MASTERCARD SERVICES LIMITED
(Company Registration Number: 07441825)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

MASTERCARD SERVICES LIMITED

Company information

Directors	Timothy G Berger Alfred K Kibe Justin S Goddard Paul D Corr
Company secretary	John McLaren
Registered number	07441825 (England and Wales)
Registered office	Access House Cygnet Road Cygnet Park Hampton Peterborough PE7 8FJ
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Bankers	Deutsche Bank, Brussels Avenue Marnix 17 Brussels B-1000 Belgium

MASTERCARD SERVICES LIMITED

Contents

Strategic report
For the year ended 31 December 2017

The directors present the strategic report of Mastercard Services Limited ("the Company") for the year ended 31 December 2017.

Principal activity

The principal activity of the Company is as a financing company. The activity was unchanged during the year. As part of a wider corporate restructuring of the Mastercard global group of entities, the intention of the directors is to liquidate this entity in the next 12 months, however no fixed dates have been determined.

Review of business, future outlook and key performance measures

The Company results are set out in the Statement of comprehensive income on page 6. The Company Statement of financial position is set out on page 7. The Company measures and monitors a number of key performance indicators, the most important of which is profit before taxation.

The Company's profit before income tax for the year was $105,000 (2016: $312,000). The Company's profit decreased versus prior year due to the early repayment of the intercompany loans.

The Company's net assets (being total assets less total liabilities) at the year end were $594,000 (2016: $489,000). The Company's net assets increased in the year due the settlement of intercompany loans.

With the intention to liquidate this entity, the assets of the Company will ultimately be transferred to another Mastercard entity. No fixed dates have been determined at this time, but it is expected to occur in the next 12 months.

Principal risks, financial risks and uncertainties

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

Foreign exchange risk

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

Interest rate risk

The Company has interest bearing financial instruments, all of which are owed to or from group undertakings. The loans are interest bearing and have fixed terms of repayment.

This report was approved by the board on 28 September 2018 and signed on its behalf.

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Justin S Goddard
Director

Directors' report
For the year ended 31 December 2017

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2017.

Directors

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

Timothy G Berger
Alfred K Kibe (appointed 4 June 2018)
Justin S Goddard (appointed 4 June 2018)
Paul D Corr (appointed 4 June 2018)
Catherine McCaul (resigned 10 March 2017)
Joseph R Halprin (resigned 4 June 2018)

Directors' indeminites

During the financial year and at the date of approval of these financial statements, the Company has provided an indemnity for certain directors of the Company, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006. The Company also maintains Directors' and Officers' liability insurance.

Dividends

The directors do not recommend the payment of a dividend (2016: $117,000,000, $2,340 per ordinary share).

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. The Company's management of financial risk is included in the strategic report.

Future developments

As part of a wider corporate restructuring of the Mastercard global group of entities, the intention of the directors is to liquidate this entity in the next 12 months, however no fixed dates have been determined.

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 from the date of signing these financial statements and beyond. They have considered the Company's ongoing cash requirements, as well as the intention of the directors to liquidate the entity, and on this basis believe the accounts should be prepared on a basis other than going concern.

No adjustments were necessary in these financial statements to reduce assets to their realisable values, to reclassify non-current assets and liabilities to current assets and liabilities, or to provide for liabilities arising from the decision.

Events after the reporting date

There are no events after the reporting date that require disclosure.

Directors' report (continued)
For the year ended 31 December 2017

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 regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising of FRS 101, have been followed, subject to any material departures disclosed and explained in the 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 to enable them to ensure that the financial statements comply with the Companies Act 2006.

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

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.

This report was approved by the board on 28 September 2018 and signed on its behalf.

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Justin S Goddard
Director

Independent auditors' report to the members of Mastercard Services Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit 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 2017; the Statement of comprehensive income for the year then ended, 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.

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the basis of preparation. Following the year end, due to the wider corporate restructuring of the Mastercard global group of entities, the intention of the directors is to liquidate this entity in the next 12 months. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 2 to the financial statements. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify non-current assets and liabilities as current assets and liabilities.

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2017 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 set out on page 3, 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.

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 received 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

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

29 September 2018

Statement of comprehensive income
For the year ended 31 December 2017

	Note	2017 $000	2016 $000
Operating income/(expenses)	3	43	(90)
Operating profit/(loss)		43	(90)
Finance income	6	394	1,565
Finance expenses	6	(332)	(1,163)
Profit before income tax		105	312
Income tax expense	7	-	-
Profit and total comprehensive income for the year		105	312

The Statement of comprehensive income has been prepared in line with Note 2.

The notes on pages 9 to 17 form an integral part of these financial statements.

Statement of financial position
As at 31 December 2017

	Note	2017 $000	2016 $000
ASSETS			
Non-current assets			
Trade and other receivables	8	-	30,797
		-	30,797
Current assets			
Cash and cash equivalents		594	529
		594	529
Total assets		594	31,326
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary shares	10	80	80
Retained earnings		514	409
Total equity		594	489
Non-current liabilities			
Trade and other payables	9	-	30,804
Current liabilities			
Trade and other payables	9	-	33
Total liabilities		-	30,837
Total equity and liabilities		594	31,326

The going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern, given that wider Corporate restructuring plans that will ultimately result in the Company being liquidated. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to reclassify non-current assets and liabilities to current assets and liabilities, or to provide for liabilities arising from the decision. The comparative financial information continues to be applied on a going concern basis.
The notes on pages 9 to 17 form an intergral part of these financial statements.
The financial statements on pages 6 to 17 were approved and authorised for issue by the board on 28 September 2018 and signed on its behalf by

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Justin S Goddard
Director

Company registration number: 07441825

Statement of changes in equity
For the year ended 31 December 2017

	Share capital $000	Retained earnings $000	Total equity $000
As at 1 January 2016	232,370	(115,193)	117,177
Profit and total comprehensive income for the year	-	312	312
Dividends	-	(117,000)	(117,000)
Capital reduction	(232,290)	232,290	-
As at 31 December 2016	80	409	489
Profit and total comprehensive income for the year	-	105	105
As at 31 December 2017	80	514	594

The notes on pages 9 to 17 form an integral part of these financial statements.

1. Company information

Mastercard Services Limited is a private limited liability company limited by shares incorporated and domicilied in the United Kingdom.

2. Accounting policies

2.1 Basis of preparation

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

The principal accounting policies, which have been consistently applied, are set out below. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.3.

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

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) the requirements of IAS 7 Statement of Cash Flows;
d) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
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 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations.

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

2.2 Going concern

In preparing the financial statements the directors have taken into account all information that could reasonably be expected to be available for the following 12 months from the date of signing these financial statements and beyond. They have considered the Company's ongoing cash requirements, as well as the intention of the directors to liquidate the entity, and on this basis believe the accounts should be prepared on a basis other than going concern.

No adjustments were necessary in these financial statements to reduce assets to their realisable values, to reclassify non-current assets and liabilities to current assets and liabilities, or to provide for liabilities arising from the decision.

The comparative financial information continues to be prepared on a going concern basis.

2. Accounting policies (continued)

2.3 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. There are no significant judgements or estimates in the application of accounting policies.

2.4 Foreign currency translations

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in US Dollars, 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 USD by applying to the foreign currency amount the exchange rate between the USD and the foreign currency at the date of the cash flow.

2.5 Financial instruments

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Classification is re-assessed on an annual basis, except for derivatives and financial assets designed at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

2. Accounting policies (continued)

2.5 Financial instruments (continued)

Derivatives are also categorised as held for trading unless it is designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, it is classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. It is included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

Held-to maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in non-current assets, except those with maturities less than 12 months from the reporting date, which are classified as current assets. The gain or loss is included in the statement of comprehensive income for the year.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. It is included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with the gain or loss arising from changes in fair value being included in the statement of comprehensive income for the financial year.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available for sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

The gain or loss arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest rate method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the Company's right to receive payment is established.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

2. Accounting policies (continued)

2.5 Financial instruments (continued)

Impairment of financial assets

At each reporting date the Company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

An impairment is recognised in the statement of comprehensive income.

An impairment loss is reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

A reversal of an impairment loss is recognised in the statement of comprehensive income, except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in the statement of comprehensive income within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

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. Appropriate allowances for estimated irrecoverable amounts recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Trade payables

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks. These are initially and subsequently recorded at fair value.

2. Accounting policies (continued)

2.5 Financial instruments (continued)

Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

2.6 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 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 statement of financial position 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.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised and included in profit or loss.

3. Operating income/(expenses)

	2017 $000	2016 $000
Foreign exchange gain/(loss)	45	(97)
Other operating expenses	(2)	(4)
Professional fees	-	11
	43	(90)

No staff were employed by the Company during the year (2016: none). All staff costs associated with the Company are borne by another entity in the Mastercard group in 2016 and 2017. There is no identifiable amount recharged in relation to these costs for the entire year.

4. Auditors' remuneration

Audit fees were $15,530 (2016: $13,740) for the financial statements related to the year ended 31 December 2017, which are paid by another entity in the Mastercard group. There were no non-audit fees paid to the auditors (2016: $nil).

5. Directors' emoluments

The Directors did not receive any identifiable emoluments in respect of their services to the Company (2016: $nil). The emoluments of the directors is paid by another entity in the Mastercard group, which makes no recharge to the Company.

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

6. Net finance income

	2017 $000	2016 $000
Finance income		
Interest income from time deposits	-	402
Interest income from group undertakings (note 8)	394	1,163
	394	1,565
Finance expense		
Interest expense due to group undertakings (note 9)	(332)	(1,163)

The interest income from group undertakings relates to the loans receivable from Mastercard Prepaid Management Services Limited (Note 8).

The interest expense in relates to the loan payable to Mastercard Payment Gateway Services Group Limited (Note 9).

7. Income tax expense

	2017 $000	2016 $000
Current tax		
Current tax on profits for the year	-	-
Total current tax	-	-

7. Income tax expense (continued)

Factors affecting the total tax expense/(credit) for the year

Tax expense for the year is lower (2016: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2017 of 19.25% (2016: 20%). The differences are explained below:

	2017 $000	2016 $000
Profit before income tax	105	312
Profit multiplied by the standard rate of tax in the UK of 19.25% (2016: 20%)	20	62
Effects of:		
Effects of group relief	(20)	(62)
Total tax expense for the year	-	-

There is no unrecognised deferred tax (2016: £nil).

Tax rate change

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

8. Trade and other receivables

	2017 $000	2016 $000
Non-current		
Amounts owed by group undertakings	-	30,797
	-	30,797

On 29 November 2016, the Company entered into a Loan Agreement Amendment with Mastercard Prepaid Management Services Limited which converted the revolving credit facility, entered into on 15 December 2011, into a term loan. The interest rate applied to the loan was 3%. The loan which was fully repayable on 1 December 2021 has been repaid early on 16 May 2017.

9. Trade and other payables

	2017 $000	2016 $000
Non-current		
Amounts owed to group undertakings	-	30,804

Current		
Amounts owed to group undertakings	-	33

Amounts owed to group undertakings represented a loan of £25,000,000 ($30,804,717), a payable due to Mastercard Payment Gateway Services Group Limited. The interest rate applied to the loan was 2.85%.

On 29 November 2016 the Company entered into a Loan Agreement Amendment with Mastercard Payment Gateway Services Group Limited which converted the rolling credit facility, entered into on 15 December 2011, into a term loan. The loan which was fully repayable on 1 December 2021 has been repaid early on 16 May 2017.

10. Share capital

	2017 $000	2016 $000
Allotted and fully paid		
50,000 (2016, 50,000) Ordinary shares of £1 shares each	80	80

On 19 September 2016, the board of directors approved the proposal to reduce the Company's share capital from 145,000,001 ordinary shares of £1 each to 50,000 ordinary shares of £1 each. This equated to a capital reduction of £144,950,001($232,290,001). The purpose of the share capital reduction was to create a distributable reserve in the books of account of the Company thereby facilitating a dividend to be paid to the sole shareholders.

11. Dividends

A dividend of $nil was declared and paid for the year ended 31 December 2017. A dividend of $117,000,000 was declared and paid for the year ended 31 December 2016, being $2,340 per ordinary share.

12. 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 the a group.

13. Immediate and ultimate holding company

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

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

Mastercard Incorporated is the parent of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2017. The consolidated financial statements of Mastercard Incorporated are available from its registered office at 2000 Purchase Street, Purchase, New York.

14. Events after the reporting period note

There are no events after the reporting date that require disclosure.