

**MASTERCARD NEW ZEALAND LIMITED**

**1893982**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**MASTERCARD NEW ZEALAND LIMITED**

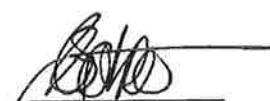
**DIRECTORS' REPORT**

The Directors have pleasure in presenting the annual report of MasterCard New Zealand Limited ('the Company'), incorporating the financial statements and the auditors' report, for the year ended 31 December 2014.

With the unanimous agreement of all shareholders, the Company has taken advantage of the reporting concessions available to it under section 211(3) of the Companies Act 1993.

The Board of Directors of the Company authorised these financial statements presented on pages 3 to 19 for issue on 21 July 2015.

Signed in accordance with a resolution of the directors.



Edward Grobler  
Director

21/07/ 2015



Peter Slater  
Director

21 July 2015



## ***Independent Auditors' Report***

to the shareholders of MasterCard New Zealand Limited

### ***Report on the Financial Statements***

We have audited the financial statements of MasterCard New Zealand Limited on pages 3 to 19, which comprise the balance sheet as at 31 December 2014, the statement of comprehensive income and the statement of changes in equity for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

### ***Directors' Responsibility for the Financial Statements***

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We are independent of the Company. Other than in our capacity as auditors we have no relationship with, or interests in, the Company.

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## ***Independent Auditors' Report***

MasterCard New Zealand Limited

### ***Opinion***

In our opinion, the financial statements on pages 3 to 19:

- (i) comply with generally accepted accounting practice in New Zealand; and
- (ii) give a true and fair view of the financial position of the Company as at 31 December 2014, and its financial performance for the year then ended.

### ***Report on Other Legal and Regulatory Requirements***

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 December 2014:

- (i) we have obtained all the information and explanations that we have required; and
- (ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

### ***Restriction on Use of our Report***

This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

Chartered Accountants  
21 July 2015

Sydney

I, Craig Stafford, am currently a member of Chartered Accountants Australia and New Zealand and my membership number is 300012.

PricewaterhouseCoopers was the audit firm appointed to undertake the audit of MasterCard New Zealand Limited for the year ended 31 December 2014. I was responsible for the execution of the audit and delivery of our firm's auditors' report. The audit work was completed on 21 July 2015 and an unqualified opinion was issued.

Craig Stafford

**MASTERCARD NEW ZEALAND LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 \$	2013 \$
<b>Revenue from continuing operations</b>			
Revenue from ordinary activities	3	4,498,366	6,817,390
Other		11,753	4,063
FX gains on revaluation of financial assets		155	-
<b>Total revenue</b>		<b>4,510,274</b>	<b>6,821,453</b>
<b>Expenses from continuing operations</b>			
Merchant incentive		453,667	189,333
Employee expenses		1,096,306	897,495
Advertising, promotion and marketing		2,270,572	4,835,916
Travel and meetings		143,670	169,345
Telecommunications and data processing		27,280	32,599
Operating lease expense		117,437	136,114
Depreciation	8	54,069	50,650
Other		109,784	189,466
<b>Total expenses</b>		<b>4,272,785</b>	<b>6,500,918</b>
<b>Profit for the year before income tax</b>		<b>237,489</b>	<b>320,535</b>
Income tax expense	4	71,445	97,558
<b>Profit for the year after income tax</b>		<b>166,044</b>	<b>222,977</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>166,044</b>	<b>222,977</b>
<b>Attributable to:</b>			
Shareholder of the Company		<b>166,044</b>	<b>222,977</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

MASTERCARD NEW ZEALAND LIMITED

BALANCE SHEET

AT 31 DECEMBER 2014

	Note	2014 \$	2013 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	760,873	1,543,071
Trade and other receivables	7	366,366	547,356
Receivables due from related companies	9	1,046,418	-
Current income tax assets		67,747	10,383
		<hr/>	<hr/>
Total current assets		2,241,404	2,100,810
<b>Non-current assets</b>			
Property, plant and equipment	8	194,770	216,416
Deferred tax assets	10	98,759	44,376
		<hr/>	<hr/>
Total non-current assets		293,529	260,792
<b>Total assets</b>		<hr/>	<hr/>
		2,534,933	2,361,602
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	858,037	413,477
Payables due to related companies	9	6,959	484,993
Employee entitlements	12	27,941	29,605
		<hr/>	<hr/>
Total current liabilities		892,937	928,075
<b>Total liabilities</b>		<hr/>	<hr/>
		892,937	928,075
<b>Net assets</b>		<hr/>	<hr/>
		1,641,996	1,433,527
<b>EQUITY</b>			
Share capital	13	1	1
Retained earnings	14	1,641,995	1,433,526
		<hr/>	<hr/>
<b>Total equity</b>		1,641,996	1,433,527

The above balance sheet is to be read in conjunction with the accompanying notes.

**MASTERCARD NEW ZEALAND LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Share capital \$	Retained earnings \$	Total \$
<b>Balance at 1 January 2013</b>	<b>1</b>	1,210,549	1,210,550
<b>Total comprehensive income for the year</b>		284,023	284,023
<b>Share based compensation expense for the year</b>		-	-
<b>Share based compensation vested for the year</b>		(61,046)	(61,046)
<b>Transaction with owners in their capacity as owners:</b>		-	-
 <b>Balance as on 31 December 2013</b>	 <b>1</b>	 <b>1,433,526</b>	 <b>1,433,527</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	166,044	166,044
<b>Share based compensation expense for the year</b>		42,425	42,425
<b>Share based compensation vested for the year</b>		-	-
<b>Transaction with owners in their capacity as owners:</b>		-	-
 <b>Balance as on 31 December 2014</b>	 <b>1</b>	 <b>1,641,995</b>	 <b>1,641,996</b>

The above statement of changes in equity is to be read in conjunction with the accompanying notes.

## MASTERCARD NEW ZEALAND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

#### 1. GENERAL INFORMATION

MasterCard New Zealand Limited ('the Company') provides liaison and marketing services to its holding corporation and related corporations. The immediate controlling corporation of MasterCard New Zealand Limited is MasterCard Asia Pacific Pte Ltd.

The Company was incorporated on 21 December 2006. The Company did not commence operations until February 2007.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Level 3, 136 Customs Street, Auckland.

These financial statements have been approved for issue by the Directors on 21 July 2015.

The Directors have the power to amend these financial statements after issue.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ GAAP) and other applicable Financial Reporting Standards, as appropriate for profit oriented entities that qualify and apply for differential reporting concessions.

##### (a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

###### *Statutory base*

MasterCard New Zealand Limited is a company registered under the Companies Act 1993. The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

###### *Differential reporting*

The Company is a qualifying entity within the Framework for Differential Reporting. The Company qualifies on the basis that it is not publicly accountable and there is no separation between the owners and governing body. The Company has taken advantage of all differential reporting concessions available to it except for NZ IAS 12 Income Taxes, with which it has fully complied.

###### *Historical cost convention*

These financial statements have been prepared under the historical cost convention.

MASTERCARD NEW ZEALAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) Income tax**

The income tax expense or refund for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**(c) Goods and Services Tax**

The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

**(d) Leases**

*The Company is the lessee*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

**MASTERCARD NEW ZEALAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Foreign currency translation**

*(i) Functional and presentation currency*

Items included in the financial statements of each of the Company's operations are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The financial statements are presented in New Zealand dollars, which is the Company's functional and presentation currency.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

**(f) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with 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' in the balance sheet.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for doubtful debts.

**(g) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company up to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**MASTERCARD NEW ZEALAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**(i) Impairment of financial assets**

The Company assesses at each balance sheet date whether there is objective evidence that the receivables are impaired.

An allowance for impairment of these receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of these receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of allowance is recognised in the statement of comprehensive income.

**(j) Recognition and measurement of financial liabilities**

Financial liabilities are initially recognised at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest method. Financial liabilities are recognised in the balance sheet when an obligation arises and derecognised when it is discharged.

**(k) Property, plant and equipment**

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off the cost of each asset over its expected economic life. Additions during the year are depreciated on a pro-rata basis from the date of acquisition. The depreciation rates used are as follows:

Plant and equipment	3-5 Years
Office furniture and equipment	5 Years
Leasehold improvement	over the lease term

MASTERCARD NEW ZEALAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) **Property, plant and equipment (continued)**

The assets' residual value and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income.

(l) **Revenue recognition**

(i) *Service revenue*

Service revenue represents gross fees for services rendered to the Company's holding corporation and related corporations based on cost plus a mark up.

Revenue is recognised in the month when the service is provided.

(ii) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

(m) **Share capital**

Ordinary shares are classified as equity.

(n) **Employee Benefits**

i) *Wages and salaries*

Liabilities for wages and salaries are recognised, and are measured at the amounts expected to be paid when the liabilities are settled.

ii) *Other long-term employee benefit obligations*

The liability for annual leave which are not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up the end of the reporting period.

iii) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

*iv) Equity-settled share-based compensation*

The Company's ultimate holding corporation, MasterCard Inc. operates a share-based compensation plan and grants restricted stock units ("RSUs") to the Company's employees. The compensation expense is recognised over the vesting period which is determined and fixed on the grant date fair value of the RSUs based on the MasterCard Inc.'s Class A common stock price, adjusted for the exclusion of dividend equivalents on the grant date. The compensation expense is recorded in employee expenses in the Statement of Comprehensive Income with a corresponding increase in the share-based payment reserve over the vesting period on a straight line basis. The RSUs vest after three years.

An inter-company recharge is payable as the RSUs vest to the ultimate holding corporation. This payable is recognised directly in equity against the share-based payments reserve.

MASTERCARD NEW ZEALAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 \$	2013 \$
<b>3. REVENUE</b>		
Revenue from continuing operations		
Service revenue	4,498,366	6,817,390
<b>Total revenue</b>	<b>4,498,366</b>	<b>6,817,390</b>
<b>4. INCOME TAX</b>		
(a) Income tax expense		
Current tax	125,829	64,044
Deferred tax (credit)/expense	(54,383)	33,374
Adjustment to current tax for prior periods	(1)	140
	<b>71,445</b>	<b>97,558</b>
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit for the year before income tax	237,489	320,535
Income tax expense calculated at 28% (2013: 28%)	66,497	89,750
Adjustment to current tax for prior periods	(1)	140
Non-deductible in calculating taxable income	4,949	7,668
<b>Income tax expense</b>	<b>71,445</b>	<b>97,558</b>
<b>5. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and in hand	760,873	1,543,071
	<b>760,873</b>	<b>1,543,071</b>
<b>6. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY</b>		
	Measured at amortised cost \$	Total \$
<b>Assets at 31 December 2014</b>		
Cash and cash equivalents	760,873	760,873
Receivables due from other companies	1,046,418	1,046,418
	<b>1,807,291</b>	<b>1,807,291</b>

MASTERCARD NEW ZEALAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

6. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY  
(CONTINUED)

	Measured at amortised cost	Total
	\$	\$
<b>Liabilities at 31 December 2014</b>		
Trade and other payables	858,037	858,037
Payables due to related companies	6,959	6,959
	<b>864,996</b>	<b>864,996</b>

	Measured at amortised cost	Total
	\$	\$
<b>Assets at 31 December 2013</b>		
Cash and cash equivalents	1,543,071	1,543,071
	<b>1,543,071</b>	<b>1,543,071</b>

	Measured at amortised cost	Total
	\$	\$
<b>Liabilities at 31 December 2013</b>		
Trade and other payables	413,477	413,477
Payables due to related companies	484,993	484,993
	<b>898,470</b>	<b>898,470</b>

7. TRADE AND OTHER RECEIVABLES

	2014	2013
	\$	\$
<b>Current</b>		
Prepayments	-	190,334
GST receivable	333,156	308,038
Merchant stocks	33,210	48,984
	<b>366,366</b>	<b>547,356</b>

No impairment losses over trade receivables were recognised during the year ended 31 December 2014 (2013: nil).

There are no doubtful trade receivables for the year ended 31 December 2014 (2013: nil).

MASTERCARD NEW ZEALAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 \$	2013 \$
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Plant and equipment</b>		
at cost	22,117	22,117
accumulated depreciation	(10,240)	(5,845)
net book amount	<u>11,877</u>	<u>16,272</u>
<b>Office furniture and equipment</b>		
at cost	126,396	102,278
accumulated depreciation	(47,207)	(23,338)
net book amount	<u>79,189</u>	<u>78,940</u>
<b>Leasehold improvement</b>		
at cost	156,215	147,910
accumulated depreciation	(52,511)	(26,706)
net book amount	<u>103,704</u>	<u>121,204</u>

	Plant and Equipment \$	Office furniture \$	Lease hold Improvement \$	Total \$
Opening balance at 1 January 2014	16,272	78,940	121,204	216,416
Additions	-	24,118	8,305	32,423
Disposals	-	-	-	-
Depreciation	<u>(4,395)</u>	<u>(23,869)</u>	<u>(25,805)</u>	<u>(54,069)</u>
 Closing balance at 31 December 2014	 <u>11,877</u>	 <u>79,189</u>	 <u>103,704</u>	 <u>194,770</u>

	Plant and Equipment \$	Office furniture \$	Lease hold Improvement \$	Total \$
Opening balance at 1 January 2013	20,004	97,733	145,856	263,593
Additions	900	2,574	-	3,474
Disposals	-	-	-	-
Depreciation	<u>(4,632)</u>	<u>(21,367)</u>	<u>(24,652)</u>	<u>(50,651)</u>
 Closing balance at 31 December 2013	 <u>16,272</u>	 <u>78,940</u>	 <u>121,204</u>	 <u>216,416</u>

MASTERCARD NEW ZEALAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

**9. RECEIVABLES/(PAYABLES) DUE FROM/TO RELATED COMPANIES**

	2014	2013
	\$	\$
<b>Current</b>		
Due from related companies	1,046,418	-
Due to related companies	<u>(6,959)</u>	<u>(484,993)</u>
	<b>1,039,459</b>	<b>(484,993)</b>

Receivables are amounts due from related companies; these receivables may be offset by payables owed to the same related company. Payables are amounts due to related companies; these payables may be offset by receivables owed by the same related company.

**10. DEFERRED TAX ASSETS / (LIABILITIES)**

	2014	2013
	\$	\$
<b>Non-current</b>		
Deferred tax assets	<b>98,759</b>	<b>44,376</b>

The balance comprises temporary differences attributable to:

Employee entitlements	2,444	6,257
Accrued incentive	61,452	30,378
Accrued Professional Services	7,038	-
Use of money interest	388	-
Stock Compensation	11,879	-
Depreciation	<u>15,558</u>	<u>7,741</u>
	<b>98,759</b>	<b>44,376</b>

**Movements**

Opening balance at the beginning of the year	44,376	77,750
(Charged)/credited to the statement of comprehensive income	<u>54,383</u>	<u>(33,374)</u>
Closing balance at the end of the year	<b>98,759</b>	<b>44,376</b>

All deferred tax assets are expected to be received within 12 months.

MASTERCARD NEW ZEALAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 \$	2013 \$
<b>11. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Accrued incentive	219,473	108,493
Accrued expenses	55,419	244,984
Voucher payables	583,145	60,000
	<hr/> <b>858,037</b>	<hr/> <b>413,477</b>

**12. EMPLOYEE ENTITLEMENTS**

Carrying amount at beginning of the year	29,605	88,836
Amount (released) / incurred during the year	<hr/> (1,664)	<hr/> (59,231)
Carrying amount at end of the year	<hr/> <b>27,941</b>	<hr/> <b>29,605</b>

This relates to annual leave balance of \$27,941 as at 31 December 2014. Please refer to Note 2 (n).

	2014 \$	2013 \$
<b>13. CONTRIBUTED EQUITY</b>		
<b>Authorised Share Capital</b>		
Ordinary share - Value	<hr/> 1	<hr/> 1
Ordinary share - Number	<hr/> 1	<hr/> 1

As at 31 December 2014, there was 1 share (2013: 1 share) issued and fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share. Ordinary shares have a par value of \$1.

	2014 \$	2013 \$
<b>14. Retained earnings</b>		
Balance at beginning of year	1,433,526	1,210,549
Net profit for the year	166,044	284,023
Share based compensation	42,425	(61,046)
Balance at end of year	<hr/> <b>1,641,995</b>	<hr/> <b>1,433,526</b>

**MASTERCARD NEW ZEALAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**15. Share-based payment**

**(a) Share-based payment plan**

The establishment of the MasterCard Incorporated 2006 Long Term Incentive Plan (The Plan) was approved by shareholders on 5 June 2012. The Plan is designed to provide long-term incentives for senior managers and above (including executive directors) to deliver long-term shareholder returns. Under the plan, participants are granted restricted stock units (RSUs) which only vest if certain conditions are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

	2014	2014	2013	2013
	Units	Grant date fair value \$	Units	Grant date fair value \$
Opening balance at 1 January	1,140	69,965	3,620	74,377
Granted during the year	590	57,899	780	50,473
Vested during the year	-	-	(650)	(14,834)
Forfeited during the year	-	-	(2,610)	(40,051)
 Closing balance at 31 December	 1,730	 127,864	 1,140	 69,965

The fair value of RSUs is based on USD share value at the closing stock price on the New York Stock Exchange of the MasterCard Incorporated's Class A common stock on the date of grant, it is recognized over three years vesting period on the straight line basis converted to AUD at the time the expense is booked in each financial year. As of 31 December 2014, the total RSUs granted at fair value of \$100,101 and there was \$42,425 (converted from US\$34,561) of total recognized compensation cost related to non-vested RSUs and \$85,439 (converted from US\$65,540 at FX rate 1.30361) of total unrecognized compensation cost related to non-vested RSUs; and the unrecognized compensation cost will be recognized in the rest of vesting period and the AUD equivalent amount is pending on the FX rate when the expense is recorded.

10-for-1 stock split was declared by the board of directors of MasterCard Incorporated on December 10, 2013.

**(b) Expenses arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2014	2013
	\$	\$
Stock-based payment expenses	42,425	-
 Total stock-based payment expenses	 42,425	 -

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**16. CONTINGENCIES AND COMMITMENTS**

**(a) Contingent liabilities**

The Company did not have any contingent liabilities at 31 December 2014 (2013: nil).

**(b) Capital commitments**

The Company did not have any capital commitments at 31 December 2014 (2013: nil).

**(c) Finance lease commitments**

The Company did not have any finance lease commitments at 31 December 2014 (2013: nil).

**(d) Operating lease commitments**

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are as follows:

	2014	2013
	\$	\$
Within one year	104,001	95,733
Later than one year but not later than five years	292,194	349,151
Later than five years	-	-
	<u>396,195</u>	<u>444,884</u>

**17. REMUNERATION OF AUDITORS**

During the year the following fees were paid or payable for services provided by the auditors of the Company and its related practices:

*Audit services*

	2014	2013
	\$	\$
Audit and review of financial reports	24,264	24,785
Total remuneration for audit services	<u>24,264</u>	<u>24,785</u>

**18. RELATED PARTY TRANSACTIONS**

Since November 2010, a new agreement has been entered into with MasterCard Asia/Pacific Pte Ltd (MAPPL), and the company charges service fees to MAPPL based on cost plus a mark up.

The company received service revenue of \$4,498,366 from MAPPL in 2014 (2013: \$6,817,390).

The total receivables from MAPPL were \$1,772,027 at balance date (2013: \$0); the total payables to MAPPL is \$725,610 (2013: \$246,154); and total payables to other related parties were \$6,959 at balance date (2013: \$238,839).

**19. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.