$'000	Profit or loss 2020 US$'000	Equity 2020 US$'000
30 September				
AUD	25,155	1,146	16,640	6,319
CNY	915	755	744	–
EUR	–	17,196	7	18,626
GBP	32	2,720	2	11,107
HKD	260	11,609	191	10,782
IDR	(3,077)	–	(2,460)	229
INR	18,448	4,436	16,245	5,823
JPY	3,505	32,498	4,598	29,577
KRW	7,685	–	7,307	653
NZD	5,350	–	2,874	–
SGD	6,675	6,302	6,339	8,820
THB	500	497	850	3,181
TWD	125	–	96	–
PHP	274	–	410	–
MYR	1,278	–	375	290
	67,125	77,159	54,218	95,407

A 10 percent weakening of the USD against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

17 Financial risk management (continued)

Market risk (continued)

Interest rate risk

The Company has no interest-bearing debt obligation. The Company's exposure to changes in interest rates relates primarily to investment securities which is managed through the ultimate holding company. Exposure to interest rate risk is monitored on an ongoing basis and the Company endeavours to keep the net exposure at an acceptable level.

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'interest rate benchmark reform'). The Company does not have exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives.

Management monitors and manages the Company's transition to alternative rates. The management evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties. The management reports to the Company's Board of Directors quarterly and collaborates with other business functions as needed. It provides periodic reports to the Board of Directors of interest rate risk and risks arising from interest rate benchmark reform.

Profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	2021 US$'000	2020 US$'000
Fixed rate instruments		
Investment securities	586,908	201,415
Cash and cash equivalents	99,997	116,991
	686,905	318,406
Variable rate instruments		
Investment securities	145,099	840,517
Cash and cash equivalents	292,322	146,452
Non-trade amount due from a related corporation	46,200	48,778
	483,621	1,035,747

17 Financial risk management (continued)

Market risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 10 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss	
	10 bp increase US$'000	**10 bp decrease US$'000**
2021		
Investment securities	145	(145)
Cash and cash equivalents	292	(292)
Non-trade amount due from a related corporation	46	(46)
Cash flow sensitivity (net)	483	(483)
2020		
Investment securities	841	(841)
Cash and cash equivalents	146	(146)
Non-trade amount due from a related corporation	49	(49)
Cash flow sensitivity (net)	1,036	(1,036)

Offsetting financial assets and financial liabilities

The disclosures set out in the table below include financial assets and financial liabilities that:

- are offset in the Company's balance sheet; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the balance sheet.

17 Financial risk management (continued)

Market risk (continued)

Offsetting financial assets and financial liabilities (continued)

Financial instruments such as trade receivables and trade payables are not disclosed in the table below unless they are offset in the balance sheet.

The Company's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association ("ISDA") Master Netting Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the balance sheet. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Company or the counterparties. In addition the Company and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements

	Gross amounts of recognised financial instruments US$'000	Gross amounts of recognised financial instruments offset in the balance sheet US$'000	Net amounts of financial instruments presented in the balance sheet US$'000	Related amounts not offset in the balance sheet – financial instruments: Financial instruments US$'000	Related amounts not offset in the balance sheet – financial instruments: Cash collateral pledged US$'000	Net amount US$'000
2021						
Financial assets						
Derivative financial instrument	21,641	–	21,641	(820)	(15,741)	5,080
Financial liabilities						
Derivative financial instrument	(976)	–	(976)	820	156	–
2020						
Financial assets						
Derivative financial instrument	6,259	–	6,259	(5,068)	(999)	192
Financial liabilities						
Derivative financial instrument	(11,331)	–	(11,331)	5,068	6,169	(94)

17 Financial risk management (continued)

Accounting classifications and fair values

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with carrying amounts shown in the balance sheet, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. For the current financial year the fair value disclosure of lease liabilities is not required.

	Carrying amount						Fair value			
	Fair value - hedging instruments US$'000	**Amortised cost US$'000**	**Equity investments at FVOCI US$'000**	**Debt securities at FVOCI US$'000**	**Other financial liabilities US$'000**	**Total US$'000**	**Level 1 US$'000**	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
2021										
Financial assets measured at fair value										
Investment securities	–	–	11	833,530	–	833,541	–	833,530	11	833,541
Derivative financial instruments	21,641	–	–	–	–	21,641	–	21,641	–	21,641
	21,641	–	11	833,530	–	855,182				
Financial assets not measured at fair value										
Trade and other receivables (non-current)*	–	9,458	–	–	–	9,458				
Trade and other receivables (current)*	–	358,439	–	–	–	358,439				
Customer collateral	–	195,450	–	–	–	195,450				
Cash and cash equivalents	–	436,943	–	–	–	436,943				
	–	1,000,290	–	–	–	1,000,290				
Financial liabilities measured at fair value										
Derivative financial instruments	(976)	–	–	–	–	(976)	–	(976)	–	(976)
Financial liabilities not measured at fair value										
Trade and other payables (non-current)	–	–	–	–	(63,551)	(63,551)				
Trade and other payables (current)**	–	–	–	–	(543,665)	(543,665)				
Customer collateral	–	–	–	–	(195,450)	(195,450)				
Volume and support incentives (non-current)	–	–	–	–	(78,222)	(78,222)	–	–	(57,366)	(57,366)
Volume and support incentives (current)	–	–	–	–	(1,311,663)	(1,311,663)				
	–	–	–	–	(2,192,551)	(2,192,551)				

* Trade and other receivables exclude tax receivables
** Trade and other payables exclude accrued compensation.

17 Financial risk management (continued)

Accounting classifications and fair values (continued)

Fair value versus carrying amounts (continued)

	Carrying amount						Fair value			
	Fair value - hedging instruments US$'000	**Amortised cost US$'000**	**Equity investments at FVOCI US$'000**	**Debt securities at FVOCI US$'000**	**Other financial liabilities US$'000**	**Total US$'000**	**Level 1 US$'000**	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
2020										
Financial assets measured at fair value										
Investment securities	–	–	11	1,041,932	–	1,041,943	–	1,041,932	11	1,041,943
Derivative financial instruments	6,259	–	–	–	–	6,259	–	6,259	–	6,259
	6,259	–	11	1,041,932	–	1,048,202				
Financial assets not measured at fair value										
Trade and other receivables (non-current)*	–	4,008	–	–	–	4,008				
Trade and other receivables (current)*	–	314,623	–	–	–	314,623				
Customer collateral	–	150,231	–	–	–	150,231				
Cash and cash equivalents	–	422,085	–	–	–	422,085				
	–	890,947	–	–	–	890,947				
Financial liabilities measured at fair value										
Derivative financial instruments	(11,331)	–	–	–	–	(11,331)	–	(11,331)	–	(11,331)
Financial liabilities not measured at fair value										
Trade and other payables (non-current)	–	–	–	–	(46,669)	(46,669)				
Trade and other payables (current)**	–	–	–	–	(416,107)	(416,107)				
Customer collateral	–	–	–	–	(150,231)	(150,231)				
Volume and support incentives (non-current)	–	–	–	–	(90,037)	(90,037)	–	–	(70,102)	(70,102)
Volume and support incentives (current)	–	–	–	–	(1,178,756)	(1,178,756)				
	–	–	–	–	(1,881,800)	(1,881,800)				

* Trade and other receivables exclude tax receivables
** Trade and other payables exclude accrued compensation.

17 Financial risk management (continued)

Accounting classifications and fair values (continued)

Fair value hierarchy

During the financial year, there were no transfers between Levels 1, 2 and 3.

Financial instruments measured at fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods outlined below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) FVOCI debt securities

FVOCI debt securities consists of U.S. Treasury securities and U.S. government-sponsored debt securities. The fair value of U.S. Treasury securities is determined by reference to their quoted prices in active markets at the reporting date. The fair value of U.S. government-sponsored debt securities is based on quoted prices in active markets for similar assets. The pricing data obtained from external sources is reviewed internally for reasonableness, compared against benchmark quotes from independent pricing sources, then confirmed or revised accordingly.

(ii) Derivatives

Forward exchange contracts are valued using valuation techniques and market observable inputs. The valuation technique applied is the forward pricing model, using present valuation calculations. The model incorporates various inputs including foreign exchange spot and forward rates, interest rate and forward rate curves.

(iii) Investments in equity securities

The Level 3 fair value of the FVOCI investment was determined based on a market approach using comparable industry EBITDA multiples.

17 Financial risk management (continued)

Financial instruments not measured at fair value

The following table shows the valuation technique and the significant unobservable inputs used in the determination of fair value of the Level 3 financial instruments:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Volume and support incentives (non-current)	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using an adjusted discount rate.	• Adjusted discount rate 10.9% (2020: 8.7%)	• The estimated fair value would increase if the adjusted discount rate was lower.

Financial instruments for which fair value is equal to the carrying amount

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

The carrying amounts of trade and other receivables (non-current) and trade and other payables (non-current) with maturity of more than one year approximate their fair values as the effect of discounting is insignificant.

18 Revenue

Revenue comprises the following:

	2021 US$'000	2020 US$'000
Revenue from contracts with customers:		
Service fees	1,555,612	1,492,706
Data processing fees	1,242,052	1,166,887
International transaction fees	1,072,955	1,243,957
Royalty fees	153,127	146,406
Other revenues	204,403	216,290
Volume and support incentives	(1,429,845)	(1,387,182)
	2,798,304	2,879,064

19 Net finance income

	2021 US$'000	2020 US$'000
Recognised in profit or loss		
Interest income:		
- cash and cash equivalents	106	388
- debt investments at FVOCI	3,233	17,633
- related corporation	41	133
- immediate holding company	–	10
Ineffective portion of cash flow hedges transferred to profit or loss	–	181
Net gain on derecognition of debt investments at FVOCI reclassified from OCI	–	655
Net foreign exchange gain	1,682	–
Finance income	5,062	19,000
Interest expense:		
- related corporations	–	(70)
Net foreign exchange loss	–	(7,966)
Interest on lease liabilities	(1,154)	(1,415)
Net loss on derecognition of debt investments at FVOCI reclassified from OCI	(51)	–
Finance costs	(1,205)	(9,451)
Net finance income	3,857	9,549

20 Income tax expense

	2021 US$'000	2020 US$'000
Current tax expense		
Current year	26,014	24,608
Tax arising from foreign jurisdictions	73,350	58,767
Under provided in prior years	177	18,375
	99,541	101,750
Deferred tax expense		
Origination and reversal of temporary differences	(212)	(246)
Over provided in prior years	(404)	(22,014)
	(616)	(22,260)
Income tax expense	98,925	79,490

20 Income tax expense (continued)

Income tax recognised in other comprehensive income ("OCI")

	<---------------- 2021 ---------------->			<---------------- 2020 ---------------->		
	Before tax US$'000	Tax expense/ (credit) US$'000	Net of tax US$'000	Before tax US$'000	Tax expense US$'000	Net of tax US$'000
Fair value reserve	(2,291)	389	(1,902)	2,443	(415)	2,028
Cash flow hedges	32,144	(322)	31,822	(16,118)	161	(15,957)
	29,853	67	29,920	(13,675)	(254)	(13,929)

Reconciliation of effective tax rate

	2021 US$'000	2020 US$'000
Profit before income tax	1,936,095	2,008,398
Tax calculated using Singapore tax rate of 17% (2020: 17%)	329,136	341,428
Tax exempt income	(13)	(13)
Non-deductible expenses	12,449	7,620
Effect of concessionary tax rate	(315,785)	(325,017)
Tax arising from foreign jurisdictions	73,350	58,767
Over provided in prior years	(227)	(3,639)
Others	15	344
	98,925	79,490

The Company has been granted tax concession up to 30 September 2023, subject to certain terms and conditions.

21 Profit for the year

The following items have been included in arriving at profit for the year:

	2021 US$'000	2020 US$'000
Contribution to defined contribution plan, included in staff costs	23,090	19,416
Loss on disposal of property, plant and equipment	–	99

22 Share-based payments

The Company's ultimate holding company, Visa Inc., granted non-qualified stock options ("options"), restricted stock units and performance-based shares to employees of its subsidiaries under Visa Inc. 2007 Equity Incentive Compensation Plan ("EIP"). The EIP will continue to be in effect until all of the common stock available under the EIP is delivered and all restrictions on those shares have lapsed, unless the EIP is terminated earlier by the ultimate holding company's board of directors. No awards may be granted under the plan on or after 10 years from its effective date.

Options (equity-settled)

Options issued under the EIP expire ten years from the date of grant and vest rateably over three years from the date of grant, subject to earlier vesting in full under certain conditions specified in the award agreement.

The fair value of each stock option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2021	**2020**
Expected terms (in years)[(1)]	4.03	4.03
Risk-free rate of return[(2)]	0.32%	1.60%
Expected volatility[(3)]	25.12%	18.58%
Expected dividend yield[(4)]	0.62%	0.67%
Weighted-average fair value per option granted	$39.51	$29.37

(1) Based on Visa. Inc.'s historical option exercises and those of a set of peer companies that management believes is generally comparable to Visa.

(2) Based upon the zero coupon U.S. treasury bond rate over the expected term of the awards.

(3) Based on the average of Visa Inc.'s implied and historical volatility. As Visa Inc.'s publicly traded stock history is relatively short, historical volatility relies in part on the historical volatility of a group of peer companies that management believes is generally comparable to Visa Inc.

(4) Based on Visa Inc.'s expected annual dividend rate on the date of grant.

22 Share-based payments (continued)

Options (equity-settled) (continued)

The following table summarises the Company's stock options activities for the year ended 30 September:

	Options 2021	Weighted average exercise price 2021 (US$)	Options 2020	Weighted average exercise price 2020 (US$)
Outstanding at beginning of the year	226,115	102.44	259,707	84.73
Granted	36,509	207.57	44,837	182.77
Exercised	(68,105)	106.51	(49,607)	60.57
Transferred to a related corporation	(3,802)	170.27	(28,822)	139.88
Outstanding at end of the year	190,717	119.76	226,115	102.44

The options outstanding at 30 September 2021 have an exercise price in the range of US$23.16 to US$207.57 (2020: US$23.16 to US$182.77) and the weighted average remaining contractual life of 5.71 years (2020: 6.21 years).

The weighted average share price at the date of exercise for share options exercised in 2021 was US$211.12 (2020: US$193.67).

At 30 September 2021, there was US$555,564 (2020: US$451,429) of total unrecognised compensation cost related to non-vested stock options. The cost is expected to be recognised over a weighted average period of approximately 1.35 years (2020: 1.32 years).

Restricted Stock Units ("RSUs") (equity-settled)

RSUs issued under the EIP generally vest rateably over three years from the date of grant, subject to earlier vesting in full under certain conditions specified in the award agreement.

Upon vesting, RSUs can be settled in the ultimate holding company's class A common stock on a one-for-one basis or in cash, or a combination thereof, at the ultimate holding company's option. The Company does not currently intend to settle any RSUs in cash. During the vesting period, RSU award recipients are eligible to receive dividend equivalents, but do not participate in the voting rights granted to the holders of the underlying class A common stock.

22 Share-based payments (continued)

Restricted Stock Units ("RSUs") (equity-settled) (continued)

The fair value of RSUs is calculated using the closing price of the ultimate holding company's Class A common stock on the date of grant.

The following table summarises the Company's RSUs activities for the year ended 30 September:

<u>Restricted stock units</u>

	Units 2021	Weighted average grant date fair value 2021 (US$)	Units 2020	Weighted average grant date fair value 2020 (US$)
Outstanding at beginning of the year	274,840	153.32	325,964	117.42
Granted	144,010	208.36	141,557	183.13
Forfeited/expired	(16,959)	182.42	(20,291)	149.59
Vested	(141,004)	141.78	(162,623)	108.25
Transferred to a related corporation	(3,468)	198.78	(9,767)	145.48
Outstanding at end of the year	257,419	187.90	274,840	153.32

At 30 September 2021, there was US$24,697,049 (2020: US$21,198,372) of total unrecognised compensation cost related to non-vested RSUs. The cost is expected to be recognised over a weighted average period of approximately 1.37 years (2020: 1.33 years).

Performance-based shares ("PBSs") (equity-settled)

PBSs issued under the EIP generally vest rateably approximately over three years from the date of grant subject to the achievement of both performance and market conditions as specified in the award agreement. The performance condition is based on the ultimate holding company's earnings per share target and the market condition is based on the ultimate holding company's total shareholder return ranked against that of other companies that are included in the Standard & Poor's 500 Index.

The fair value of the PBSs, incorporating the market condition, is estimated on the date of grant using the Monte Carlo simulation model.

22 Share-based payments (continued)

Performance-based shares ("PBSs") (equity-settled) (continued)

The following table summarises the Company's PBSs activities for the year ended 30 September:

Performance-based shares

	Units 2021	Weighted average grant date fair value 2021 (US$)	Units 2020	Weighted average grant date fair value 2020 (US$)
Outstanding at beginning of the year	21,770	173.33	22,489	128.73
Granted	10,406	229.51	10,417	210.66
Forfeited/expired	(333)	213.43	–	–
Vested	(7,559)	130.99	(11,136)	118.18
Outstanding at end of the year	24,284	210.03	21,770	173.33

At 30 September 2021, there was US$Nil (2020: US$Nil) of total unrecognised compensation cost related to non-vested PBSs. The cost is expected to be recognised over a weighted average period of approximately Nil years (2020: Nil).

Employee Stock Purchase Plan (equity-settled)

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

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

22 Share-based payments (continued)

Employee stock purchase plan (equity-settled) (continued)

The fair value of the purchase rights is determined on the offering date calculated as 15% discount multiplied by the offering date stock price and the estimated number of shares to be purchased. Expected dividends are not incorporated into the measurement of fair value. Compensation cost is recognised based on a graded vesting method over the offering period.

As at 30 September 2021, the number and weighted average fair value of shares purchased was 72,198 (2020: 79,044) and US$183.74 (2020: US$159.22).

The components of share-based compensation expense during the year ended 30 September are summarised below:

	2021 US$'000	2020 US$'000
Options	1,255	1,212
RSUs	22,490	20,182
PBSs	2,762	12
ESPP	2,645	2,273
	29,152	23,679

23 Leases

Leases as lessee (FRS 116)

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

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see Note 4).

	Leased premises	
	2021 US$'000	2020 US$'000
Balance at 1 October	58,002	73,692
Depreciation charge for the year	(15,952)	(15,690)
Additions to right-of-use assets	34,275	–
Balance at 30 September	76,325	58,002

23 Leases (continued)

Amounts recognised in profit or loss

	2021 US$'000	2020 US$'000
Leases under FRS 116		
Interest on lease liabilities	1,154	1,415

Amounts recognised in statement of cash flows

	2021 US$'000	2020 US$'000
Total cash outflow for leases	19,603	14,002

Extension options

Certain 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 Company has estimated that the potential future lease payments, should it exercise the extension options, would result in an increase in lease liability of US$47,300,000 (2020: US$38,300,000).

24 Related parties

Identification of related parties

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or at least a control and a significant influence by a common related party. Related parties may be individuals or other entities.

24 Related parties (continued)

Transactions with related parties

Other than those disclosed elsewhere in the financial statements, transactions with related parties are as follows:

	2021 US$'000	2020 US$'000
Intercompany service fee income		
- From related corporations	267,253	262,023
- From subsidiaries	16,563	21,630
	283,816	283,653
Intercompany service fee expense		
- To related corporations	(463,008)	(463,133)
- To subsidiaries	(108,402)	(96,537)
	(571,410)	(559,670)

Key management personnel

	2021 US$'000	2020 US$'000
Short-term employee benefits	10,844	10,557
Share-based payment (equity-settled)	7,707	4,002
	18,551	14,559

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The following persons are considered as key management personnel:

(i) directors of the Company; and
(ii) members of the Company's key management team.

During the year, 69,662 (2020: 66,793) shares in Visa Inc. were granted by the Company to key management personnel. The shares were granted on the same terms and conditions as those offered to other employees of the Company as described in Note 22. At the reporting date, 255,971 (2020: 286,466) of those shares were outstanding.

Remuneration fees of certain key management personnel are borne by related parties and not recharged to the Company. The remuneration is not in relation to services rendered to the Company.

25 Subsequent events

Pursuant to a resolution dated 11 March 2022, the Company declared dividends amounting to US$515,000,000 to its immediate holding company.