

Travelex Global and Financial Services Limited

**Consolidated Financial Statements
for the year ended 31 December 2020**

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COMPANIES HOUSE

England & Wales
Company Registration No.
00198600

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Travelex Global and Financial Services Limited and its subsidiaries

Corporate information

Directors

A D'Souza (resigned 6 August 2020)
J Morris
R Suckling (resigned 30 November 2021)

Secretary

V Benis-Lonsdale

Auditors

MHA MacIntyre Hudson LLP
1 The Forum
Minerva Business Park
Peterborough
PE2 6FT

Bankers

Barclays Bank plc
One Churchill Place
Canary Wharf
London
E14 5HP

Registered Office

Worldwide House
Thorpe Wood
Peterborough
PE3 6SB

Travelex Global and Financial Services Limited and its subsidiaries Strategic report

The Director presents his strategic report of Travelex Global and Financial Services Limited (the Company) and its subsidiaries (the Group) for the year ended 31 December 2020. The Group financial statements comprise the consolidated financial statements of the Company, including its subsidiaries and associated undertakings as defined by International Financial Reporting Standards (IFRS).

The financial statements also include the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP) and applicable law, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102).

Principal activities during the year

The main trading activity of the Group is holding travellers' cheques and prepaid cards issued globally and their associated assets. The issuance of travellers' cheques ceased during 2008. The issuance of prepaid cards ceased on 30 June 2016.

Until 31 May 2013, the Group invested the float, representing funds received in advance upon issuance of travellers' cheques, in loans to Travelex Limited or investments in money market deposits. On 31 May 2013, Travelex Holdings Limited and its subsidiary companies released the money on structured deposits and transferred cash, equivalent to expected future encashments, to a reimbursement fund held by AmTrust International Insurance Limited (AmTrust), an insurance company whose senior finance obligations are rated 'A-' (2019: 'A-') by A.M Best Company Inc. This rating is assigned to entities which A.M Best consider have an excellent ability to repay their debts.

All activities continue to be operated under the terms of an agreement between the Company and its fellow group subsidiary, Travellers Cheques Encashment Services Limited, whereby the latter provides all services required in respect of the outstanding cheques. The other members of the Group are also members of the same agreement.

During 2020, there has been a change in the controlling interest of the Group. Travelex Limited (the immediate parent company) has gone into administration and therefore legal control over the Group is now held by Price Waterhouse Coopers (PwC), the administrators of Travelex Limited.

Review of the business

The loss in the year has increased primarily due to increase in impairment of amounts receivable from group undertakings in the amount of £56,005,000 (2019: £27,591,000). The impairment review was triggered as a result of a malware incident on 31 December 2019 and issues at the intermediate parent company level (Finabl plc) that affected the business of the Travelex Holdings Limited Group (THL Group) of companies, causing those debtors to be fully written down at year end.

As at 31 December 2020, amounts owed to group undertakings was £66,167,000 (2019: £79,615,000). Amounts owed to group undertakings are unsecured and interest free. The Company has entered into standstill agreements with certain group undertakings in the aggregate amount of £60,999,000 whereby participating creditors have agreed not to collect or enforce their debts for a period of 18 months ending 30 November 2023.

As at 31 December 2020, there was a deficiency of net assets in the amount of £67,083,000 (2019: (£20,080,000)), the increase arising as a result of the impairment of intercompany debtors as described above.

Results and dividends

In the year ended 31 December 2020, the Group made a loss on ordinary activities before taxation of £49,512,000 (2019: £29,598,000).

The loss after taxation for the year was £46,851,000 (2019: loss of £31,257,000) and the impairment of intercompany debtors was the key contributor to the loss and the reduction of the company's net assets.

Travelex Global and Financial Services Limited and its subsidiaries

Strategic report

The statement of comprehensive income is set out on page 10 and shows the result for the year.

There were no dividends paid or recommended for payment in respect of the year ended 31 December 2020 (31 December 2019: £nil).

Key performance indicator

The Group's most relevant key performance indicator is that of cost management in relation to ongoing operating expenses of £502,000 (2019: £900,000). Operating expenses were significantly lower in 2020 largely driven by a decline in intercompany interest payable and audit fees.

Outlook

The Group continues to honour outstanding travellers' cheques and to manage the orderly winding down of the business. The Group's assets and liabilities are in foreign currencies and foreign exchange movements on these items may continue to be significant in future years, due to unknown future economic events which may impact on exchange rates.

Interest rate risk, foreign currency exposures and encashment profiles will continue to be reviewed by the Directors on a regular basis.

2020 was a challenging year for the Group with the impact of COVID-19 and the malware incident occurring on 31 December 2019, on the Group's operations and the change in the Group's controlling interest, the Directors are in the process of assessing the long-term options for the Group. The Group, along with Travellers Cheques Encashment Services Limited and other travellers' cheques issuing companies within Travelex Holdings Limited and its subsidiary companies (together, the Travellers' Cheques Companies), are expected to have sufficient liquidity to continue as a going concern for at least twelve months from the date of signing these financial statements. In addition, the ongoing operations are also supported as the necessary Transitional Service Agreements (TSAs) that secure the access to IT and other resources are in place, and the relevant staff are employed by Travellers Cheques Encashment Services Limited, a company controlled by the same directors as the Group, and that is contracted to provide the necessary services to the Group.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The Group trades in a number of currencies and utilises financial instruments in the following ways:

- to invest the travellers' cheques float; and
- to mitigate foreign exchange exposures generated by the Group's underlying business flows.

Credit risk

The Group's credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract.

Until 31 May 2013, the Group invested the float, representing funds received in advance upon issuance of travellers' cheques, in loans to Travelex Limited or investments in money market deposits. The loans to Travelex Limited were repayable on demand. All of the money market deposits were due within 12 months and classified as current asset investments. Credit risk in relation to the current asset investments was minimised by the short-term nature of the money market deposits.

On 31 May 2013 the Group released the money on structured deposit relating to MasterCard travellers' cheques and transferred cash, equivalent to expected future encashments, to a reimbursement fund held by AmTrust International Insurance Limited (AmTrust), an insurance company whose senior finance obligations are rated 'A-' (2019: 'A-') by A.M. Best Company Inc, an insurance company rating agency.

Financial instruments that potentially subject the Group to a concentration of credit risk consist primarily of cash, investments, reimbursement fund, insurance premium asset, trade receivables and amounts due from

Travelex Global and Financial Services Limited and its subsidiaries

Strategic report

other group undertakings. Cash includes deposits held with financial institutions and the composition and maturities are regularly monitored by management

Credit risk

In addition, the Group has an internal credit risk in relation to funds lent to fellow Travelex Holdings Limited Group (THL) companies. As at 31 December 2020, the largest debtors were TCI US LLC with a balance of £27,809,000 (2019: £28,618,000) and Travelex Limited with a balance of £29,285,000 (2019: £34,305,000). As at 31 December 2020, other intercompany receivables totalled £26,502,000 (2019: £29,006,000).

Impairment provisions, in aggregate, in the amount of £83,596,000 (2019: £27,591,000) have been recorded against the value of intercompany receivables, causing those receivables to be fully written down at year end.

Foreign currency risk

The Group conducts business in many foreign currencies, reporting its results in sterling. Our objective is to minimise the exposure of overseas operating subsidiaries to transaction risk by matching local currency income with local currency costs where possible. The Group's internal trading transactions are matched centrally and we manage intercompany payment terms to reduce foreign currency risk.

In order to reduce foreign currency translation exposure, we seek to denominate borrowings in the currencies of our principal assets and cash flows. These are primarily denominated in US Dollars, Canadian Dollars, Euros and Sterling. Intercompany loans denominated in foreign currencies may give rise to a significant foreign exchange gain/loss on restatement at each balance date.

The Group's balance sheet currency exposure is primarily managed by matching currency assets with currency borrowings.

Liquidity risk

The most significant liquidity risk faced by the Group was the risk that the encashment profile of outstanding travellers' cheques did not match the term of the investment of the travellers' cheques float.

In 2013, in order to mitigate liquidity risk, a contract of insurance was put in place as cover for any encashments exceeding amounts held in each reimbursement fund under the contract with AmTrust (RPSA-IP). Any encashments in excess of amounts held in the reimbursement funds will be repaid by AmTrust under the contract of insurance contained in the RPSA-IP.

The impairment of amounts owed from group undertakings in the year ended 31 December 2020, impose a higher liquidity risk for the Group. This risk is significantly reduced as the majority of the short-term liabilities other than travellers' cheques is amounts owed to Travellers' Cheques Companies who share common directors with the Group. While there are risks associated with the long-term liquidity, the Group and Company are expected to have sufficient liquidity to continue as a going concern for at least twelve months from the date of signing these financial statements. The Directors are considering the long-term plan for the Group beyond the going concern period.

Travelex Global and Financial Services Limited and its subsidiaries Strategic report

In addition, the Group has an internal credit risk in relation to funds lent to fellow Travelex Holdings Limited Group (THL) companies. As at 31 December 2020, the largest debtors were TC! US LLC with a balance of £27,809,000 (2019: £28,618,000) and Travelex Limited with a balance of £29,285,000 (2019: £34,305,000). As at 31 December 2020, other intercompany receivables totalled £26,502,000 (2019: £29,006,000).

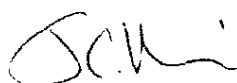
Operational risk

Operational risk is defined as the risk arising within the organisation from:

- systems risk from inadequately designed or maintained systems, including cyber security risks;
- systems risk arising from the ongoing reliance on Travellers Cheques Encashment Services Limited, which is in turn reliant on Travelex Topco Limited and the TSA in place with the same;
- legal and reputational risk from non-compliance with local and international regulations, the Group's ethical business standards and contractual obligations including fines;
- process risk from inadequate or failed internal processes; and
- people risk from inappropriate staffing levels or inadequately skilled and managed people.

Operational risk exposures are identified, managed and controlled through the Company's Board. On 31 December 2019, THL detected a software virus which had compromised some of its services. THL decided to take its systems offline to prevent the further spread of the virus across the network, which included systems used by the Group. Refer to the significant events section within the Director's report for THL's and the Group's response to this incident specifically.

By order of the board



J Morris
Director

22 June 2022

Travelex Global and Financial Services Limited and its subsidiaries

Director's report

to the shareholders of Travelex Global and Financial Services Limited
for the year ended 31 December 2020

Directors

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

A D'Souza	(resigned 6 August 2020)
J Morris	
R Suckling	(resigned 30 November 2021)

Significant events

The Company's registered address changed on 20 October 2020 from 4th Floor, Kings Place, 90 York Way, London, N1 9AG to Worldwide House, Thorpe Wood, Peterborough, PE3 6SB.

Dividends

There were no dividends paid or recommended for payment in respect of the year ended 31 December 2020 (31 December 2019: £nil).

Charitable and political donations

The Group made no charitable or political donations in the current or prior year.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP), including Financial Reporting Standard 102, 'Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102) and the Companies Act 2006 under the historical cost convention. 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 Group and the Company and of the profit and loss of the Group and the Company for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and in respect of the Parent Company financial statements, Section 10 of FRS 102 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs, and in respect of the Parent Company financial statements, FRS 102, is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- in respect of the Group financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the Parent Company financial statements, state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and

Travelex Global and Financial Services Limited and its subsidiaries

Director's report

to the shareholders of Travelex Global and Financial Services Limited
for the year ended 31 December 2020

- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company and/or the Group will not continue in business.

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

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Going concern

A detailed going concern assessment is provided in the basis of preparation paragraph which forms part of Note 1 to the financial statements. This assessment concludes that the going concern basis of preparation is appropriate, although a material uncertainty surrounding operational support exists that affects the Company's going concern position.

Statement of disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware. In addition, the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

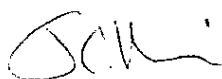
Reappointment of auditors

In accordance with Section 489 of the Companies Act 2006, the director has confirmed that MacIntyre Hudson LLP will be appointed External Auditor for the Company for the year ending 31 December 2021, subject to approval by shareholders at the forthcoming board meeting.

Independent auditors

Ernst & Young LLP submitted a notice of resignation to the Company on 23rd November 2021, following the signing of the Auditors' Report for the financial year ended 31 December 2019, and replacement auditors for the Company and the Travellers Cheques Companies, MacIntyre Hudson LLP have been appointed in their stead (the "Auditors' Report").

By order of the Board



J Morris
Director

22 June 2022

Registered office
Worldwide House

Thorpe Wood
Peterborough
PE3 6SB

Company Registration No.
00198600

Travelex Global and Financial Services Limited and its subsidiaries
Independent auditor's report

to the shareholders of Travelex Global and Financial Services Limited
for the year ended 31 December 2020

Independent auditor's report to the members of Travelex Global and Financial Services Limited for the year ended 31 December 2020

Disclaimer of Opinion

We were engaged to audit the financial statements of Travelex Global and Financial Services Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020, which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated and parent company statement of financial position, Consolidated and parent company statement of changes in equity, Consolidated statement of cash flows and the related consolidated and parent company notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

We do not express an opinion on the accompanying financial statements of the group and the parent company. Due to the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

The group and parent company were impacted by a significant malware incident on 31 December 2019. This impacted a number of different management processes and the financial records of the group and parent company for 2019 and 2020. Consequently, there were limitations in the parent company's ability to provide underlying supporting documentation to substantiate the Travellers' Cheques awaiting redemption liabilities and associated balances.

As a result of this we have been unable to obtain sufficient appropriate audit evidence concerning revenue, foreign exchange gains, revaluation gains on financial assets, finance income, finance costs, income tax, travellers' cheques reimbursement assets, trade and other receivables, travellers' cheques awaiting redemption liabilities, trade and other payables, tax payables and retained earnings. We were accordingly unable to determine whether any adjustments might have been found necessary in respect of these financial statements.

Opinions on other matters prescribed by the Companies Act 2006

Due to the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Notwithstanding our disclaimer of an opinion on the financial statements, in the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit performed subject to the pervasive limitation described above, we have not identified material misstatements in the strategic report or the directors' report.

Arising from the limitation of our work referred to above:

Travellex Global and Financial Services Limited and its subsidiaries
Independent auditor's report (continued)

to the shareholders of Travellex Global and Financial Services Limited
for the year ended 31 December 2020

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the parent company.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 group and parent 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 group or parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Ian Jacobs FCA (Senior Statutory Auditor)

For and on behalf of MHA MacIntyre Hudson, Statutory Auditor

Peterborough, United Kingdom

Date: 22/6/22

Travelex Global and Financial Services Limited and its subsidiaries
Consolidated income statement
for the year ended 31 December 2020

£'000	Notes	2020	2019 (As restated)
Operating revenue		397	493
Interest revenue		754	829
Revenue	3	1,151	1,322
Cost of sales		(266)	(320)
Gross profit		885	1,002
Foreign exchange gain		1,127	1,418
Operating expenses		(502)	(900)
Operating profit	4	1,510	1,520
Revaluation gain/(loss) on financial assets		5,098	(3,480)
Expected credit loss on financial assets	10	(56,005)	(27,591)
Finance income	5	57	213
Finance costs	5	(172)	(260)
Loss on ordinary activities before taxation		(49,512)	(29,598)
Income tax	6	2,661	(1,659)
Loss on ordinary activities after taxation		(46,851)	(31,257)
Loss attributable to owners of the parent		(46,851)	(31,257)

Travelex Global and Financial Services Limited and its subsidiaries
Consolidated statement of comprehensive income
for the year ended 31 December 2020

£'000	Notes	2020	2019 (As restated)
Loss attributable to owners of the parent		(46,851)	(31,257)
Items that will be subsequently reclassified to the income statement			
Exchange difference on translating foreign operations	17	(151)	73
Net other comprehensive income that will be subsequently reclassified to the income statement		(151)	73
Items that will not be subsequently reclassified to the income statement			
Unrealised gains on equity investments	16	-	2,612
Current tax on gains on disposal of equity investments	6	-	(2,709)
Deferred tax on unrealised gains on equity investments	7	-	1,718
Net other comprehensive income that will not be subsequently reclassified to the income statement		-	1,621
Total comprehensive loss for the year		(47,002)	(29,563)
Total comprehensive loss attributable to owners of the parent		(47,002)	(29,563)

The Notes on pages 14 to 46 form part of the Consolidated financial statements.

Travellex Global and Financial Services Limited and its subsidiaries
Consolidated statement of changes in equity
for the year ended 31 December 2020

£'000	Contributed equity	Financial assets at fair value through other comprehensive income	Capital contribution	Retained earnings	Cumulative exchange difference	Total equity
At 1 January 2019	-	8,392	1	983	107	9,483
Total comprehensive income from						
- Unrecognised gains on equity investments (net of tax)	-	1,621	-	-	-	1,621
- Exchange difference on translating foreign operations	-	-	-	-	73	73
- Transfer	-	(10,013)	-	10,013	-	-
- Loss attributable to owners of the parent	-	-	-	(31,257)	-	(31,257)
At 31 December 2019 (As restated)	-	-	1	(20,261)	180	(20,080)
Total comprehensive income from						
- Exchange difference on translating foreign operations	-	-	-	-	(151)	(151)
- Loss attributable to owners of the parent	-	-	-	(46,851)	-	(46,851)
At 31 December 2020	-	-	1	(67,112)	29	(67,083)

The Notes on pages 14 to 46 form part of the Consolidated financial statements.

Travelex Global and Financial Services Limited and its subsidiaries
Consolidated statement of financial position
as at 31 December 2020

£'000		31 December 2020	31 December 2019 (As restated)
Assets			
Non-current assets			
Travellers' cheques reimbursement asset	9	190,642	194,286
		190,642	194,286
Current assets			
Travellers' cheques reimbursement asset	9	5,782	7,996
Cash and cash equivalents	8	4,840	4,750
Trade and other receivables	10	2,656	66,752
		13,278	79,498
Current liabilities			
Travellers' cheques awaiting redemption	9	(200,003)	(205,865)
Trade and other payables	12	(71,000)	(85,349)
Tax payable		-	(2,650)
		(271,003)	(293,864)
Net current liabilities		(257,725)	(214,366)
Net (liabilities)/assets		(67,083)	(20,080)
Equity			
Share capital	14	-	-
Capital contribution		1	1
Retained earnings	15	(67,112)	(20,261)
Fair value through other comprehensive income reserves	2, 16	-	-
Cumulative exchange difference	17	28	180
Total equity		(67,083)	(20,080)

The Notes on pages 14 to 46 form part of the Consolidated financial statements. The Consolidated financial statements were approved by the Board of Directors on 22 June 2022 and were signed on its behalf by:



J Morris
Director

Travelex Global and Financial Services Limited and its subsidiaries
Consolidated statement of cash flows
for the year ended 31 December 2020

£'000	Notes	2020	2019 (As restated)
Cash flows from operating activities			
Cash utilised by operations	18	6,282	9,428
Interest received		-	21
Interest paid		(34)	(4)
Taxation paid		-	(25)
		6,248	9,420
Encashment of prepaid cards		(126)	(1,051)
Encashment of travellers' cheques		(5,943)	(9,364)
		(6,069)	(10,415)
Net cash flows from operating activities		179	(995)
Cash flows from investing activities			
Income from investments		-	31
Sale of equity investments		-	14,326
Increase in amounts receivable from group undertakings		-	(14,326)
Net cash flows from investing activities		-	31
Net increase/(decrease) in cash and cash equivalents		179	(964)
Effect of movement in exchange rates		90	(189)
Cash and cash equivalents at 1 January		4,750	5,903
Cash and cash equivalents at 31 December		4,840	4,750

* Cash and cash equivalents includes £4,334,000 (2019: £4,668,000) restricted cash, representing receipts from prepaid card customers where the use of the associated deposits and cash is restricted solely to the settlement of the related liabilities, and which is not available for use for any other purpose.

The Notes on pages 14 to 46 form part of the Consolidated financial statements.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements
for the year ended 31 December 2020

1. Accounting policies

General information

Travelex Global and Financial Services Limited (the Company) is a private company incorporated in England and Wales under the Companies Act 2006 and limited by shares. The registered office and principal place of business is Worldwide House, Thorpe Wood, Peterborough, England, PE3 6SB.

The functional and presentational currency of the Company is pounds sterling (£) and rounded to the nearest thousand pound.

Until 6 August 2020, BRS Investment Holdings 1 Limited was the ultimate parent company of the Company. From 6 August 2020, legal control over the Company is held by Price Waterhouse Coopers (PwC), as administrators of Travelex Limited.

These Consolidated financial statements are for Travelex Global and Financial Services Limited Group (the Group), being Travelex Global and Financial Services Limited and its subsidiaries (see Note 19(a), which engaged in the selling and issuance of travellers' cheques through an operational network in airports, city centre locations and in partnership with agents throughout the world. The Group is also a processor of prepaid cards. The sale of travellers' cheques ceased in 2008 and the sale of prepaid cards ceased in 2016 and so the Group's operations relate to the management of the outstanding liabilities and associated assets.

Basis of preparation

The consolidated financial statements of the Group have been prepared on a going concern basis and under the historical cost convention, modified to include the revaluation of financial instruments, and in accordance with applicable accounting standards and the Companies Act 2006 applicable to all companies reporting under IFRS. The functional and presentational currency of the Group is Pounds Sterling and the financial statements are rounded to the nearest thousand (£'000).

The Group financial statements comprise the consolidated financial statements of the Company including its subsidiaries and joint ventures. The consolidated financial statements of the Group have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these Consolidated financial statements.

Basis of consolidation

In determining whether the Group has control, joint control, or significant influence over an entity, the Group considers whether other parties hold veto rights over significant operations and financial policies. Decisions relating to the basis of consolidation requires judgement as, in some instances, the Group has control of an entity where other parties own more than one half of the voting rights of an entity but the Group can control these voting rights through contractual arrangements. In such circumstances the Group considers in particular whether it obtains benefits including non-financial benefits, from its power to govern the financial and operating policies of the entity.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The accounting policies are consistent with those of the prior year.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

Going concern

The financial statements are prepared on a Going Concern basis which has been supported by the provision of a letter of support from the director of Travellers Cheques Encashment Services Limited (TCES). The letter of support confirms that TCES will provide financial and operational support for a period of at least 12 months from the date of signing these accounts, up to and including 31 December 2023.

Background

Historically, TCES has indirectly relied on Travelex Holdings Limited Group (THL) to support its day-to-day operations, provide the necessary staff and make the relevant travellers cheques systems available, as none of these resources are under the direct control of the Company.

Following a restructure, the parent companies of THL entered administration in August 2020 meaning the controlling interest of THL was changed to PwC as administrators for the parent company. TCES now relies on Travelex Central Services Limited (TCSL) to support its day-to-day operations in place of THL under a Transitional Services Agreement (TSA) due to expire in August 2022 which has been extended a further 18 months from August 2022.

The appointment of PwC as administrators for the parent companies also runs to 6 August 2022. After this time, if the administration is concluded and the shares in TCES are not acquired by a new buyer, the parent company would be wound up and the shares of TCES would be bona vacantia and we have therefore assumed a standalone operating basis for the Company within this assessment.

On 6 August 2020, TCES became the employer of the travellers cheques encashment team based in Peterborough and agreed the TSA with TCSL for the continued provision of the necessary travellers cheques systems and support staff. Under this TSA, TCES reimburses TCSL in full for all operating costs incurred, and this is reflected in cash movements.

In the event that TCSL's support is not available, TCES would have to take on additional costs relating to finance, compliance, IT software, namely: HFM and CODA, IT hardware, rent of office space and buildings rates. As a proxy, management utilised the group services costs charged to TCES from THL in 2018 of £173k, as a reasonable estimate of the costs of operating these entities completely independently of TCSL representing the market value of the services provided.

Going concern assessment

The director used the financial forecasts of TCES prepared for business modelling and liquidity purposes as the basis for their assessment of the Company's ability to continue as a going concern for the twelve months from the date of the financial statements.

The major assumptions and key areas of judgment taken into account in the modelling included:

- the accuracy of expected actuarial encashment profile in comparison to actual;
- the continues provision of operational and financial support from TCES, which in itself is reliant on the provision of operational support from TopCo;
- completion of the proposals to rationalise certain creditors to improve solvency of the Company;
- the adequacy of insurance cover;
- the funding requirements of each of TGFS and ISL;
- the regulatory environment in which the Company operates;
- the effective management of Company risks;
- whether there is sufficient liquidity and financing to support the future trading of the Company.

TCES forecasts were modelled using the base case which assumes that:

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

Going concern (continued)

- encashments will initially decrease to £130k for the 12 months ending 31 December 2022 and thereafter increase to £675k for the 12 months ending 31 December 2023.
- travel has started to improve but is not yet back to normal levels experienced in FY2019.
- the positive impact a pricing change will have in net margin and cash inflows.
- administrative costs are projected to remain broadly in line with FY2020 levels, however, will increase from FY2022 onwards by up to 7.5% due to inflationary pressures.
- operating costs have been sensitised upwards by 10% in the FY2022 Base Case to reflect potentially higher operating costs covered by the forecast period (increasing by 3% annually thereafter).

TCES downside forecasts were modelled using the base case and assume that:

- TCES management assume that both transaction fixed process and encashment values will be at 80% of base case revenue levels. This results in TCES projected annual revenues of £102k for the 12 months to 31 December 2022.
- 20% reduction in cheque volumes (further sensitised downwards by 2.5%)
- 20% reduction in encashment values (further sensitised downwards by 2.5%)

In such a scenario, the Company would be able to continue operating until 31 December 2025.

Under both the base case and low case scenario, the director also considered mitigating actions available to the Company under downside scenarios, including a 5 per cent. cost reduction and a potential change to the pricing mix, the latter forecast to commence from January 2023.

Given the extent to which current contractual support underpins the business at present levels of encashments, and the fact that support measures are being provided to allow the Company to continue to run essential services, it was not felt necessary to run alternative stress tests.

The TCES financial forecasts assume continued fiscal and contractual support broadly at the levels in place and the business starting a gradual return to pre-coronavirus levels in 2023.

Strategy implementation

A detailed assessment of the Company's prospects and viability has been undertaken to confirm that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities when they fall due.

The Board remains focussed on dealing with the following proposals:

- (a) TCES and TGFS Group to be "warehoused" under a Dutch Stichting/foundation ("Foundation");
- (b) New Travelex or a potential third party to acquire TCES from the Foundation with New Travelex to commercialize TCES's operations to ensure profitability and viability. Irrespective of which entity takes on TCES;
- (c) funds in a Visa structured deposit account held with Barclays (a historical arrangement) plus any other funds held within Interpayment Services Limited, one of the TGFS Group (ISL) which are classed as "encashment assets" to be transferred to AmTrust to be held in effective trust accounts with the Bank of Nova Scotia;
- (d) TCES to execute a long-term service agreement with the TGFS Group whereby TCES undertakes to provide ongoing operational support in terms of provision of directors, annual filing and returns etc. i.e. everything the TCs Issuers need to remain viable.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

Going concern (continued)

The proposals outlined above will only be pursued subject to the agreement of third parties and if they improve the financial position of the Company, although the disposal of TCI US LLC to TGFS remains a fundamental part of that strategy, for the purpose of going concern and viability testing, are not assumed to complete in the period to 31 December 2023.

Viability

The Company is proposing to rationalise, in aggregate, £63,869,000 in intercompany debts as at 31 March 2022. At this time, creditors representing £60,999,000 in intercompany debt have agreed not to call on any of the amount due to them before 31 December 2023.

In the event that the Company is able to successfully restructure its debt to an affordable level, the Company would not be exposed in the near term to downside volatility if the Company's operations and liquidity arise in isolation. This is reinforced by the letter of support provided by TCES.

In assessing the financial strength of the letter of support provided, the director has considered the commitment from TCES to provide funding, the current commercial foreign exchange market conditions, as well as sensitivities on future cash flow projections.

The director is satisfied that the supporting entities have sufficient available funds to support the entity based on a review of available financial information and underlying records.

Viability statement

Based on these assessments and other matters considered by the Board during the year, on the assumption that the debts are successfully restructured, including the scenario testing, the director confirms that, having regard to the principal risks and uncertainties currently facing the Company, they have a reasonable expectation that the Company will be able to continue in operations and meet its liabilities as they fall due over the period to 31 December 2023 which aligns with the expiration of the standstill agreements with creditors which is a key consideration.

The Board confirms that in making this statement it carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. There are not committed outflows beyond the assessment period.

Liquidity headroom

As at 30 April 2022, TCES had available cash headroom in the amount of £3,752,000 and the Company had additional cash in the amount of £2,509,000. Liquidity consists of bank balances. The objective around the Proposals is to maintain the Company's ability to continue operations in order to deliver returns to shareholders, and to maintain an optimal capital structure to minimise the cost of capital.

The Company's current annual cost base is approximately £65,000. TCES has committed to fund certain existing creditors of Travelex Financial and Global Services Limited (TGFS) and Interpayment Services Limited (ISL) and meeting both the Company's and ISL's liquidity needs for at least the next 12 months.

Subject to the continued availability of financial support from TCES, positive liquidity remains throughout the going concern period under both the base case and the reasonable downside scenario. The director believe that support received from each of TopCo and TCES are unlikely to be withdrawn in the short term given the commercial arrangements that are in place.

All scenarios demonstrate sufficient cash headroom and save as disclosed above, there is no requirement for additional facilities or operational support.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

Significant judgements

In using the TCES financial forecasts for the going concern assessment, the director recognises that significant judgements had to be made in deciding what assumptions to make regarding how the business may evolve in the coming months and what impact that will have on the business to resume to near normal levels of service. Many of those judgements are, by their nature, highly subjective and the modelled outcomes depend on a significant degree on how the travel industry and encashment of travellers cheques evolves during the rest of the year. There is therefore a much higher degree of uncertainty than would usually be the case in making key judgements and assumptions that underpin the financial forecasts.

Going concern statement

Having reviewed its financial strength, the director is satisfied that the Company will remain funded for the foreseeable future and have concluded it is appropriate for the financial statements to be prepared on a going concern basis.

Material uncertainty related to going concern

The Company has in place a services agreement with Travelex Central Services Limited (TCSL) whereby TCSL has committed, for eighteen months commencing on 6 August 2022, to provide key services (such as IT hardware and software, property and facilities, human resources capability and functionality) to ensure the Company can operate on a going concern basis. It should be noted, however, that TCSL has recently filed 2020 accounts which contain material uncertainty on the basis TCSL is reliant on its own ultimate parent, Travelex TopCo Limited, for financial support. By extension, therefore, this material uncertainty is also applicable to the Company on the basis that if Travelex TopCo Limited ceases to support TCSL, TCSL in turn, shall cease to support the Company. This means that sign-off of the Company as a going concern is subject to this material uncertainty.

Furthermore, the Company's immediate shareholder is Travelex Limited (in Administration). This Administration is due to cease on 6 August 2022. At present an application to the Court has been made to extend this Administration by a further twelve (12) months. At the time of submission of these accounts it is viewed as highly likely that the Administration will be extended; however, it is not certain. Notwithstanding this lack of absolute certainty that the Administration shall be extended, the Director does not view this as an issue going to the going concern status of the Company. This is because, in circumstances where the Administration is not extended, the issued share capital of the Company would vest in the Crown as bona vacantia. In and of itself, this does not affect the going concern status of the Company as it still has liquidity and ongoing operational support in place from TCSL.

The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. The Group recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the components as described below:

The key components of revenue are disclosed in Note 3 and are described below:

- i) Float interest excluding structured deposits (investment activities), derived principally from the interest earned on the investment of funds generated from travellers' cheques sales, for the period from their original issue to their encashment, on deposit with the Travelex Holdings Limited Group treasury and with external financial institutions. Interest income is recognised in the income statement on an effective interest rate basis.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

- ii) Amortised interest on structured deposits (investment activities), derived principally from the interest earned on the investment of funds generated from travellers' cheques sales, for the period from their original issue to their encashment, on deposit with an external financial institution. Interest income is recognised in the income statement on an effective interest rate basis.
- iii) Prepaid cards issuing fees recognised as earned in accordance with the MasterCard Prepaid Management Services contract on a monthly basis.

In the opinion of the Directors, disclosure of revenue is most appropriately represented for the Group by including the items above.

The Group has taken advantage of the practical expedients under IFRS 15:

- a) to not restate contracts that are completed and that began and ended in the same reporting period or were completed prior to 1 January 2019, the date of application
- b) to use the transaction price at the date the contract was signed in respect of contracts with variable consideration
- c) to not restate contracts for any modifications prior to the date of application
- d) to not disclose the transaction price allocated to the remaining performance obligations of contracts prior to the date of application

The estimated effect of applying the expedients is £nil.

Cost of sales

Cost of sales comprises scheme fees, clearing fees, bond fees and guarantee fees.

Finance income and costs

Finance income and costs are recognised in the income statement on an effective interest rate basis and are therefore recorded in the year in which they are earned or incurred.

Dividends paid

Dividends paid are included in the Consolidated financial statements in the period in which the related dividends are actually paid, or in respect of a Group final dividend for the year, approved by shareholders.

Taxation

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position. The tax expense for the period comprises current and deferred tax. Current tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Deferred tax

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in other comprehensive income or directly in equity.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

Deferred tax is provided in full using the liability method on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest budget forecasts, which are adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operate are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Foreign currencies

The functional currency for each entity in the Group is the currency of the primary economic environment in which the entity operates.

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates ruling at that date. Assets and liabilities of overseas subsidiaries are translated at the closing exchange rate. Income and expenditure of these subsidiaries are translated at the average rates of exchange during the year. Exchange differences arising from this translation of foreign operations are disclosed as a separate component of equity under cumulative exchange differences.

They are released into the income statement upon disposal or partial disposal of the foreign operation. All other exchange gains and losses, which arise from normal trading activities, are included in the income statement as incurred.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and cash flow statement comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less.

Cash overdraft balances are classified as current liabilities and are disclosed separately if no agreement exists to offset the balance with available funds in separate accounts within the same financial institution.

Travellers' cheques reimbursement asset

In May 2013 the Group entered into a reimbursement and insurance policy with AmTrust which ensures that the encashment of properly presented travellers' cheques will be honoured in perpetuity. The agreement with AmTrust involved paying an insurance premium. As part of the agreement, at inception the Group provided funds to AmTrust to cover future encashment of MasterCard branded and non-branded travellers' cheques in bankruptcy-remote vehicles.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

In May 2013 the Group entered into a reimbursement and insurance policy with AmTrust which ensures that the encashment of properly presented travellers' cheques will be honoured in perpetuity. The agreement with AmTrust involved paying an insurance premium. As part of the agreement, at inception the Group provided funds to AmTrust to cover future encashment of MasterCard branded and non-branded travellers' cheques in bankruptcy-remote vehicles.

The reimbursement right held by the Group to recover in full the value of encashed qualifying cheques is recognised under IAS 37 as a reimbursement asset. It is considered virtually certain that the Group will receive this reimbursement once the Group settles the obligation. It has a carrying value equal to the carrying value of the associated liability less the other assets that are held by the Group to cover the obligation. The other assets include cash, and structured deposits and travellers' cheques float (which relate to monies received in advance on issuance of travellers' cheques).

The liability for travellers' cheques was initially recorded at fair value, which is equal to face value and subsequently adjusted for travellers' cheques which have been encashed. The outstanding liability is held at amortised cost.

The travellers' cheques awaiting redemption liability is denominated in the currency of the travellers' cheques and translated at the statement of financial position date. The travellers' cheques are payable on demand. A small element of travellers' cheques awaiting redemption are not covered by the reimbursement right held by the Group. These amounts are shown separately as uninsured.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Recognition and measurement

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

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.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss. The Group's financial assets includes trade receivables and intercompany receivables. Trade and intercompany receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost, less any impairment losses, arising from expected credit losses.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

Recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Derecognition

A financial asset is primarily derecognised when 1) The rights to receive cash flows from the asset have expired or 2) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Recognition and measurement

Financial liabilities not designated as hedges are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowing and payables as appropriate, using the trade date.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs, using the trade date.

The Group's financial liabilities include travellers' cheques awaiting redemption, trade and other payables.

Subsequent measurement

For the purposes of subsequent measurement, financial liabilities are classified in one category:

- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Travellex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

Borrowings are subsequently carried at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. The effective interest rate method calculates the amortised cost of a financial asset or liability.

The EIR amortisation is included as finance costs in the statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Impairment

The Group records expected credit losses (ECL) on all of its trade and other receivables on the lifetime basis using a simplified approach.

ECLs are based on the difference between the contractual cash flows in accordance with the contract and the cash flows expected to be received. The impairment model only impacts assets that are not held at fair value through profit and loss which include trade and other receivables and investments.

An expected loss model has been created based on the ageing analysis from the date that the receivable becomes due. As trade receivables relate to escheatment previously paid to various US States, lack of payment of up to 365 days is deemed to be a result of delays processing the claim and submitting supporting evidence as opposed to being an indication that the amount itself is in default. However, once amounts have been outstanding for more than a year the prospect of recovery is much lower, as most claims after this point are usually in dispute. Therefore, the Group has provided in full for all trade receivables overdue beyond 365 days.

For amounts receivable from group undertakings financial assets, the ECL estimates the probability of default based on the one-year default rates of companies with a similar credit rating to those affiliate companies. By using these external default rates, forward-looking information has been incorporated. The Group would identify any negative change to an affiliate company's credit rating as a significant increase in credit risk. A financial asset would be considered to be credit-impaired if the affiliate company was in significant financial difficulty, including if it became likely that the company would enter into bankruptcy or other financial reorganisation.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where relevant market prices are available, these have been used to determine fair values. In other cases, the fair values have been calculated using quotations from independent financial institutions, or by using valuation techniques consistent with general market practice applicable to the instrument.

- The fair value of cash and short-term borrowings approximate to their carrying values, as a result of their short maturity or because they carry floating rates of interest
- The fair value of financial assets held in relation to travellers' cheques liabilities are calculated based on the total amount of liabilities which are fully insured
- The fair value of other financial assets, including equity investments in Visa B shares are calculated based on the quoted Visa A share price and conversion ratio

Significant management estimates and judgements in applying accounting policies

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Due to inherent uncertainty involved in making estimates and assumptions, actual outcomes could differ from those assumptions and estimates. The critical judgements that have been made in arriving at the amounts recognised in the Group's financial statements and the key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying values of assets and liabilities within the next financial year are as follows:

Expected credit losses on amounts receivable from group undertakings

As at 31 December 2019 there were indicators of potential default in relation to the monies lent by Travelex Global and Financial Services Limited Group to other THL Group companies.

The director considers that it was appropriate to fully impair the amounts receivable from other group companies and the total receivable of £56,005,000 was written off in 2020.

Recognition of deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

While these financial statements are prepared under IFRS, the Group's tax is assessed under local GAAP. A timing difference of £137,747,000 (2019: £137,784,000) has arisen as a result of float write back that is deducted from the value of travellers' cheques awaiting redemption in the local GAAP financial statements. Forecasts of the Group's future profitability indicate that there is no reasonable likelihood of generating sufficient taxable profits in the future to realise the timing differences, and so no deferred tax assets have been recognised.

2. Prior year adjustment

In the financial year ended 31 December 2020, a historic overstatement of Financial assets at fair value through Other Comprehensive Income (FVOCI) was identified. This has resulted in a prior year adjustment to FVOCI and Retained earnings in the financial year ended 31 March 2019; and an Opening Retained earnings adjustment in the Consolidated Statement of Changes in Equity for prior periods.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

2. Prior year adjustment (continued)

The impact of the above restatement is a £10,013,000 reduction to FVOCI and a corresponding increase to Retained earnings.

Balance sheet net assets as at 31 March 2019 remain unchanged as a result of the above restatement.

The 31 March 2019 Balance Sheet has been adjusted as follows:

Balance sheet	Reported £'000	Adjustments £'000	Restated £'000
Assets			
Non-current assets			
Travellers' cheques reimbursement asset	194,286	-	194,286
	194,286	-	7,996
Current assets			
Travellers' cheques reimbursement asset	7,996	-	7,996
Cash and cash equivalents	4,750	-	4,750
Trade and other receivables	66,752	-	66,752
	79,498	-	79,498
Current liabilities			
Travellers' cheques awaiting redemption	(205,865)	-	(205,865)
Trade and other payables	(85,349)	-	(85,349)
Tax payable	(2,650)	-	(2,650)
Net current liabilities	293,864	-	293,864
Net liabilities	214,366	-	214,366
Equity			
Share capital	-	-	-
Capital contribution	1	-	1
FVOCI	10,013	(10,013)	-
Retained earnings	(30,274)	10,013	(20,080)
Total Equity	(20,080)	-	(20,080)

3. Revenue

£'000	2020	2019
Float interest (excluding structured deposits)	25	146
Amortised interest on structured deposits	754	829
Other travellers' cheques revenue	131	113
Other prepaid cards revenue	241	234
Total revenue	1,151	1,322

The analysis of turnover by geographical market required by paragraph 68 (5) of schedule 1 of the Large and Medium-Sized Companies & Groups (Accounts and Reports) Regulations 2008 has not been provided as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the Company.

Travellex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

4. Operating profit

£'000	2020	2019
Operating profit for the year is stated after charging:		
Expected credit loss on trade receivables	86	191
Audit fees	113	189
Non-audit services	13	8
Processing and administration costs recharged by fellow group undertakings	281	360
Foreign exchange gains	1,127	1,418

Foreign exchange gains are largely attributable to the Group's large exposure to USD-denominated liabilities, some of which are not naturally hedged. As at 31 December 2020, the sum of the Group's un-hedged USD liabilities exceeded its assets by \$61,892,000 (2019: \$48,191,000).

Remuneration of the Travellex Global and Financial Services Limited Group's auditor for the audit of the Group financial statements is paid by a fellow group subsidiary company. Audit and non-audit fees of £126,000 (2019: £197,000) have been paid on behalf of Travellex Global and Financial Services Limited by Travellex Central Services Limited, a fellow group subsidiary.

All operations are carried out by employees of other group companies. Their salary and other costs, including those of the Directors shown below, being recharged by other group companies as further explained in 'Related party transactions' (Note 19(c)):

£'000	2020	2019
Aggregate emoluments	80	74
Company contributions to defined contribution schemes	-	-
Total	18	74

The amounts above relate to emoluments in respect of three Directors (2019: three) of the Group, and represent an apportionment of the total emoluments earned by them to reflect their qualifying services as Directors of the Group. Two Directors have benefits accruing under defined contribution pension arrangements (2019: two). The emoluments of the highest paid Director were £48,894 (2019: £58,172). The Group made no contributions to the highest paid Director's pension arrangements (2019: £Nil).

5. Finance income and costs

£'000	2020	2019
Bank interest receivable	-	21
Intercompany interest receivable	57	161
Dividend income	-	31
Total finance income for the year	57	213

£'000	2020	2019
Bank interest payable	34	4
Intercompany interest payable	138	256
Total finance costs for the year	172	260

Amounts receivable from group companies relating to the investment of float deposits receive interest at the LIBOR rate less 0.10%. Amounts payable to group companies relating to financing are charged interest at the LIBOR rate plus 3.50%. Other intra-group routine balances are non-interest bearing.

Travellex Global and Financial Services Limited and its subsidiaries
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6. Income tax charge

£'000	2020	2019
Current tax		
Credit for the year	(2,661)	(59)
Tax on other comprehensive income	-	2,709
	(2,661)	2,650
Deferred tax		
Origination and reversal of temporary differences in the year		
- Other temporary differences	-	1,718
Tax on other comprehensive income		(1,718)
Total tax (credit)/charge for the year	(2,661)	2,650

The standard rate of corporation tax in the UK is 19%, which came into effect on 1 April 2017. Accordingly, the Group's profits for the accounting year are taxed at 19% (2019: 19%).

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Corporation tax rate is due to increase to 25% from 1 April 2023. Deferred taxes on the balance sheet have been measured at 19% (2019: 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. If the Group's unrecognised deferred tax balances at the period end were remeasured at 25% this would result in a deferred tax credit of £305,000 (2019: £484,000) in relation to tax losses carried forward and therefore an unrecognised deferred tax asset of £1,220,000 (2019: £1,514,000). A remeasurement at 25% would also result in a deferred tax credit of £11,023,000 in respect of other temporary differences and an unrecognised deferred tax asset of £34,435,000 (2019: £34,446,000).

The relationship between the expected tax charge based on the domestic effective UK tax rate of the Group at 19% (2019: 19%) and the reported tax charge in profit or loss can be reconciled as follows:

£'000	2020	2019 (As restated)
Loss before tax	(49,512)	(29,598)
Domestic tax rate for the Group	19%	19%
Expected tax credit	(9,407)	(5,624)
Non-taxable income	(1,362)	(6)
Losses not taxable in the UK	-	6
Expected credit loss provision not deductible for tax purposes	10,641	5,242
Fair value loss not deductible for tax purposes	-	1,236
Prior year tax balance written off	(2,661)	-
Movement in unrecognised deferred tax assets in the period	-	(913)
Derecognition of deferred tax assets	128	1,718
Tax charge/(credit) for the year on profit or loss	(2,661)	1,659
Tax (credit)/charge on other comprehensive income	-	991
Total tax charge/(credit) for the year	(2,661)	2,650

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Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

6. Income tax charge (continued)

Due to the significant expected credit loss provision in the year, the effective tax rate is not disclosed as it is not a meaningful representation of the actual rate of tax payable. The prior year adjustment relates to outstanding Corporation tax balances being written off.

7. Deferred tax liabilities

The movement in deferred tax liabilities for the Group is as follows:

£'000	Property, plant and equipment	Other temporary differences	Total
At 1 January 2019	(4)	4	-
Charged to the income statement	4	1,714	(1,718)
Charged to other comprehensive income	-	(1,718)	(1,718)
At 31 December 2019 (As restated)	-	-	-
Charged to the income statement	-	-	-
Credited to other comprehensive income	-	-	-
At 31 December 2020	-	-	-

As the conditions for recognising this gain for tax purposes were met this year, the gain has crystallised and the deferred tax liability has now been reversed. There were no other temporary differences.

As the future profitability of the Group is uncertain, no deferred tax assets have been recognised at the end of the period. Deferred tax assets were previously recognised to the extent of the deferred tax liability relating to equity investments. The total temporary difference is £137,747,000 (2019: £137,784,000) and the unrecognised deferred tax asset is £26,172,000 (2019: £23,423,000).

Other unrecognised deferred tax assets as at the year end were £1,220,000 (2019: £1,030,000) relating to gross unused tax losses of £6,419,000 (2019: £6,056,000).

8. Cash and cash equivalents

£'000	2020	2019
Current		
Bank deposits	506	82
Restricted cash	4,334	4,668
At 31 December	4,840	4,750

Bank deposits represent the Group's available, unrestricted cash. Restricted cash represents receipts from prepaid card customers where the use of the associated deposits and cash is restricted solely to the settlement of the related liabilities.

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Notes to the consolidated financial statements (continued)
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9. Travellers' cheques reimbursement asset and travellers' cheques awaiting redemption

£'000	31 December 2020	31 December 2019
Financial assets		
Cash and cash equivalents	4,216	4,685
Structured deposits & floats	36,378	43,588
Reimbursement asset	155,829	154,009
Total traveller's cheques reimbursement asset	196,423	202,282
<i>Financial liabilities</i>		
Travellers' cheques awaiting redemption - insured	196,423	202,282
Travellers' cheques awaiting redemption - uninsured	3,580	3,583
Total travellers' cheques awaiting redemption	200,003	205,865

In May 2013 the Group entered into a reimbursement and insurance policy with AmTrust which ensures that the encashment of properly presented travellers' cheques will be honoured in perpetuity. The agreement with AmTrust involved paying an insurance premium. As part of the agreement, at inception the Group provided funds to AmTrust to cover future encashment of MasterCard branded and non-branded travellers' cheques in bankruptcy-remote vehicles.

The reimbursement right held by the Group to recover in full the value of encashed qualifying cheques is recognised under IAS 37 as a reimbursement asset. It is considered virtually certain that the Group will receive this reimbursement once the Group settles the obligation. It has a carrying value equal to the carrying value of the associated liability less the other assets that are held by the Group to cover the obligation. The other assets include cash, travellers' cheques float and structured deposits (which relate to monies received in advance on issuance of Visa branded travellers' cheques).

Uninsured cheques are not covered by the reimbursement and insurance policy and so there is no reimbursement asset attributable to these amounts.

The insured and uninsured travellers' cheques awaiting redemption are contractually payable on demand and therefore are shown as due for payment within one year. However as more fully explained in Note 13(e) (Financial instruments: liquidity risk) the more likely encashment profile (based on actuarial estimations) will be over a significantly greater period. It is also probable that a proportion of these travellers' cheques will never be encashed.

The current/non-current split of the travellers' cheques reimbursement asset is calculated based on the expected encashment profile. As at the date of signing the financial statements, the Directors are in the process of considering the long-term strategic options for the Group, the outcome of which could lead to a significant change in the encashment profile and this current/non-current split.

£'000	31 December 2020	31 December 2019
Current assets		
Traveller's cheques reimbursement asset	5,782	7,996
	5,782	7,996
Non-current assets		
Traveller's cheques reimbursement asset	190,642	194,286
	190,642	194,286
Total traveller's cheques reimbursement asset	196,423	202,282

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

10. Trade and other receivables

£'000	31 December 2020	31 December 2019
Current assets		
Trade receivables	1,240	659
Amounts receivable from group undertakings – non-interest bearing	83,596	57,624
Amounts receivable from group undertakings – interest bearing	-	34,305
Other receivables	67	49
Prepayments and accrued income	1,681	1,952
	86,584	94,589
Allowance for expected credit losses – trade receivables	(332)	(246)
Allowance for expected credit losses – amounts receivable from group undertakings	(83,596)	(27,591)
At 31 December	2,656	66,752

The amounts receivable from group undertakings are unsecured and repayable on demand. Amounts receivable from group undertakings relating to the investment of float deposits receive interest at LIBOR - 0.10%, other routine trading balances are non-interest bearing.

In line with the Interest Rate Benchmark Reform effective 1 January 2021, LIBOR will be replaced. The Directors assess that this will have no impact on the Group as the interest bearing amounts receivable from group undertakings were written off in 2020 following the administration of Travelex Limited, the entity that had previously provided investment of float deposits.

Prepayments and accrued income includes the balance of the Guaranteed Facilities Agreement fee. This was a one-off fee paid to Barclays Bank PLC, which ensures that Visa can claim for any Visa branded cheques which have been paid out, but which have not been paid for by the issuer. The fee is released to the profit and loss account in line with expected future encashments of Visa branded cheques.

The movement in the allowance for expected credit losses is as follows:

£'000	2020	2019
At 1 January	27,837	55
Provision for expected credit losses – trade receivables	86	191
Provision for expected credit losses – amounts receivable from group undertakings	56,005	27,591
At 31 December	83,928	27,837

As at 31 December 2019, there were indicators of potential default in relation to the monies lent by the Group to other THL Group companies. The management took the decision to fully provide for the loans receivable of £83,596,000 (2019: £27,591,000).

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

11. Equity investments

£'000	2020	2019
Current assets		
At 1 January	-	10,110
Fair value gain	-	2,520
Foreign exchange gain	-	92
Disposal	-	(12,722)
At 31 December	-	-

12. Trade and other payables

£'000	31 December 2020	31 December 2019
Current liabilities		
Prepaid cards awaiting redemption	4,316	4,530
Amounts payable to group undertakings – non-interest bearing	66,167	74,399
Amounts payable to group undertakings – interest bearing	-	5,216
Other creditors	153	695
Accrued liabilities	364	509
At 31 December	71,000	85,349

Amounts payable to group undertakings are unsecured and repayable on demand. Amounts payable to group undertakings relating to financing pay interest at LIBOR +3.5%, other routine trading balances are non-interest bearing.

In line with the Interest Rate Benchmark Reform effective 1 January 2021, LIBOR will be replaced. The Directors assess that this will have no impact on the Group as the interest bearing amounts payable to group undertakings were written off in 2020 following the administration of Travelex Limited, the entity that had previously provided financing. Prepaid cards awaiting redemption represent balances on prepaid cards issued by the Group but not yet encashed.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

13. Financial instruments

For the purposes of the disclosures in this Note, the following classifications have been used as required:

£'000	Financial Assets at Amortised cost	Financial Liabilities at Amortised cost	Total
<i>Financial assets</i>			
Travellers' cheques reimbursement asset	40,595	-	40,595
Cash and cash equivalents	4,840	-	4,840
Trade and other receivables	975	-	975
Equity investments	-	-	-
At 31 December 2020	46,410	-	46,410
<i>Financial liabilities</i>			
Travellers' cheques awaiting redemption	-	(200,003)	(200,003)
Trade and other payables	-	(70,636)	(70,636)
At 31 December 2020	-	(270,639)	(270,639)

The remainder of the travellers' cheques reimbursement asset of £155,829,000 (2019: £154,009,000) is accounted for under IAS 37.

£'000	Financial Assets at Amortised cost	Financial Liabilities at Amortised cost	Total
<i>Financial assets</i>			
Travellers' cheques reimbursement asset	48,273	-	48,273
Cash and cash equivalents	4,750	-	4,750
Trade and other receivables	64,800	-	64,800
Equity investments	-	-	-
At 31 December 2019	117,823	-	117,823
<i>Financial liabilities</i>			
Travellers' cheques awaiting redemption	-	(205,865)	(205,865)
Trade and other payables	-	(84,840)	(84,840)
At 31 December 2019	-	(290,705)	(290,705)

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

13. Financial instruments (continued)

£'000	Financial Assets at Amortised cost	Financial Assets at FV through OCI	Financial Liabilities at Amortised cost	Total
Financial assets				
Travellers' cheques reimbursement asset	54,810	-	-	54,810
Cash and cash equivalents	5,903	-	-	5,903
Trade and other receivables	78,361	-	-	78,361
Equity investments	-	10,110	-	10,110
At 1 January 2019	139,074	10,110	-	149,184
Financial liabilities				
Travellers' cheques awaiting redemption	-	-	(221,886)	(221,886)
Trade and other payables	-	-	(83,232)	(83,232)
At 1 January 2019	-	-	(305,118)	(305,118)

The remainder of the travellers' cheques reimbursement asset (£163,436,000) is accounted for under IAS 37.

Financial risk management objectives and policies

The Group is subject to a number of financial risks which arise as a result of their trading financial instruments being utilised at the reporting date are outlined below.

a) Capital risk management

The Group is not subject to any externally imposed capital requirements.

Total shareholder's funds constitute the managed capital of the Group which consists entirely of issued share capital and reserves. The Directors are responsible for setting the objectives, policies and processes relating to the management of the Group's capital and maintain a set of approved policy guidelines to assist in discharging their responsibilities. The Group's capital management objective is limited to managing liabilities of travellers' cheques and prepaid cards, the funding of which is covered by the travellers' cheques reimbursement asset and prepaid cards float.

The major risk categories considered by the Group are those pertaining to credit, interest rates, market price, liquidity and foreign currency.

b) Credit risk

The Group's credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract.

Financial instruments that potentially subject the Group to a concentration of credit risk consist primarily of the travellers' cheques reimbursement asset, trade receivables and amounts due from other group undertakings. The travellers' cheques reimbursement asset includes deposits held with financial institutions and the composition and maturities are regularly monitored by management.

In this regard, all financial institution customers are subject to credit scoring on an annual basis. The Group considers a financial asset to have low credit risk when the external credit rating of the counterparty exceeds the Group's minimum required score, and when the counterparty has a strong financial position and payments are being made within the contractual terms.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

13. Financial instruments (continued)

b) Credit risk (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

At 31 December 2020, the largest two external credit risks of the Group are Barclays Bank Plc and US Treasury Bills with balances being held of £25,217,000 (2019: £28,120,000) and £7,171,000 (2019: £13,568,000) respectively. The credit ratings of Barclays Bank Plc and US Treasury Bills are A and AA+ respectively (Standard & Poor's as at 31 December 2020 and 31 December 2019) and financial instruments held with these financial institutions are considered to have a low risk of default.

At 31 December 2020, in aggregate, the six largest external, non-group trade debtors of the Group owe £557,000 (2019: £268,000). The largest single debtor is £277,000 (2019: £64,000) relating to the US State of California. This debtor arises from the escheatment during the year, of fifteen-year-old travellers' cheques to the State that are refundable to the Group.

In addition, the Group has an internal credit risk in relation to funds lent to fellow THL Group companies. The largest amongst these is Travelex Limited with a balance as at 31 December 2020 of £nil (2019: £34,305,000). In accordance with IFRS 9, intercompany balances are continually assessed for indicators of impairment, with any Expected Credit Losses (ECL) charged to the Statement of Comprehensive Income. As at 31 December 2020, the ECL with Travelex Limited was assessed as being £29,285,000 (2019: £10,304,000).

ECLs totalling £83,596,000 (2019: £27,591,000) have been applied against other intercompany receivables.

Financial assets past due but not impaired do not reflect any indication that counterparties will be unable to meet their obligations. Furthermore, no indications of default are recognisable for financial assets that are neither past due nor impaired.

The Group is also exposed to the credit risk of AmTrust (rated A- by A.M. Best Company Inc) as a result of the travellers' cheques insurance transaction, however, this is partially mitigated by the ring-fenced deposits held in solvency remote vehicles by AmTrust. The credit risk of this financial asset is considered to be low.

Financial assets past due but not impaired are as follows:

£'000	0-3 months	3-6 months	6-12 months	2020 Total
Trade receivables	226	274	408	908
	226	274	408	908

£'000	0-3 months	3-6 months	6-12 months	2019 Total
Trade receivables	184	198	31	413
	184	198	31	413

Trade receivables past due over 90 days but less than one year are not impaired as the debtors, being US States, are considered to be highly credit worthy and the funds due to the Group are refunds of monies previously paid to these States in the form of escheatment. However, the volume & value of historic escheatment payments makes reclaiming the funds a time-consuming process, with few claims capable of being raised, never mind settled, within 90 days. As such, the Group rebuts the presumption of impairing receivables past due over 90 days and instead considers 365 days to be a reasonable point to record impairment.

Travellex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

13. Financial instruments (continued)

b) Credit risk (continued)

All trade receivables amounts that are past due for a period of more than twelve months are assumed to be unrecoverable and so a bad debt provision is applied at that point. The total of bad debt provisions as at 31 December 2020 was £332,000 (2019: £246,000). However, receivables due from US States are not formally written-off unless the State confirms in writing that a particular claim cannot be processed. Until then, claims are pursued at regular intervals, and any recovery of amounts that were previously impaired would result in a reversal of that impairment amount.

c) Interest rate risk

Revenues and expenses on certain financial instruments are recognised using an effective interest rate basis under which income and expenses are spread over their expected life.

The Group borrows and invests in required currencies at both fixed and floating rates of interest to manage some of the interest rate exposures with the objectives of minimising its net interest costs and maximising its interest revenue within the approved parameters.

The financial assets and liabilities of the Group are subject to the volatility of market interest rates. The market value volatility has been mitigated by holding all investments short term, apart from the structured deposit.

Amounts due to and from group companies relating to the investment of float deposits and financing receive interest at LIBOR (plus or minus a margin), other routine intra-group balances are non-interest bearing.

In line with the Interest Rate Benchmark Reform effective 1 January 2021, LIBOR will be replaced. The Directors are still assessing the impact of the change to the interest rate risk upon adoption of a new interest benchmark and will transition the loans to an appropriate benchmark in the required timeframe.

Concentration of interest rate risk

The Group's main source of interest income arises from the investment of the travellers' cheques and prepaid cards floats. Interest rate volatility on the travellers' cheques float has partially been economically managed with a fixed interest structured deposit.

Interest rate sensitivity

At 31 December 2020 with all other variables held constant and assuming exchange rates at a constant level if interest rates had been:

- 100 basis points lower, then the net loss attributable to equity holders of the Group would have been £39,000 (2019: £38,000) higher.
- 100 basis points higher, then the net loss attributable to equity holders of the Group would have been £39,000 (2019: £38,000) lower.

d) Liquidity risk

The table below analyses the group's financial assets and liabilities into maturity groupings based on the remaining period from the reporting date to the contracted maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows except for the non-current financial asset which is presented as forecast cash flows. Balances due within 12 months approximate their carrying balances because the impact of discounting is not significant.

Travellex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

13. Financial instruments (continued)

£'000	Within one year	Between one and two years	Between two and five years	After five years	31 December 2020 Total
<i>Financial assets</i>					
Travellers' cheques reimbursement asset	5,781	5,470	9,830	175,342	196,423
Cash and cash equivalents	4,840	-	-	-	4,840
Trade and other receivables	975	-	-	-	975
Equity investments	-	-	-	-	-
<i>Financial liabilities</i>					
Travellers' cheques awaiting redemption	(200,003)	-	-	-	(200,003)
Trade and other payables	(70,636)	-	-	-	(70,636)
At 31 December 2020	(259,043)	5,470	9,830	175,342	(68,401)
£'000	Within one year	Between one and two years	Between two and five years	After five years	31 December 2019 Total
<i>Financial assets</i>					
Travellers' cheques reimbursement asset	7,996	6,592	10,730	176,964	202,282
Cash and cash equivalents	4,750	-	-	-	4,750
Trade and other receivables	64,800	-	-	-	64,800
Equity investments	-	-	-	-	-
<i>Financial liabilities</i>					
Travellers' cheques awaiting redemption	(205,865)	-	-	-	(205,865)
Trade and other payables	(84,840)	-	-	-	(84,840)
At 31 December 2019	(213,159)	6,592	10,730	176,964	(18,873)

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

13. Financial instruments (continued)

£'000	Within one year	Between one and two years	Between two and five years	After five years	1 January 2019 Total
<i>Financial assets</i>					
Travellers' cheques reimbursement asset	10,124	8,183	15,635	184,304	218,2461
Cash and cash equivalents	5,903	-	-	-	5,903
Trade and other receivables	78,361	-	-	-	78,361
Equity investments	10,110	-	-	-	10,110
<i>Financial liabilities</i>					
Travellers' cheques awaiting redemption	(221,886)	-	-	-	(221,886)
Trade and other payables	(83,232)	-	-	-	(83,232)
At 1 January 2019	(200,620)	8,183	15,635	184,304	7,502

Travellers' cheques awaiting redemption are presented as current liabilities in accordance with their contracted maturity dates. The significant liquidity risk facing the Group is the risk that this encashment profile of outstanding travellers' cheques will exceed or not match the longer terms of the investments held within the travellers' cheques floats. This liquidity risk has been mitigated as far as possible by the use of external actuarial valuations of the more likely actual travellers' cheques encashment profile. This encashment profile has determined the maturity profile of the float deposits. Liquidity movements are then monitored on a regular ongoing basis. Risk has also been mitigated by the reimbursement fund and insurance arranged.

An alternative profile of travellers' cheques awaiting redemption (which is not reflective of the contracted maturity date) for those items covered in the independent external actuarial report, provides the following more likely expected encashment profile:

£'000	31 December 2020	31 December 2019
Within one year	5,781	7,996
Between one and two years	5,470	6,592
Between two and five years	9,830	10,730
After five years	178,922	180,547
Total cheques covered by the report	200,003	205,865

As explained in Note 9, the directors believe that a proportion of travellers' cheques included in the above analysis will never be encashed.

e) Foreign currency risk

The Group has significant overseas operations and conducts business in many foreign currencies, reporting its results in sterling. As a result, it is subject to fluctuations in foreign exchange rates that affect the Group's transactional revenues and costs. The Group's foreign exchange risk management policy aims to identify and minimise this exposure wherever possible.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

13. Financial instruments (continued)

Concentration of foreign currency risk

The Group's balance sheet currency exposure is primarily managed by matching currency assets with currency borrowings. The largest currency liabilities were created from the sale of travellers' cheques and prepaid cards. Immediately upon sale the proceeds were converted to the currency of the liability and the currency investment held until required.

The following table shows the effect on the net profit/loss attributable to equity holders of the group had, at year end, the exchange rates for Australian Dollar, Canadian Dollar, Euro and United States Dollar been 10% higher or lower, with all other variables held constant:

	2020 +10%	2020 -10%	2019 +10%	2019 -10%
Australian Dollar	54,000	(54,000)	79,000	(79,000)
Canadian Dollar	(43,000)	43,000	(437,000)	437,000
Euro	254,000	(254,000)	2,000	(2,000)
United States Dollar	(5,794,000)	5,794,000	(4,507,000)	4,507,000

The following tables for the Group detail the foreign financial & non-financial instruments in their Sterling equivalent:

£'000	Other currencies	CAD	EUR	AUD	USD	GBP	Total
<i>Assets</i>							
Travellers' cheques reimbursement asset	2,006	1,339	25,592	24,031	91,717	51,738	196,423
Cash and cash equivalents	265	5	216	67	3,754	533	4,840
Trade and other receivables	11	5	25	98	870	1,647	2,656
Equity investments	-	-	-	-	-	-	-
<i>Liabilities</i>							
Travellers' cheques awaiting redemption	(2,006)	(1,350)	(27,315)	(23,144)	(91,444)	(54,744)	(200,003)
Trade and other payables	(402)	(430)	(1,053)	(512)	(62,833)	(5,770)	(71,000)
Corporation tax payable	-	-	-	-	-	-	-
At 31 December 2020	(126)	(431)	(2,535)	540	(57,936)	(6,595)	(67,083)

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

13. Financial instruments (continued)

£'000	Other currencies	CAD	EUR	AUD	USD	GBP	Total
<i>Assets</i>							
Travellers' cheques reimbursement asset	2,008	1,406	24,676	22,721	98,891	52,580	202,282
Cash and cash equivalents	229	6	214	67	4,021	213	4,750
Trade and other receivables	752	1,100	2,467	398	21,291	40,744	66,752
Equity investments	-	-	-	-	-	-	-
<i>Liabilities</i>							
Travellers' cheques awaiting redemption	(2,008)	(1,416)	(26,300)	(21,887)	(98,620)	(55,634)	(205,865)
Trade and other payables	(375)	(5,469)	(1,036)	(508)	(70,654)	(7,307)	(85,349)
Corporation tax payable	-	-	-	-	-	(2,650)	(2,650)
At 31 December 2019	606	(4,373)	21	791	(45,071)	27,946	(20,080)

£'000	Other currencies	CAD	EUR	AUD	USD	GBP	Total
<i>Assets</i>							
Travellers' cheques reimbursement asset	2,089	1,507	27,017	24,109	109,976	53,548	218,246
Cash and cash equivalents	242	8	240	75	5,166	172	5,903
Trade and other receivables	1,139	1,458	3,669	677	31,528	42,161	80,632
Equity investments	-	-	-	-	10,110	-	10,110
Corporation tax repayable	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-	-
<i>Liabilities</i>							
Travellers' cheques awaiting redemption	(2,089)	(1,517)	(28,732)	(23,240)	(109,684)	(56,624)	(221,886)
Trade and other payables	(378)	(5,192)	(991)	(413)	(71,764)	(4,759)	(83,497)
Corporation tax payable	-	-	-	-	-	(25)	(25)
At 1 January 2019	1,003	(3,736)	1,203	1,208	(24,668)	34,473	9,483

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows based on the lowest level of input that is significant to the fair value measurement as a whole:

Level 1 - Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Travellex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

13. Financial instruments (continued)

Level 2 - Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3 - Valuation techniques (for which the lowest level of input that is significant to the fair value measurement is unobservable).

For financial instruments that are recognised at fair value on a recurring basis, the Group has determined whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

Equity investments

As the equity investments were sold in 2019, there is no fair value at 31 December 2020 (2019: £nil). There is no sensitivity analysis presented as these investments have been sold.

The table below presents the Group assets that are measured at fair value as at 31 December 2020.

£'000	Level 1	Level 2	Level 3	31 December 2020 Total
Assets				
Equity investments	-	-	-	-
At 31 December 2020	-	-	-	-

£'000	Level 1	Level 2	Level 3	31 December 2019 Total
Assets				
Equity investments	-	-	-	-
At 31 December 2019	-	-	-	-

£'000	Level 1	Level 2	Level 3	1 January 2019 Total (unaudited)
Assets				
Equity investments	-	-	10,110	10,110
At 1 January 2019	-	-	10,110	10,110

The reconciliation of recurring fair value measurements categorised within level 3 of the fair value hierarchy is as follows:

Equity investments £'000	2020	2019
At 1 January	-	10,110
Fair value gain recognised in other comprehensive income	-	2,520
Foreign exchange gain recognised in other comprehensive income	-	92
Disposal	-	(12,722)
At 31 December	-	-

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

14. Share capital

The share capital of the Company comprises:

	31 December 2020 Number	31 December 2020 £'000	31 December 2019 Number	31 December 2019 £'000	1 January 2019 Number (unaudited)	1 January 2019 £'000 (unaudited)
Allotted and fully paid						
Ordinary shares of £1 each	1	-	1	-	1	-
	1	-	1	-	1	-

Called up share capital is determined using the nominal value of shares that have been issued.

Ordinary shares

At the reporting date there is 1 (2019: 1) issued and fully paid ordinary shares of GB £1 each.

There is a capital contribution reserve of £1,079 (2019: £1,079). There were no movements in this reserve in the year.

15. Retained earnings

£'000	2020	2019 (As restated)
At 1 January	(20,261)	983
Transfer between reserves categories	-	10,013
Loss for the year	(46,851)	(31,257)
At 31 December	(67,112)	(20,261)

16. Financial assets held at fair value through other comprehensive income reserves

£'000	2020	2019 (As restated)
At 1 January	-	8,392
Market value gain on equity investments	-	2,520
Foreign exchange gain on equity investments	-	92
Movement on equity investments for the year	-	2,612
Current tax	-	(2,709)
Provision for deferred tax	-	1,718
Transfer between reserves categories	-	(10,013)
Movement on equity investments for the year - net of tax	-	1,621
At 31 December	-	-

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

17. Cumulative exchange difference

£'000	2020	2019
At 1 January	180	107
Exchange difference on translating foreign operations	(151)	73
At 31 December	29	180

18. Cash flows from operating activities for the year

£'000	2020	2019
Loss before taxation for the year	(49,512)	(29,598)
Adjustments for:		
Foreign exchange gain in loss before taxation for the year	(1,127)	(1,418)
Finance income in loss before taxation for the year	(57)	(213)
Finance expenses in loss before taxation for the year	172	260
Expected credit loss provision against trade and other receivables	86	191
Expected credit loss provision against intercompany receivables	56,005	27,591
Changes in assets and liabilities		
Decrease in other financial assets	5,892	9,358
(Increase)/decrease in trade and other receivables	(326)	283
(Increase)/decrease in amounts receivable from group companies	(4,164)	2,313
(Decrease)/increase in trade and other payables	(687)	661
Cash flows from operating activities for the year	6,282	9,428

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

19. Related party information

a) Subsidiary companies

Subsidiary undertakings are as follows:

Country of incorporation or registration	Name	Principal nature of business	Direct %	Indirect %
England	Travelex Financial Services Ltd ¹	Intermediate holding company	100	-
England	Euro Travellers Cheque Nederland Ltd ¹	Travellers' cheques liability management	100	-
England	Travelex Rand Travellers Cheques Ltd ¹	Travellers' cheques liability management	100	-
England	Interpayment Services Ltd ¹	Travellers' cheques liability management	100	-
Australia	Interpayment Australia Pty Ltd ² *	Travellers' cheques liability management	-	100
Australia	Travelex TC Australia Pty Ltd ² **	Travellers' cheques liability management	-	100
Hong Kong	Hongkong and Shanghai Travelex Ltd ³ ***	Travellers' cheques liability management	-	100

* a subsidiary of Interpayment Services Limited

** a subsidiary of Interpayment Australia Limited

*** a subsidiary of Travelex Financial Services Limited

All subsidiary undertakings are included in the consolidation. The proportions of the voting rights of subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

Addresses of all subsidiaries are referenced from the above table as follows:

1. Worldwide House, Thorpe Wood, Peterborough, England, PE3 6SB.
2. Level 29, 20 Bond Street, Sydney, NSW 2000, Australia
3. 21/F Edinburgh Tower, 15 Queen's Road, Central Hong Kong

b) Parent and ultimate parent company

The immediate parent company is Travelex Limited, a company registered in England and Wales and which is currently in administration. PwC, as administrators, have legal control over the Company as at the date of signing the financial statements.

Until 6 August 2020, BRS Investment Holdings 1 Limited was the ultimate parent company of the Company. From 6 August 2020, legal control over the Company is held by PwC, as administrators of Travelex Limited.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

19. Related party information (continued)

c) Related party transactions

The following tables summarise all transactions and amounts outstanding between the Group and other THL companies:

£'000	Revenue from	Costs charged by	Receivable from	Payable to
	Year ended 31 December 2020		As at 31 December 2020	
Travelex Canada Limited	-	-	1,466	377
Travelex Card Services Limited	-	-	170	928
Travelex Central Services Limited	-	-	-	66
TCI US LLC	-	-	27,809	55,433
Travelex Inc	-	-	60	-
Travelex Limited	57	138	29,285	-
Travelex France Holdings Limited	-	-	-	88
Travellers Cheques Encashment Services Limited	-	251	24,806	9,251
Travelex Japan KK	-	-	-	24
	57	389	83,596	66,167

As at 31 December 2020, and taking into account adjusting events after the reporting period in 2019, the value of loans outstanding was fully impaired. The amounts of Expected Credit Loss and the adjusted value of the loans is as follows:

£'000	Gross value of loans	ECL provision	Adjusted value of loans
Travelex Canada Limited	1,466	(1,466)	-
Travelex Card Services Limited	170	(170)	-
Travelex Inc	60	(60)	-
Travelex Limited	29,285	(29,285)	-
TCI US LLC	27,809	(27,809)	-
Travellers Cheques Encashment Services Limited	24,806	(24,806)	-
At 31 December 2020	83,596	(83,596)	-

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

19. Related party information (continued)

c) Related party transactions

	Revenue from	Costs charged by	Receivable from	Payable to
£'000	Year ended 31 December 2019		As at 31 December 2019	
Travelex Canada Limited	-	-	1,423	398
Travelex Card Services Limited	-	-	111	615
Travelex Central Services Limited	-	-	-	15
TCI US LLC	-	-	28,619	60,556
Travelex Limited	162	256	34,305	5,216
Travelex France Holdings Limited	-	-	-	86
Travellers Cheques Encashment Services Limited	-	304	27,471	12,591
Travelex Currency Services Inc	-	-	-	138
	162	560	91,929	79,615

Amounts owed to and from Group undertakings are denominated in a number of currencies. Generally trading balances are non-interest bearing. All balances are unsecured and repayable on demand.

There are no related party transactions except for those undertaken with other THL Group companies.

d) Key management personnel compensation

£'000	2020	2019
Short term employee benefits	-	74
Post employment benefits	-	-
	-	74

Total remuneration received by the director for qualifying and non-qualifying services during the year was £nil (2019: £74,000). The above value is for one director (2019: 3 directors),

20. Commitments and contingent liabilities

The Group has no capital or financial commitments in place at 31 December 2020 (2019: none).

The Group, together with other affiliates, is party to a cross company guarantee agreement with Barclays Bank, which allows set-off for interest purposes and offsetting of debit and credit balances across entities within the Travelex Holdings Limited Group. As at 31 December 2020, the net bank position was in surplus and therefore the guarantee value was £nil.

21. Significant events

The Company's registered address changed on 20 October 2020 from 4th Floor, Kings Place, 90 York Way, London, N1 9AG to Worldwide House, Thorpe Wood, Peterborough, PE3 6SB.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

22. Audit exemption

The subsidiaries set out below are exempt from the requirements of the Companies Act relating to the audit of individual statutory accounts under section 479 A of the Companies Act for the year ended 31 December 2020.

The Directors have applied this exemption for the following subsidiaries:

Company Name	Company Number
Travelex Financial Services Limited	01453781
Euro Travellers Cheques Nederland Limited	01648767
Travelex Rand Travellers Cheques Limited	03456206

The Directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

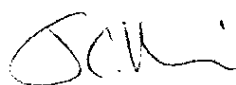
Travelex Global and Financial Services Limited
Company financial statements
Statement of financial position
for the year ended 31 December 2020

£'000		2020	2019
	Notes		
Fixed assets			
Investment in subsidiaries	2	-	-
Financial assets	5	13,502	17,331
Total fixed assets		13,502	17,331
Current assets			
Debtors	3	67	56,440
Investments	4	934	926
Financial assets	5	743	1,329
Cash at bank and in hand (restricted)		330	312
Total current assets		2,074	59,007
Current liabilities			
Creditors: amounts falling due within one year	6	(74,715)	(82,207)
Total current liabilities		(74,715)	(82,207)
Net current liabilities		(72,642)	(23,200)
Total net assets		(59,139)	(5,869)
Capital and reserves			
Capital contribution	7	1	1
Profit and Loss account		(59,140)	(5,870)
Total shareholders' funds		(59,139)	(5,869)

The Notes on pages 49 to 56 form an integral part of these financial statements.

The Company made a loss after tax in the year of £53,270,000 (2019: £11,663,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company. All gains and losses are reflected in the profit and loss account.

The financial statements were approved by the Board of Directors on 22 June 2022 and were signed on its behalf by:



J Morris
Director

Travelex Global and Financial Services Limited
Company financial statements
Statement of changes in equity
for the year ended 31 December 2020

£'000	Capital contribution	Profit and loss account	Total equity
At 1 January 2019	1	5,793	5,794
Loss for the year	-	(11,663)	(11,663)
At 31 December 2019	1	(5,870)	(5,869)
Loss for the year	-	(53,270)	(53,270)
At 31 December 2020	1	(59,140)	(59,139)

The Notes on pages 49 to 56 form an integral part of these financial statements.

Travelex Global and Financial Services Limited
Notes to the Company financial statements
for the year ended 31 December 2020

1. Accounting policies

Basis of preparation

The financial statements of the Company have been prepared, on a going concern basis, under the historical cost convention, and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland”, and with the Companies Act 2006. The functional and presentational currency of the Company is Sterling.

As the Company meets the definition of a qualifying entity under FRS 102 it has taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to financial instruments, presentation of a cash-flow statement, the disclosure of key management personnel compensation and related party disclosures with and between parents and wholly-owned subsidiaries.

The preparation of financial statements in conformity with FRS 102 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 the Note below.

The accounting policies set out below have, unless otherwise stated been applied consistently to all years presented in these financial statements. The Company accounting policies dealing with material items are set out below.

Financial instruments

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and has applied the recognition and measurement provisions of FRS 102 *Financial Instruments: Recognition and Measurement*. Financial assets and financial liabilities have been classified in the financial statement as follows:

Assets

Investments

Investments comprise money market deposits and restricted cash. The investments held are valued at their historical cost, so there are no fair value changes in the profit and loss account. The amounts due to be released in less than one year are classified as current assets and the remaining that is due to be released in more than one year is classified as fixed assets.

Financial assets

In May 2013, the Company entered into a reimbursement and insurance policy with AmTrust which ensures that the encashment of properly presented MasterCard, non-US issued Visa and non-branded travellers’ cheques will be honoured in perpetuity.

The agreement with AmTrust involved paying over an insurance premium and the claim fund proceeds, which have been recognised as a single financial asset and is re-measured at fair value at each reporting period, with any change in valuation recognised in the income statement. The fair value of this financial asset is based on travellers’ cheques encashment adjusted for the expectations regarding the float write back.

The float write back is the estimated value of travellers’ cheques that will never be encashed. An independent actuarial valuation is performed by Lane Clark & Peacock LLP on an annual basis to determine the expected level of the float write back at year end.

Financial assets at fair value through the profit and loss are financial assets held for trading. A financial asset is classified as this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current if they are expected to be settled within 12 months, otherwise they are classified as non-current.

Travelex Global and Financial Services Limited
Notes to the Company financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

Debtors

Debtors principally comprise amounts due from other group undertakings, which represent both trading and non-trading loans. These are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Liabilities

Travellers' cheques awaiting redemption

Travellers' cheques awaiting redemption liability is managed and its performance is evaluated on a fair value basis concurrently with the Financial assets, which are measured at fair value, as the reimbursement fund and insurance policy relate to travellers' cheques awaiting redemption. It is designated at fair value to eliminate or significantly reduce a measurement inconsistency.

The fair value is determined based on the value of those cheques which it is anticipated will never be presented for payment ("float write back"). In estimating this amount the Directors use the services of an independent firm of actuaries. The difference between the opening and closing value of the float write back is included in revaluation gain/(loss) on financial assets in the statement of comprehensive income.

Creditors

Creditors principally comprise amounts due to other group undertakings and travellers' cheques replacement sales. They are initially recognised at fair value less transaction costs, and are subsequently carried at amortised cost, using the effective interest method.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amounts reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the date of the transaction into pounds sterling. Monetary assets and liabilities denominated in foreign currencies at the date of the statement of financial position are translated at the rates ruling at that date, with differences arising on translation recorded in the statement of comprehensive income. All other exchange gains and losses, which arise from normal trading activities, are included in the statement of comprehensive income as incurred.

Cash and cash equivalents

Cash and cash equivalents in the Statement of financial position comprise cash at banks and short-term deposits with an original maturity date of three months or less.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

In accordance with FRS 102 "Deferred Tax", full provision is made for deferred tax liabilities arising from timing differences due to the differing treatment of certain items for taxation and accounting purposes. The provision is calculated at the average tax rates that are expected to apply when the timing differences are expected to reverse and is not discounted.

Deferred tax assets are recognised to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Travelex Global and Financial Services Limited
Notes to the Company financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

Contingent liabilities

Contingent liabilities represent the external actuarial estimate of float write back. Float write back being the value of travellers' cheques possible, but not probable to be encashed. The actuarial estimate is updated annually.

Judgements and key sources of estimation uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Due to inherent uncertainty involved in making estimates and assumptions, actual outcomes could differ from those assumptions and estimates. The critical judgements that have been made in arriving at the amounts recognised in the financial statements and the key sources of estimation and uncertainty that have a significant risk of causing material adjustment to the carrying values of assets and liabilities within the next financial year are as follows:

Estimates

Financial assets

The valuation of the travellers' cheques financial asset is based on travellers' cheques encashment adjusted for the expectations regarding the float write back. The float write back is the estimated value of travellers' cheques that will never be encashed. An independent actuarial valuation is performed by Lane Clark & Peacock LLP on an annual basis to determine the expected level of the float write back at year end. The valuation assumes that travellers' cheques will not be encashed more than 65 years after the year of sale.

AmTrust hold funds to cover future encashment of MasterCard branded and non-branded travellers' cheques in bankruptcy-remote vehicles. The Company records a financial asset relating to these reimbursement funds within financial assets in the Statement of financial position and this is revalued to fair value each reporting date with any change in valuation recognised in the income statement.

Travellers' cheques awaiting redemption

Travellers' cheques awaiting redemption liability is managed and its performance is evaluated on a fair value basis concurrently with the Financial assets, which are measured at fair value, as the reimbursement fund and insurance policy relate to travellers' cheques awaiting redemption. It is designated at fair value to eliminate or significantly reduce a measurement inconsistency.

The fair value is determined based on the value of the float write back. In estimating this amount the Directors use the services of an independent firm of actuaries. The difference between the opening and closing value of the float write back is included in revaluation gain/(loss) on financial assets in the statement of comprehensive income.

Amounts owed from group undertakings

Post balance sheet events after 31 December 2019 included an impairment of group undertakings in the amount of £27,591,000.

As at 31 December 2020, the Company had recorded an impairment provision, in aggregate, in the amount of £83,596,000 (2019: £33,000), reflecting the recoverable amount at the balance sheet date.

At 31 December 2020, group undertakings owed the Company £83,596,000 (2019: £56,430,000), which was recorded at a recoverable value of £nil (2019: £56,397,000), net of impairment.

Travellex Global and Financial Services Limited
Notes to the Company financial statements
for the year ended 31 December 2020

1. Accounting policies (continued)

Judgements

Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for impairment. An impairment review of investments in subsidiaries is performed annually and when any such impairment arises the investment is written down accordingly.

Contingent liabilities

The Company has disclosed in Note 9, contingent liabilities, which, in the opinion of the Directors, are unlikely to have a materially adverse effect on the Company's financial position.

2. Investment in subsidiaries

£'000	Investment in subsidiary undertakings
Cost	
At 1 January 2020	83,778
At 31 December 2020	83,778
Impairment provisions	
At 1 January 2020	83,778
Impairment	-
At 31 December 2020	83,778
Net book value	
At 31 December 2019	-
At 31 December 2020	-

Travelex Global and Financial Services Limited
Notes to the Company financial statements
for the year ended 31 December 2020

2. Investment in subsidiaries (continued)

Subsidiary undertakings are as follows:

Country of incorporation or registration	Name	Principal nature of business	Direct %	Indirect %
England	Travelex Financial Services Ltd ¹	Intermediate holding company	100	-
England	Euro Travellers Cheque Nederland Ltd ¹	Travellers' cheques liability management	100	-
England	Travelex Rand Travellers Cheques Ltd ¹	Travellers' cheques liability management	100	-
England	Interpayment Services Ltd ¹	Travellers' cheques liability management	100	-
Australia	Interpayment Australia Pty Ltd ² *	Travellers' cheques liability management	-	100
Australia	Travelex TC Australia Pty Ltd ² **	Travellers' cheques liability management	-	100
Hong Kong	Hongkong and Shanghai Travelex Ltd ³ ***	Travellers' cheques liability management	-	100

* a subsidiary of Interpayment Services Limited

** a subsidiary of Interpayment Australia Limited

*** a subsidiary of Travelex Financial Services Limited

Addresses of all subsidiaries are referenced from the above table as follows:

1. Worldwide House, Thorpe Wood, Peterborough, PE3 6SB
2. Level 29, 20 Bond Street, Sydney, NSW 2000
3. 21/F Edinburgh Tower, 15 Queens Road, Central, Hong Kong

The class of shares held is equity unless stated otherwise.

3. Debtors

£'000	2020	2019
Amounts falling due within one year		
Amounts owed from group undertakings	83,596	56,430
Other debtors	67	43
Corporation tax repayable	-	-
Prepayments and accrued income	-	-
	83,663	56,473
Allowance for impairment	(83,596)	(33)
	67	56,440

Amounts owed from group undertakings are unsecured, non-interest bearing and repayable on demand.

Travelex Global and Financial Services Limited
Notes to the Company financial statements
for the year ended 31 December 2020

3. Debtors (continued)

The movement in the impairment provision against amounts owed from group undertakings is as follows:

£'000	2020	2019
At 1 January	33	-
Provision for impairment	83,563	33
At 31 December	83,596	33

As part of the THL restructuring, Travelex Limited entered administration on 6 August 2020. At the same time, the recoverability of the amounts due from all other group undertakings was reassessed. At 31 December 2020, these group undertakings owed the Company £83,596,000 (2019: £56,430,000), which was recorded at a recoverable value of £nil (2019: £56,397,000) net of impairment.

4. Investments

Investments for use within the travellers' cheques business are as follows:

£'000	2020	2019
Current assets		
Travellers' cheques money market deposits	934	926
	934	926

Included in the above is £934,000 (2019: £926,000) of restricted cash, which is held for the encashment of travellers' cheques.

5. Financial assets

Financial assets relating to the travellers' cheques business are as follows:

£'000	2020	2019
Current assets		
Reimbursement funds	743	1,329
	743	1,329
Fixed assets		
Insurance premium asset	3,781	4,343
Reimbursement funds	9,721	12,988
	13,502	17,331

In May 2013, the Company entered into a reimbursement and insurance policy with AmTrust which provide for the reimbursement of certain travellers' cheques until such time as all related obligations have been extinguished.

As part of the transaction the Company paid AmTrust an amount which equalled to the notional value of certain cheques that were expected to be encashed and a premium, collectively making up an insurance asset. Certain cheques' encashment continue to be covered by assets held as float deposits and structured deposits held by Travelex in ring-fenced accounts. The AmTrust policy covers any encashment over and above the funds held in these ring-fenced accounts.

Travelex Global and Financial Services Limited
Notes to the Company financial statements
for the year ended 31 December 2020

5. Financial assets (continued)

The insurance asset is measured at fair value at each reporting period, with any change in valuation recognised through the profit and loss. The fair value of this financial asset is based on travellers' cheques encashment and other adjustments based on the Float Write Back. An independent actuarial valuation is performed by Lane Clark & Peacock LLP on an annual basis to support the computation of the Float Write Back.

6. Creditors

£'000	2020	2019
Amounts falling due within one year		
Travellers' cheques awaiting redemption	13,335	13,794
Amounts owed to group undertakings	61,269	68,135
Corporation tax payable	-	136
Other creditors	40	130
Accruals and deferred income	71	12
	74,715	82,207

Amounts owed to group undertakings are unsecured, non-interest bearing and repayable on demand. Included in Other creditors are amounts relating to escheatable traveller's cheques.

7. Called up share capital

Allotted and fully paid	Number	2020	Number	2019
		£'000		£'000
Ordinary shares of £1 each	1	-	1	-
	1	-	1	-

Called up share capital is determined using the nominal value of shares that have been issued.

Capital contribution

There is a capital contribution reserve of £1,079 (2019: £1,079). There were no movements in this reserve in the year.

8. Financial instruments by category

The Company has the following financial instruments:

£'000	2020	2019
Financial assets that are debt instruments measured at amortised costs		
Investments – current	934	926
Amounts owed from group undertakings	-	56,397
Other debtors	67	43
Cash and cash equivalents	330	3121
Total financial assets measured at amortised cost	1,331	57,678

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8. Financial instruments by category (continued)

£'000	2020	2019
Financial assets at fair value through profit or loss		
Financial assets – non-current	13,502	17,331
Financial assets - current	743	1,329
Total financial assets at fair value through profit or loss	14,245	18,660

£'000	2020	2019
Financial liabilities measured at amortised cost		
Amounts owed to group undertakings	61,269	68,135
Other creditors	40	130
Total financial liabilities measured at amortised cost	61,309	68,265

£'000	2020	2019
Financial liabilities measured at fair value through profit or loss		
Travellers' cheques awaiting redemption	13,335	13,794
Total financial liabilities measured at fair value through profit or loss	13,335	13,794

9. Contingent liabilities

At 31 December 2020, there is a contingent liability for the Company of £52,000,000 (2019: £51,200,000) representing travellers' cheques issued, which in the opinion of the Directors, although possible, are not probable to be encashed. Based on past experience and actuarial valuations, the possibility of any future outflow in settlement of these cheques is considered to be remote.

The Company, together with other affiliates, is party to a cross company guarantee agreement with Barclays Bank, which allows set-off for interest purposes and offsetting of debit and credit balances across entities within the Travelex Holdings Limited Group. As at 31 December 2020, the net bank position was in surplus and therefore the guarantee value was nil.

10. Related party transactions

Details of related party transactions are set out in Note 19 of the Group's consolidated financial statements.

The Company has taken advantage of exemptions under FRS 102 not to disclose transactions with wholly owned subsidiaries.