

**MONDEX INTERNATIONAL LIMITED**  
(Registration Number: 3122085)

**ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**



## **MONDEX INTERNATIONAL LIMITED**

### **Annual Report**

For the year ended 31 December 2015

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## **CONTENTS**

STRATEGIC REPORT	2
DIRECTORS' REPORT	3
INDEPENDENT AUDITORS' REPORT	5
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF CHANGES IN EQUITY	9
NOTES TO THE FINANCIAL STATEMENTS	10

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## **LEGAL FORM**

Limited Private Company

## **COUNTRY OF INCORPORATION AND DOMICILE**

United Kingdom

## **NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES**

The company's principal activities are the support of franchise licenses for electronic cash and related smartcard technology and the maintenance and development of applications, tools and infrastructure for smartcard platforms.

## **DIRECTORS**

John Beric  
David Meadon

## **REGISTERED OFFICE**

19th floor, 10 Upper Bank Street, London, E14 5NP

## **COMPANY NUMBER**

3122085

## **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH

## **BANKERS**

HSBC, City of London Branch, 60 Queen Victoria Street, London, EC4N 4TR

## MONDEX INTERNATIONAL LIMITED

### Strategic Report

For the year ended 31 December 2015

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The directors present the strategic report of Mondex International Limited ("the Company") for the year ended 31 December 2015.

#### Principal activity

The Company's principal activities are the support of franchise licenses for electronic cash and related smartcard technology and the maintenance and development of applications, tools and infrastructure for smartcard platforms.

#### Review of business and future outlook

The Company's profit before tax for the financial year ended 31 December 2015 was £3,358,689 (2014: Loss of £86,496).

#### Principal risks and uncertainties

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

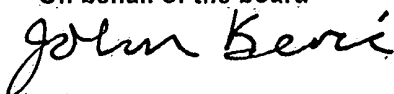
##### *Liquidity and cash flow risk*

The Company monitors its liquidity and cash flow requirements on a regular basis. The Company's operations are supported by MasterCard Incorporated to ensure the Company has sufficient funds for future operations.

##### *Foreign exchange risk*

The Company incurs minimal costs in currencies that differ from its functional currency, the directors consider the exposure to foreign exchange variances to be minimal.

On behalf of the board



John Beric

Director

September 2016

## **MONDEX INTERNATIONAL LIMITED**

### **Directors' Report**

For the year ended 31 December 2015

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The directors present their report and the audited financial statements of the Company for the year ended 31 December 2015.

#### **Directors**

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

- John Beric
- David Meadon

#### **Dividends**

The directors do not recommend the payment of a dividend for the year (2014: nil).

#### **Financial risk management**

The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

The directors have not delegated the responsibility of monitoring financial risk management to a subcommittee of the board. The policies set by the board of directors are implemented by the Company's finance department. The department has policies and procedures, where applicable, that set out specific guidelines to manage credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

#### **Future developments**

The nature of the business is not expected to change going forward.

#### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**MONDEX INTERNATIONAL LIMITED**

**Directors' Report (Continued)**

For the year ended 31 December 2015

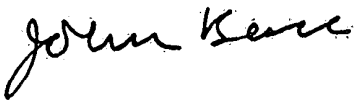
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**Statement of disclosure of information to auditors:**

Each director of the Company, in office at the time of approval of this report, acknowledges that:

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

On behalf of the board



John Beric

Director

20 September 2016

## **Report on the financial statements**

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### **Our opinion**

In our opinion, Mondex International Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the financial year ending 31 December 2015 (the "year") then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

### **What we have audited**

The financial statements, included within the Annual Report, comprise:

- Statement of Financial Position as at 31 December 2015;
- Statement of Comprehensive Income for the year then ended;
- Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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## **Opinion on other matter prescribed by the Companies Act 2006**

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In our opinion, the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

## MONDEX INTERNATIONAL LIMITED

### Independent Auditors' Report to the Members of Mondex International Limited (Continued)

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#### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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### Responsibilities for the financial statements and the audit

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#### Our responsibilities and those of the directors

As explained more fully in the Statement of the Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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#### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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

21 September 2016

**MONDEX INTERNATIONAL LIMITED**

**Statement of Comprehensive Income**  
For the year ended 31 December 2015

	Note	2015 £000	2014 £000
Revenue	3	21	23
Operating income/(expense)	4	73	(111)
<b>Operating profit/(loss)</b>		<b>94</b>	<b>(88)</b>
Other income	6	3,261	-
Finance income		4	2
<b>Profit/(loss) before income tax</b>		<b>3,359</b>	<b>(86)</b>
Income tax expense	7	-	-
<b>Profit/(loss) for the financial year</b>		<b>3,359</b>	<b>(86)</b>
<b>Total comprehensive income/(loss) for the financial year</b>		<b>3,359</b>	<b>(86)</b>

The notes on pages 10 to 16 form an integral part of these financial statements



**MONDEX INTERNATIONAL LIMITED**

**Statement of Financial Position**  
As at 31 December 2015

	Note	2015 £000	2014 £000
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	9	7,247	565
Cash		3,078	1,408
		<u>10,325</u>	<u>1,973</u>
<b>Total assets</b>		<u>10,325</u>	<u>1,973</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Ordinary share capital	11	193	193
Share premium		9,202	9,202
Retained loss		(27,453)	(30,812)
<b>Total equity</b>		<u>(18,058)</u>	<u>(21,417)</u>
<b>Current liabilities</b>			
Trade and other payables	10	28,383	23,390
<b>Total liabilities</b>		<u>28,383</u>	<u>23,390</u>
<b>Total equity and liabilities</b>		<u>10,325</u>	<u>1,973</u>

The notes on pages 10 to 16 form an integral part of these financial statements

The financial statements on pages 7 to 16 were approved and authorised for issue by the Board of Directors on 13 September 2016 and signed on its behalf by:

*John Beric*

21<sup>st</sup> September 2016  
John Beric  
Director

**MONDEX INTERNATIONAL LIMITED****Statement of Changes in Equity**  
For the year ended 31 December 2015

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	Share Capital £'000	Share Premium £'000	Retained Loss £'000	Total Equity £'000
At 1 January 2014	193	-	(30,726)	(30,726)
Loss for financial year	-	-	(86)	(86)
At 31 December 2014 and 1 January 2015	193	9,202	(30,812)	(21,044)
Profit for financial year	-	-	3,359	3,359
At 31 December 2015	193	9,202	(27,453)	(18,058)

The notes on pages 10 to 16 form an integral part of these financial statements

## **MONDEX INTERNATIONAL LIMITED**

### **Notes to the Financial Statements** For the year ended 31 December 2015

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#### **1 Authorisation of financial statements and statement of compliance with FRS 101**

The financial statements of the company for the year ended December 2015 were authorised for issue by the board of directors on 13<sup>th</sup> September 2016 and signed on the board's behalf by John Beric.

These financial statements were prepared under the historical cost convention and in accordance with The Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101). The principal accounting policies, which have been consistently applied, are set out below.

#### **2 Accounting policies**

##### **2.1 Basis of preparation**

The Company transitioned from UK GAAP to FRS 101 for all periods presented. There were no material amendments on the adoption of FRS 101 in relation to reserves at date of transition and on the results for the comparative period presented

The company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- b) the requirements of IAS 7 Statement of Cash Flows;
- c) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- d) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.
- e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

##### **2.2 Changes in accounting policy and disclosures**

**Standards and interpretations effective and adopted in the current year:**

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

- FRS 101 Reduced Disclosure Framework

##### **2.3 Going Concern**

In preparing the financial statements the directors have taken into account all information that could reasonably be expected to be available for the following 12 months and beyond. They have considered the company's ongoing cash requirements, and on this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis.

##### **2.4 Significant judgements and sources of estimation uncertainty**

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

##### **2.5 Revenue**

Revenue represents the amounts (excluding value added tax) derived from providing core services to customers (including license fee revenue). Revenue is recognised when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company;

## **MONDEX INTERNATIONAL LIMITED**

### **Notes to the Financial Statements (Continued)** For the year ended 31 December 2015

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## **2 Accounting policies (Continued)**

### **2.6 Financial Assets**

#### **Trade and other receivables**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

#### **Trade payables**

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

#### **Cash**

Cash includes cash in bank. These are initially and subsequently recorded at fair value.

### **2.7 Share capital and equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **2.8 Income taxes**

Current tax liabilities/ (assets) for the current and prior periods are measured at the amount expected to be paid to/ (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred income tax is recognised on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset or liability is settled, based on tax rates and laws enacted or substantively enacted by the end of the reporting year.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

## **MONDEX INTERNATIONAL LIMITED**

### **Notes to the Financial Statements (Continued)**

For the year ended 31 December 2015

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## **2 Accounting policies (Continued)**

### **2.9 Foreign currency translations**

#### *Functional and presentation currency*

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

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions. A foreign exchange gain or loss resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities in foreign currencies are recognised in the profit or loss.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Cash flows arising from transactions in foreign currency are recorded in Pounds Sterling by applying to the foreign currency amount the exchange rate between the Pounds Sterling and the foreign currency at the date of the cash flow.

### **2.10 Provisions and contingencies**

Provisions are recognised when the company has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Provisions are not recognised for future operating losses.

Contingent liabilities are not recognised, but rather disclosed by way of a note to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised, but rather disclosed by way of a note to the financial statements, where an inflow of economic benefits is probable.

### **2.11 Trademarks and patents**

Costs associated with the application and development of internally generated trademarks and patents are written off to the profit and loss as incurred.

### **2.12 Consolidation**

The Company is a wholly owned subsidiary of MasterCard Incorporated and is included in the consolidated financial statements of MasterCard Incorporated which are available from its registered office at 2000 Purchase Street, Purchase, New York. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

## MONDEX INTERNATIONAL LIMITED

### Notes to the Financial Statements (Continued) For the year ended 31 December 2015

#### 3 Revenue

	2015 £000	2014 £000
Fees from the provision of core services	<u>21</u>	<u>23</u>

No further geographical analysis of turnover, profit before tax or net assets is deemed necessary as the Company's activities take place substantially within the United Kingdom and are all part of one business segment.

#### 4 Operating costs/(income)

	2015 £000	2014 £000
Professional fees	17	106
Patents and Trademarks	26	7
Foreign exchange (gain)/ loss	(116)	1
Other operating expenses/(income)	<u>-</u>	<u>(1)</u>
	<u>(73)</u>	<u>111</u>

No staff were employed by the company during the year (2014: Nil). All staff costs associated with the company are borne by an affiliated entity.

Audit fees were £21,135 for the financial statements related to the period ended 31 December 2015, these fees were paid by an affiliated company.

#### 5 Directors' emoluments

There were 2 directors who served during the year (2014: 2 directors). No directors received any emoluments or pension contributions in respect of their services to the Company during the year (2014: Nil). It is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. Accordingly, the above details include no remuneration in respect of the Directors.

#### 6 Other income

	2015 £000	2014 £000
Revaluation of Intercompany payable balance	<u>3,261</u>	<u>-</u>

During the year ended 31 December 2015 the company and wider group undertook an exercise to review the balances due to and from intercompany entities resulting in the above impact

# MONDEX INTERNATIONAL LIMITED

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2015

### 7 Tax on profit on ordinary activities

	Year ended - 31 December 2015 £000	Year ended - 31 December 2014 £000
Current tax:		
UK corporation tax on results for the period	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	-	-
Impact of change in the UK tax rate	-	-
Total Deferred tax	-	-
Income Tax expense per Statement of Comprehensive Income	-	-

The charge for the period can be reconciled to the profit/ (loss) per the statement of comprehensive income as follows:

	2015 £000	2014 £000
Profit/(Loss) on ordinary activities before taxation	3,359	(86)
Profit/(loss) on ordinary activities at the standard rate of Corporation tax in the UK of 20.25% (2014: 21.5%)	680	(19)
Effects of:		
Effects of group relief	(633)	19
Amounts not recognised	(47)	
Tax charge for the period	-	-

The company has decided not to recognise a deferred tax asset of £188,801 (2014: £311,985) in respect of fixed asset temporary differences due to uncertainty surrounding the availability of future taxable profits against which this asset would reverse.

The Finance Acts 2015 and 2016 brought about changes to the rate of corporation tax which will impact future periods. In accordance with IFRS/ FRS101 deferred tax balances should be calculated with reference to the tax rates and laws which have been enacted or substantively enacted by the balance sheet date. The Finance Act 2015 had been enacted at the balance sheet date, introducing a corporation tax rate of 19% from 1 April 2017 and 18% from 1 April 2020. The unrecognised deferred tax asset noted above has therefore been quantified using a corporation tax rate of 18% (the enacted rate). The Finance Act 2016 had not been enacted, or substantively enacted at the balance sheet date. This Act introduced a further rate change reduction to 17% from 1 April 2020 which would reduce the unrecognised deferred tax asset noted above to £178,312.

## MONDEX INTERNATIONAL LIMITED

### Notes to the Financial Statements (continued) For the year ended 31 December 2015

#### 8 Investments

Investment in subsidiaries at cost comprises 100% of the shares of the following subsidiary's undertakings. The company exercised 100% of voting rights in these subsidiary undertakings during 2015 (2014:100%)

	Issued ordinary share capital	Principal activity	Country of incorporation
Mondex International Americas, Inc.	US\$100	Dormant	USA
MasterCard Global Key Centre Limited	£2	Dormant	England & Wales
MXI Management Limited	£2	Dormant	England & Wales

#### 9 Trade and other receivables

	2015 £000	2014 £000
Trade debtors	-	3
Amounts owed by group undertakings	7,247	556
Other debtors	-	6
	<u>7,247</u>	<u>565</u>

Amounts owed by group undertakings are non-interest bearing and repayable on demand.

#### 10 Trade and other payables

	2015 £000	2014 £000
Trade payables	-	1
Amounts owed to group undertakings	28,353	23,360
Accruals	30	29
	<u>28,383</u>	<u>23,390</u>

Amounts owed to group undertakings are non-interest bearing and repayable on demand.

#### 11 Ordinary Share capital

	2015 £000	2014 £000
<b>Authorised</b>		
204,081 (2014:204,081) ordinary shares of £1 each	204	204
<b>Issued</b>		
192,867 (2014:192,857) ordinary shares of £1 each	193	193



## **MONDEX INTERNATIONAL LIMITED**

### **Notes to the Financial Statements (continued)** **For the year ended 31 December 2015**

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#### **12 Immediate and ultimate holding company**

The Company's immediate parent undertaking is MasterCard International Incorporated.

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

MasterCard Incorporated is the parent of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2015. The consolidated financial statements of MasterCard Incorporated are available from its registered office at 2000 Purchase Street, Purchase, New York.

#### **13 FRS 101 adoption**

This is the first year in respect of which the company has prepared its financial statements under FRS 101. The previous financial statements for the year ended 31 December 2014 were prepared under 'old UK GAAP'. The date of transition to FRS 101 for the company is 1 January 2014. There were no amendments on the adoption of FRS 101 in relation to reserves at date of transition and on the results for the comparative period presented. Therefore no reconciliations are required to be presented.