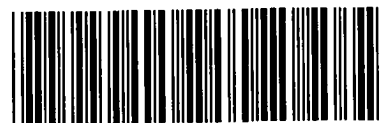


Vocalink Holdings Limited

Annual Report and Financial Statements 31 December 2021

Registered company number 06119036

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Strategic Report for the year ended 31 December 2021

The Directors present the Strategic Report of Vocalink Holdings Limited (the 'Company') for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is that of a holding company. It is the parent company of IPCO 2012 Limited (IPCO), Vocalink Limited (VLL) and Vocalink International Limited (VIL); these trading entities and their subsidiaries constitute the 'Vocalink Group'.

Review of business and future outlook

The Company results are set out in the Statement of Comprehensive Income on page 10. The Statement of Financial Position is set out on page 11.

The Company made a loss for the financial year of £3.4m (2020: loss £0.7m). At 31 December 2021 the Company had net assets of £146.6m (2020: £150.0m).

This loss was mainly due to intercompany interest of £17.0m (2020: £0.5m). On 31 December 2020, the Company undertook a business restructure whereby the majority of non-UK national infrastructure services were transferred from VLL to VIL. The overall scope of the Vocalink Group remained the same, however the current year is the first full year of intercompany interest as significant intercompany loans were transferred in late 2020.

During 2021, the Company increased the value of its investment in VIL, IPCO 2012 Limited (IPCO) and VLL by £204.3m, £52.6m and £10.4m respectively. Additional investments subsequent to the year end are detailed in note 13.

In respect of the trading subsidiaries of the Company, the Vocalink Security team in partnership with Mastercard is monitoring the Russian invasion of Ukraine and resulting immediate impact. The response so far has focussed on assessing the extent to which our people and third parties are impacted, the adherence to sanctions and the strength of our Information Security controls to mitigate an increase in broader geopolitical threats. Vocalink people and third parties are not located in Ukraine and therefore not at risk. Our critical and key suppliers also confirmed no utilization of any products or services directly or indirectly made or developed or supported by Russian/Belarusian/Ukrainian origin companies. The Group works with regulatory and government sources to identify and mitigate threats to UK Critical National Infrastructure (CNI). Enhanced monitoring and response measurements in line with National Cyber Security Centre (NCSC) guidance are in place. The Company currently does not expect any material direct financial impact on the business of its subsidiaries.

Key performance indicators (KPIs)

As the Company's principal activity is that of a holding company, the Directors are of the opinion that there are no meaningful financial or non-financial key performance indicators to understand the development, performance and position of the Company as part of the group headed up by Mastercard Inc (Mastercard); its ultimate parent company. The Directors review the carrying value of the investments and consider their recoverability. Any impairment would be reflected in these financial statements.

Section 172 (1) Statement

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

The Directors ensure that key management personnel are consulted on any principal decisions, to ensure that all stakeholders are fairly considered. A key decision made during 2020 was the business restructure between its two subsidiaries, the full effect has been seen in 2021. Additionally during the current year the Company has increased its investment by £267.3m across three subsidiaries see note 7 for details. Subsequent to the year end, as detailed in note 13, an additional £28.0m and £189.9m was invested in IPCO and VIL respectively.

The Directors will continue to promote a culture which is considerate of the interests of all its stakeholders. Through the adaption of appropriate business strategies, the Directors will continue to foster the Company's business relationships with suppliers and customers including by partnering with businesses that share the values of the Company and the wider Mastercard group with a dedication to conducting business in a legal, ethical, and socially responsible manner delivering the best possible value for the Company and mitigating the risks faced by the Company.

Strategic Report (continued)
for the year ended 31 December 2021

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks for the subsidiaries of the Company ('Vocalink Group') and managed centrally. The Vocalink Group adopts an enterprise-wide risk management approach to identify, assess, measure, manage and report across a wide range of business and operational risks in accordance with the Vocalink Group's risk appetite. An annual programme of independent key controls testing is performed to ensure the design and operation of key controls remains effective. Significant opportunities continue to arise in the payments market, and we continue to monitor and focus on the risks presented in the following areas:

- Strategic;
- Business Resilience, Recovery and Resolution;
- Information Security;
- Regulatory;
- Reputation; and
- Third Party.

Strategic Risk

Following the strategic decision for VLL to focus on UK supervised payment services and the running of core UK national infrastructure and VIL to focus on operating non-supervised services in the UK and internationally, a second line risk review concluded that the organisational change was performed within risk appetite and continuous monitoring confirmed throughout 2021 that the change did not threaten the safe and stable operation of supervised payment services and poses no ongoing residual operational risk.

As a result of the strategic change, VLL now generates its revenue through a small number of high value contracts; which have all been successfully extended for a minimum period of five years ensuring the strategic risk remains within appetite. Whilst VIL is making a number of significant investments to deliver managed services across a range of markets.

The Vocalink Group is cognisant of the criticality of maintaining positive industry perceptions of its operations. The Company places specific attention upon the prevention of events which could result in any negative publicity or litigation that could affect its existing or new business opportunities.

Business Resilience, Recovery and Resolution Risk

The services provided by the Vocalink Group require a high level of dependability and continuous service availability. To achieve this, the Vocalink Group adopts a resilience by design strategy supported by rigorous IT service management procedures. Resilience and the ability to recover is continuously assured through a Three Lines of Defence model which includes external certifications and standards assessment, thorough disaster recovery testing and recovery simulations. Investment in technology, tools and people enable the Vocalink Group to meet contractual performance commitments.

The UK financial industry has been subject to a new regulatory resilience policy which came into force on 31 March 2022, which requires Vocalink as a Specified Service Provider (SSP) to have in place sound, effective and comprehensive strategies, process and systems that enable it to adequately identify and address any risks to its ability to remain within the agreed impact tolerance for each Important Business Service (IBS). Vocalink's Operational Resilience policy provides a statement of Vocalink's commitment to ensure that Vocalink has the ability to prevent, as well as respond to and recover from extreme but plausible operational disruption of its IBS. A programme to meet these commitments has been completed with the increasing regulatory scrutiny requiring additional operational overhead. To meet increasing stakeholder expectations the CEO has enhanced Operational Resilience and Security governance to provide the Management Committee and Board independent assurance as to the effectiveness of these capabilities.

The continuation of the Covid-19 pandemic has resulted in the Vocalink Group operating its business continuity plans to protect staff and maintain the stability of its operations across the business. Throughout the lifespan of the pandemic, the Vocalink Group prioritised staff health and wellbeing with working practices adapted in line with Government guidelines.

Strategic Report (continued)
for the year ended 31 December 2021

Principal risks and uncertainties (continued)

Information Security Risk

Cyber Security remains a prevalent, fast evolving threat across many industries and particularly within financial and payment services. Global inter-connectivity and technological advancement is adding to the complexity of Cyber Security Risk and enabling more advanced methods to be employed by perpetrators.

The Vocalink Group continues to work closely with customers, government and the wider payment industry to understand and evaluate the nature of these threats, enabling the business to steer strategic and tactical risk decisions in line with the constantly evolving threat landscape. The Vocalink Group is committed to the continued delivery of cyber resilience and will ensure it has the capability to resist and counter such threats through mature and robust layered defences; system monitoring and traffic analysis; and close alignment with Industry and international security standards.

Continual assessment and security testing is central to the provision of payment services. To ensure that security controls and capabilities are effective, identified weaknesses are risk assessed and remediated through process enhancements including investments in appropriate tooling and subject matter experts. In addition, the Vocalink Group regularly participates in both company level self-assessments and industry level assessments and exercises to continually validate our cyber readiness capabilities.

Regulatory Risk

The Vocalink Group takes an active role in understanding the regulatory landscape and associated risks, reporting these to Management, the Risk Committee and Board.

In December 2021 the Payment Systems Regulator (PSR) published a regulatory framework that sets out the requirements on VLL, in the event that it is successful in its bid to be the central infrastructure services provider to the New Payment Architecture (NPA). The purpose of the framework is to address risks to competition and innovation in the NPA ecosystem identified by the PSR.

VIL provides services within multiple regulated environments across the world. The increasing regulatory expectations across the payments eco-system on the customers of VIL continues to see a flow-down of increased requirements to enable its customers to discharge their own regulatory obligations.

Reputational Risk

The effective and ongoing management of the reputational standing of the Vocalink Group and its brand is of strategic importance.

The Vocalink Group is cognisant of the criticality of maintaining positive industry perceptions of its operations. The Vocalink Group places specific attention upon the prevention of events which could result in any negative publicity or litigation that could affect its existing or new business opportunities.

Third Party Risk

VLL operates the majority of the Vocalink Group's core infrastructure, whilst VIL leverages Mastercard and VLL capabilities. The Vocalink Group uses partners only for selected activity such as supporting software development. In certain circumstances, specific third-party components are deployed within solutions.

By order of the Board


Jacqueline Panayi

Jacqueline Panayi
Company Secretary

Date: 15th December 2022

Directors' Report for the year ended 31 December 2021

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

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Paul Stoddart (resigned on 1 April 2022)

Ajay Bhalla

Edward McLaughlin

Elizabeth Oakes

Gregor Dobbie (resigned on 30 September 2022)

Secretary

Jacqueline Panayi

Directors' indemnities

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

Dividends

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

Financial risk management

The Company has limited exposure to financial risk as all material financial instruments are with companies within the group headed by Mastercard Incorporated, its ultimate parent company.

Employees

The Company has no employees (2020: none). The resources utilised in carrying out the activities of the Company are provided by VLL and VIL.

Employee involvement

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

Suppliers, customers and others

In the Strategic Report, within the Section 172 (1) Statement on page 2 and the third party risk section on page 4, the Directors have summarised how they have engaged with suppliers, customers and others in a business relationship as part of the Vocalink Group.

Streamlined Energy and Carbon Reporting (SECR)

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 introduced the obligation for listed companies to report on their greenhouse gas (GHG) emissions. These requirements have been extended to certain non-listed companies, including the Company, by the UK Streamlined Energy & Carbon Reporting (SECR) regulations, released in 2019 by BEIS, in respect of the energy consumption and emissions for which we are responsible. Given the nature of the Company, a holding entity with no direct employees, direct energy consumption or related emissions; we have concluded that it qualifies as a "low energy user" in line with the criteria set out in the SECR regulations. To this end, the Company is not required to prepare detailed energy and carbon disclosures in-line with the SECR regulations.

Directors' Report (continued)
for the year ended 31 December 2021

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2020: £nil).

Future developments

The nature of the business is not expected to change going forward, as discussed in the Strategic Report.

Going concern

These financial statements have been prepared on a going concern basis. In preparing these financial statements, the Directors have carried out a detailed and comprehensive review of the business of the Vocalink Group and its future prospects taking 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 losses in the year, the net assets, future projected results and implemented a financial recovery plan such that the Company is financially resilient; alongside the written letter of support received from Mastercard International Incorporated (MCI); an intermediary parent of the Company. This letter of support provides proportionate financial and operational support for a period of 15 months from the date of signing these financial statements via Mastercard UK Holdco Limited (MCUKH), the parent company of Vocalink Holdings Limited. In considering these factors the forecasted future performance and anticipated cash flows to 31 December 2023 have been stress tested with plausible but severe assumptions.

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

The Company's overriding objective when managing capital resources is to safeguard the business as a going concern. In practice, this involves regular reviews by the Board and Executives. These reviews take into account the Company's strategic priorities, economic and business conditions and opportunities that are identified to invest across all points of the business cycle, whilst maintaining the minimum risk profile established by the Board and Executives. This objective has been achieved and is expected to be achieved in the going concern period.

Subsequent events

Please see note 13 for details of the Company's subsequent events.

Independent auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Directors' Report (continued)
for the year ended 31 December 2021

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

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

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

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

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

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

On behalf of the Board


Elizabeth Oakes

Elizabeth Oakes
Director

Date: 15th December 2022

Independent auditors' report to the members of Vocalink Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Vocalink Holdings Limited's financial statements:

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

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2021; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to general data protection regulation (GDPR), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as applicable tax legislation in relevant jurisdictions and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the manipulation of financial statement line items through manual journal postings and the use of inappropriate assumptions or management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations including unusual or unexpected journal postings to the income statement;
- Challenging assumptions and judgements made by management in their significant accounting estimates and validating key assumptions where appropriate;
- Inquiring with management with respect to known or suspected instances of fraud; and
- Inquiring with management in consideration of instances of non-compliance with laws and regulations.

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

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

Use of this report

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

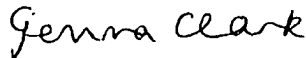
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



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

15 December 2022

**Statement of Comprehensive Income
for year ended 31 December 2021**

	Note	2021 £m	2020 £m
Administrative expenses	2	-	(0.3)
Operating loss		-	(0.3)
Finance costs	3	(17.0)	(0.5)
Other interest receivable and similar income	4	10.4	-
Loss before taxation		(6.6)	(0.8)
Tax on loss	6	3.2	0.1
Loss for the financial year		(3.4)	(0.7)
Other comprehensive income		-	-
Total comprehensive expense for the year		(3.4)	(0.7)

The notes on pages 13 to 22 form an integral part of these financial statements.

**Statement of Financial Position
at 31 December 2021**

	Note	2021 £m	2020 £m
Non-current assets			
Investments	7	830.2	562.9
Total non-current assets		<u>830.2</u>	<u>562.9</u>
Current assets			
Trade and other receivables	8	3.7	0.4
Cash and cash equivalents		-	-
Total current assets		<u>3.7</u>	<u>0.4</u>
Total assets		<u>833.9</u>	<u>563.3</u>
Current liabilities			
Trade and other payables	9	91.8	0.5
Total current liabilities		<u>91.8</u>	<u>0.5</u>
Non-current liabilities			
Trade and other payables	9	595.5	412.8
Total non-current liabilities		<u>595.5</u>	<u>412.8</u>
Total liabilities		<u>687.3</u>	<u>413.3</u>
Net assets		<u>146.6</u>	<u>150.0</u>
Equity			
Called up share capital	10	133.4	133.4
Share premium account	10	14.6	14.6
Other reserves	10	12.2	12.2
Accumulated losses		(13.6)	(10.2)
Total equity		<u>146.6</u>	<u>150.0</u>

The notes on pages 13 to 22 from an integral part of these financial statements.

The financial statements on pages 10 to 22 were approved by the board of Directors on 15 December 2022 and were signed on its behalf by:

Elizabeth Oakes
Elizabeth Oakes

Elizabeth Oakes

Registered company number: 06119036

**Statement of Changes in Equity
for year ended 31 December 2021**

	Called up share capital £m	Share premium £m	Other reserves £m	Accumulated losses £m	Total equity £m
Balance at 1 January 2021	133.4	14.6	12.2	(10.2)	150.0
Total comprehensive expense for the year					
Loss for the year	-	-	-	(3.4)	(3.4)
Total comprehensive expense for the year	-	-	-	(3.4)	(3.4)
Balance at 31 December 2021	133.4	14.6	12.2	(13.6)	146.6

	Called up share capital £m	Share premium £m	Other reserves £m	Accumulated losses £m	Total equity £m
Balance at 1 January 2020	133.4	14.6	12.2	(9.5)	150.7
Total comprehensive expense for the year					
Loss for the year	-	-	-	(0.7)	(0.7)
Total comprehensive expense for the year	-	-	-	(0.7)	(0.7)
Balance at 31 December 2020	133.4	14.6	12.2	(10.2)	150.0

The notes on pages 13 to 22 from an integral part of these financial statements.

Notes to the Financial Statements

1 Accounting policies

1.1 General information

Vocalink Holdings Limited ('the Company') is a private limited liability company, limited by shares. It is incorporated, domiciled and registered in England and Wales, within the United Kingdom. The registered number is 06119036 and the registered office is 1, Angel Lane, London, EC4R 3AB.

Mastercard Incorporated is the owner of 97.3% (2020: 97.3%) of the issued share capital of the Company, through its subsidiaries Mastercard UK Holdco Limited and Mastercard Partners LLC; as detailed in note 10. Mastercard Incorporated is the ultimate parent undertaking of the Company.

1.2 Basis of preparation

These financial statements are prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 (UK-adopted IFRS), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosures has been taken. On 31 December 2020, EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. In preparing these financial statements in accordance with FRS 101, the Company's financial statements transitioned to UK-adopted international accounting standards (as described above) on 1 January 2021. There is no impact on recognition, measurement or disclosure in the period reported as a result of this change.

As set out above, more than 90% of the issued shares of the Company are owned by Mastercard Incorporated. The consolidated financial statements of Mastercard Incorporated, which included the financial statements of the Company, are available from its registered office at 2000 Purchase Street, Purchase, New York. The Company has taken advantage of the exemption under Section 401 of the Companies Act 2006 not to prepare consolidated financial statements.

These financial statements were prepared under the historical cost convention and in accordance with the accounting policies set out below have, unless otherwise stated, which have been applied consistently to all periods presented in these financial statements.

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 IFRS 7 Financial Instruments: Disclosures;
- c. Paragraph 38 of IAS 1, 'Presentation of financial statements' - comparative information requirements in respect of:
 - i. Paragraph 79(a)(iv) of IAS 1;
- d. the requirements of IAS 7 Statement of Cash Flows;
- e. the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- f. the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group; and
- g. The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

Critical judgements and estimates made by the Directors in the application of these accounting policies that have a significant effect on the financial statements are discussed in note 1.10.

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

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

1.3 Going concern

These financial statements have been prepared on a going concern basis. In preparing these financial statements, the Directors have carried out a detailed and comprehensive review of the business of the Vocalink Group and its future prospects taking 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 losses in the year, the net assets, future projected results and implemented a financial recovery plan such that the Company is financially resilient; alongside the written letter of support received from Mastercard International Incorporated (MCI); an intermediary parent of the Company. This letter of support provides proportionate financial and operational support for a period of 15 months from the date of signing these financial statements via Mastercard UK Holdco Limited (MCUKH), the parent company of Vocalink Holdings Limited. In considering these factors the forecasted future performance and anticipated cash flows to 31 December 2023 have been stress tested with plausible but severe assumptions.

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

The Company's overriding objective when managing capital resources is to safeguard the business as a going concern. In practice, this involves regular reviews by the Board and Executives. These reviews take into account the Company's strategic priorities, economic and business conditions and opportunities that are identified to invest across all points of the business cycle, whilst maintaining the minimum risk profile established by the Board and Executives. This objective has been achieved and is expected to be achieved in the going concern period.

1.4 Foreign currency translation

The Company's financial statements are presented in pounds sterling, which is the Company's functional currency. All significant contracts are currently denominated and settled in pounds sterling, thereby mitigating foreign exchange risk.

1.5 Finance income and costs

Finance costs include group interest payable that is recognised in the Statement of Comprehensive Income.

Interest payable is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method. Dividend income is recognised in the Statement of Comprehensive Income on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.6 Investments in subsidiaries

Investments in subsidiaries held as non-current assets are stated at cost less any provision for impairment. The need for any impairment is assessed by comparing the carrying value of the asset with the higher of realisable value or value in use, see note 7.

1.7 Common control transactions

Common control transactions that arise between Group entities under the control of the same parent are accounted for at book value.

1.8 Financial instruments

(i) Recognition and initial measurement

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

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

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

1.8 Financial instruments (continued)

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; FVOCI - equity investment; or FVTPL.

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

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions:

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

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

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

b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

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

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

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

1.8 Financial instruments (continued)

Financial liabilities and equity (continued)

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

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

iii) Impairment

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

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

Write-offs

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

Notes to the Financial Statements (*continued*)

1 Accounting policies (*continued*)

1.9 Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences are not provided for differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax balances are not discounted.

1.10 Critical accounting judgements and key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of investments

In evaluating the cash flows used in testing for impairment, management exercises judgement in determining the assumptions supporting the cash flows, ensuring that they are reasonable and relevant. Where cash flows are extended beyond the period covered by the most recent budget, they are extrapolated using a steady or declining growth rate, unless an increasing rate can be justified. The assessment at 31 December 2021 has not identified any impairment over the investment held. The level of uncertainty associated is minimum due to headroom the Company has when carrying out its assessment.

The supporting cash flows use separate discount factors for VIL (20%) and VLL (6%) reflecting the differences in the expected cash flows for the UK and International businesses. A simultaneous 50 basis point increase in both the discount rates could be made and no impairment of the investments in subsidiaries will be required. The carrying value of investments in subsidiaries is £830.2m (2020: £562.9m).

2 Administrative expenses

The Company does not employ any staff directly (2020: *none*). There is no identifiable recharge in relation to these costs (2020: *none*). The Company has not incurred any costs of impairment of intercompany balances with a dormant entity (2020: £0.3m).

Auditors' remuneration:

Fees of £16.5k (2020: £19.1k) paid to PricewaterhouseCoopers LLP as auditors for the year ended 31 December 2021 and for the year ended 31 December 2020 were borne and settled by the Company's trading subsidiaries.

Notes to the Financial Statements (continued)

3 Finance costs

	2021 £m	2020 £m
Interest payable to group undertakings	(17.0)	(0.5)
	<u>(17.0)</u>	<u>(0.5)</u>

4 Other interest receivable and similar income

	2021 £m	2020 £m
Dividend income	10.4	-
	<u>10.4</u>	<u>-</u>

5 Directors' remuneration

The emoluments of the Directors are paid by another entity in the Mastercard Group, which makes no recharge to the Company (2020: £nil). The Directors are undertaking executive duties on a number of fellow Mastercard subsidiaries, and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries.

6 Tax on loss

Recognised in the Statement of Comprehensive Income

	2021 £m	2020 £m
Current tax		
Current year tax (credit)	(3.2)	(0.1)
Total tax (credit)	<u>(3.2)</u>	<u>(0.1)</u>

Reconciliation of effective tax rate

Loss before taxation	(6.6)	(0.8)
Tax using UK Corporation tax rate of 19% (2020: 19%)	(1.2)	(0.2)
Expense not deductible for tax purposes	-	0.1
Income not taxable	(2.0)	-
Total tax (credit)	<u>(3.2)</u>	<u>(0.1)</u>

A tax rate of 19% has been used for the year ended 31 December 2021 (2020: 19%).

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021.

Notes to the Financial Statements (continued)

7 Investments

	2021 £m	2020 £m
Cost and net book value		
As at 1 January	562.9	163.8
Additions	267.3	399.1
As at 31 December	830.2	562.9

The Company has the following investments in subsidiaries all of which are incorporated in the United Kingdom:

	Principal activities	Class of shares held	Ownership 2021	Ownership 2020
Vocalink International Limited (VIL)	Payment services	Ordinary	100%	100%
Vocalink Limited (VLL)	Payment services	Ordinary	100%	100%
IPCO 2012 Limited	Intellectual Property Management	Ordinary	100%	100%
Vocalink Interchange Network Limited*	Dormant	Ordinary	100%	100%
Voca Limited*	Dormant	Ordinary	100%	100%

The Balance Sheet carrying value of investments of £830.2m (2020: £562.9m) largely comprises the Company's investment in Vocalink Limited, Vocalink Interchange Network Limited, IPCO 2012 Limited, Vocalink International Limited and Voca Limited.

Additions during the year 2021 relate to the issue of shares of £204.3m to VIL (2020: capital contribution of £17.8m), £52.6m to IPCO (2020: capital contribution of £83.0m) and £10.4m capital contribution to VLL (2020: capital contribution of £298.3m).

The registered office of VIL, VLL and IPCO 2012 Limited is 1 Angel Lane, London, EC4R 3AB. The registered office of the other subsidiaries is Drake House, Homestead Road, Rickmansworth, WD3 1FX.

*Dormant entities exempt from the requirement of the Companies Act 2006 relating to the preparation of their individual financial statements in respect of their year ended 31 December 2021.

8 Trade and other receivables

	2021 £m	2020 £m
Amounts due from group undertakings	3.7	0.4
	3.7	0.4

Amounts receivable of £0.5m (2020: £0.4m) from trading and non-trading entities within the Mastercard Group are non-interest bearing, repayable on demand and are unsecured.

Notes to the Financial Statements (*continued*)

9 Trade and other payables

	2021 £m	2020 £m
Current		
Amounts due to group undertakings	91.8	0.5
	<u>91.8</u>	<u>0.5</u>
Non-current		
Amounts due to group undertakings	595.5	412.8
	<u>595.5</u>	<u>412.8</u>

As at 30 November 2020 VLL transferred all its rights, obligations and liabilities in respect of the five loan agreements with Mastercard Payment Gateway Services Limited with a total value of £405.0m, bearing interest in the range of 2.08% to 3.41%, to the Company. The first loan of £90.0m is repayable no later than 28 June 2022, the second loan of £50.0m is repayable no later than 23 May 2023, the third loan of £140.0m is repayable no later than 24 January 2024, the fourth loan of £85.0m is repayable no later than 1 December 2024 and the fifth loan of £40.0m is repayable no later than 1 September 2025; the five loans are unsecured.

During the year the Company entered into five additional intercompany loans arrangements of the cumulative value of £272.6m bearing the interest rate of 3.66%. Two of these loans of the cumulative value of £114.0m are repayable no later than 15 December 2025. Remaining three loans are repayable no later than 15 December 2026.

On 11 December 2020, amounts owed to VLL of £5.8m were settled and satisfied by offsetting against the loans transferred from VLL as described above; until that date the unsecured loan continued to bear interest at 2% over LIBOR.

Non-current payables continue to include £7.8m (2020: £7.8m) due to a non-trading subsidiary, Vocalink Interchange Network Limited, which does not bear interest and is unsecured, and is not repayable within 12 months of signing these accounts.

10 Capital and reserves

	2021 £m	2020 £m
Share capital		
<i>Authorised</i>		
190,698,425 (2020: 190,698,425) ordinary shares of £1 each	190.7	190.7
<i>Allotted called up and fully paid</i>		
133,354,643 (2020: 133,354,643) ordinary shares of £1 each at 31 December	133.4	133.4

Notes to the Financial Statements *(continued)*

10 Capital and reserves *(continued)*

Shareholders (ordinary shares)	2021 % Holding	2020 % Holding
Mastercard UK Holdeo Limited	92.41	92.41
Mastercard Partners LLC	4.86	4.86
Other shareholders		
Barclays Unquoted Investments Limited	1.52	1.52
Santander Equity Investments Limited	0.78	0.78
Nationwide Building Society	0.43	0.43
	<u>100.00</u>	<u>100.00</u>

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. During the year the Company did not issue any ordinary shares (2020: none).

Reserves

Share capital

Represents the nominal value of shares issued.

Accumulated losses

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

Share premium

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

Other reserves

Other reserves comprise of:

- Capital redemption reserve arising from the redemption of the deferred shares, and
- The merger reserve calculated from the elimination of the share premium account and special reserve in 2007 against book values of the merged businesses (Voca Limited and LINK Interchange Network Limited) on consolidation.

11 Related parties

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

Notes to the Financial Statements *(continued)*

12 Immediate and ultimate holding company

The Company's immediate parent undertaking is Mastercard UK Holdco Limited, a company incorporated in the UK. 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 2021. The consolidated financial statements of Mastercard Incorporated are available from its registered office at 2000 Purchase Street, Purchase, New York.

13 Subsequent events

Subsequent to the year end, on 22 February 2022, ordinary share capital of £28.0m was issued for cash consideration in IPCO. Ordinary share capital was issued for cash consideration in VIL: £22.0m on 22 February 2022, £42.4m on 26 May 2022, £100.0m on 30 August 2022 and £25.5m on 2 November 2022.

In addition, on 14 June 2022 Mastercard Payment Gateway Services Limited approved an extension of the maturity date of the £90m loan from 28 June 2022 to 30 June 2027.

On 17 October 2022 a minority shareholder exercised a PUT option to sell their 0.43% shareholding in the Company to Mastercard Holdings LP. The exercise of the PUT option was not material to the Company.

No other subsequent events were noted.