

Travelex Global and Financial Services Limited

Consolidated Financial Statements
for the year ended 31 December 2019



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

Secretary

V Benis-Lonsdale

Auditors

Ernst & Young
25 Churchill Place
Canary Wharf
London
E14 5EY

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

for the year ended 31 December 2019

The Directors present their strategic report of Travelex Global and Financial Services Limited (the Company) and its subsidiaries (the Group) for the year ended 31 December 2019. 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-' (2018: '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 PwC, the administrators of Travelex Limited. Refer to the Events after the reporting period section below.

Review of the business

The loss in the year, compared to a profit in the prior year, is primarily due to impairment of amounts owed from group undertakings (£27.6m). 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. Refer to the Significant events and Events after the reporting period sections below for further details.

The Group now reports net liabilities as a result of these impairment amounts. The net liabilities position of the Group at the year ended 31 December 2019 was £20.1m (2018: £9.5m net assets).

Results and dividends

In the year ended 31 December 2019, the Group made a loss on ordinary activities before taxation of £29.6m (2018: loss of £2.5m). The statement of comprehensive income is set out on page 15 and shows the result for the year.

The main reasons for the loss before tax compared to 2018 is due to impairment of amounts owed from group undertakings of £27.6m (2018: £nil). Excluding these impairment charges, a loss before tax of £2.0m (2018: loss of £2.5m) would have been realised.

There were no dividends paid or recommended for payment in respect of the year ended 31 December 2019 (31 December 2018: £nil).

Key performance indicator

The Group's most relevant key performance indicator is that of cost management in relation to operating expenses of £900,000 (2018: £672,000). Operating expenses were significantly higher in 2019 due to an increase in the expected credit loss allowance relating to trade receivables of £191,000 (2018: £22,000) and higher audit fees of £189,000 (2018: £112,000).

Travelex Global and Financial Services Limited and its subsidiaries

Strategic report (continued)

for the year ended 31 December 2019

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 is 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.

Section 172(1) statement

In performing their duties under s172 of the Companies Act 2006, the directors of the Group have had regard to the matters set out in s172(1) in terms of acting in good faith to promote the Group's and Company's success for the benefit of its shareholders as follows:

The Board's approach

The role of the Board

The Board of Directors is responsible for setting the overall strategic direction and risk appetite of the Group, and exercises oversight and control over management's day-to-day running of the business. This is achieved by regular Board meetings that are attended by representatives from all major functions such as Finance, Compliance and Risk, and Legal. The Board holds management to account by ensuring action items are properly addressed and closed at subsequent meetings and requesting regular status updates.

Strategy

The Group has a defined strategy that is supported by a budget and rolling 3-year business plan. This plan considers how the Group and Company can achieve success while continuing to act in the interests of all of its stakeholders. During 2019, this strategy was also considered alongside the strategy of the THL Group, of which the Group was a member prior to the restructure referred to in the Events after the reporting period section below. While the Group is still part of the THL Group following the restructure, as all of its parent entities are in administration the Group's strategy is considered independently of other entities with the exception of Travellers Cheques Encashment Services Limited, which is contracted to provide services to the Group.

Information

The Board meetings are supported by up-to-date MI covering various performance metrics, new and emerging risks and the status of any regulatory compliance submissions. This ensures adequate consideration of historic as well as potential future performance and risk. The information is scrutinised by internal and external parties including the THL Group's Board (prior to the restructure) along with Visa and Mastercard, as key stakeholders.

Policies and practices

During 2019, the Group, as part of the THL Group, were subject to oversight through the work of various committees with their own terms of reference and who meet regularly. These committees included the Group Audit and Risk Committee, Group Risk Committee and Group Corporate and Social Responsibility (CSR) Committee.

Travelex Global and Financial Services Limited and its subsidiaries
Strategic report (continued)
for the year ended 31 December 2019

Section 172(1) statement (continued)

The Board's approach (continued)

Policies and practices (continued)

The THL Group also has policies and controls concerning expenditure, authorisation limits, AML reporting and other activities undertaken by the group, all of which are regularly reviewed by the relevant committees. These reviews include ensuring that the decisions and intended consequences are in line with a business of the size and scale of the THL Group.

Training

The Group regularly reviews training needs across all of its employees and provides suitable learning, assessments and monitoring to ensure all individuals connected with the Group are fully aware of their role requirements. Training is also provided to management and Board members themselves.

Culture

The Group pride themselves in the culture and values demonstrated across the business, and how this culture positively affects relationships with other internal and external stakeholders. This also informs and influences the Board in decision making and promoting the Group's success, as the consequences of negatively impacting the culture can clearly be seen, and so should be avoided.

Maintaining our licence to operate

The Directors recognise that the Group's licence to operate are predicated on maintaining positive relationships with all of its key stakeholders. The Directors' responsibility to act in a way that considers how to maintain these relationships and promote the success of the Group is taken very seriously. Particular focus is given to the interests of all employees, fostering positive relationships with customers and suppliers, how its operations impact on the local community and environment, while also balancing what are sometimes competing priorities and so acting in a way that is fair between the various different stakeholders.

Employees

People are the key to the Group's success as much as the products offered to customers and so motivating, developing and retaining employees is of paramount importance. By providing a positive working environment, in line with the Group's values and inclusivity and supported by appropriate training opportunities, the Group can ensure that all of its employees reach their individual goals and, in so doing, enable the Group to reach its organisational objectives. Board members participate in regular updates and provide a forum for questions and views from individual employees to be raised.

Customers and suppliers

Customer satisfaction with the service they receive is a key metric by which all of the Group's outputs are judged. Performance metrics are reviewed at regular Board meetings, and all managers and colleagues are supported to serve customers fairly and consistently, and to resolve any complaints that might arise.

Suppliers are constantly monitored in terms of their own delivery and performance, not just in relation to cost but also their impact on the service provided to customers and the Group's employees. Prospective new suppliers go through a due diligence process to ensure there is a complete picture of that supplier and to identify any potential risks of working with them. Partnerships with key suppliers are a valued source of protection, as this secures service and standards over time to the benefit of customers and the Group more widely.

Travelex Global and Financial Services Limited and its subsidiaries
Strategic report (continued)
 for the year ended 31 December 2019

Section 172(1) statement (continued)

Maintaining our licence to operate (continued)

Community and the environment

The Group and Company are committed to acting responsibly and with the interests of the community and environment in mind. As part of the THL Group, the Group and Company's key environmental impacts rest in the following areas: energy savings, waste stream lifecycles, natural resource responsibility, responsible supply chains, regular review of our environmental policy and commitments. The THL Group is committed to incorporate environmental responsibility into all business operations through planning environmental protection as well as reviewing processes and procedures, while ensuring that Travelex meets legal compliance obligations as these relate to the environmental aspects of the business. In the UK, Travelex is part of the mandatory Energy Savings Opportunity Scheme. The aim of this programme is to ensure companies use a professional body to review and agree the carbon produced by Gas and Electricity consumption, along with using the expertise provided to reduce fuel usage.

All Travelex employees are encouraged to work towards improving our environmental performance by saving energy where possible. Wherever practicable, Travelex will source environmentally friendly products. As part of Travelex's due diligence process to select new suppliers, Travelex assesses the environmental policies of new potential suppliers to ensure their values are aligned with ours.

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-' (2018: 'A-') by A.M. Best Company Inc, an insurance company rating agency. This rating is assigned to entities which A.M. Best considers have an excellent ability to repay their debts.

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

Travelex Global and Financial Services Limited and its subsidiaries
Strategic report (continued)
for the year ended 31 December 2019

Principal risks and uncertainties (continued)

Credit risk (continued)

In addition, the Group has an internal credit risk in relation to funds lent to fellow Travelex Holdings Limited Group (THL) companies. The largest amongst these is Travelex Limited with a balance as at 31 December 2019 of £34,305,000 (2018: £20,953,000). As at 31 December 2019, other intercompany receivables totalled £91,929,000 (2018: £77,743,000). Impairment provisions totalling £27,591,000 (2018: £nil) have been recorded against the value of these intercompany receivables, reflecting the credit risk profile as at the year end. This provision and the remaining £64,338,000 was written off following the administration of Travelex Limited in 2020. Refer to the Events after the reporting period section below for further details.

Foreign currency risk

The Group conducts business in many foreign currencies, reporting its results in sterling. As a result, it is subject to fluctuations in foreign exchange rates which 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.

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.

The liquidity risk facing the Group has been mitigated by the reimbursement fund and insurance policy held under the contract with AmTrust which was arranged in 2013.

The impairment of amounts owed from group undertakings in the year ended 31 December 2019, refer to the Events after the reporting period section for further details, 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 (continued)
for the year ended 31 December 2019

Principal risks and uncertainties (continued)

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 or 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

DocuSigned by:

Rory Suckling

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R Suckling

Director

October 29, 2021 | 4:38:31 PDT

Travelex Global and Financial Services Limited and its subsidiaries Directors' Report

for the year ended 31 December 2019

The Directors present their report and the audited consolidated financial statements of Travelex Global and Financial Services Limited (the Company) and its subsidiaries (the Group) for the year ended 31 December 2019. 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).

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

Significant events

Malware incident

On 31 December 2019, Travelex Holdings Limited and its subsidiaries (THL) detected malware which had compromised some of its services. On discovering the malware, THL invoked its incident management process immediately in order to assess, contain and remediate the impact of such malware. THL also engaged with external cyber security experts, third-party partners as well as law enforcement agencies to respond to this incident and conduct the necessary investigations.

As the malware was identified on 31 December 2019, the Directors acknowledge that it limited the availability of an appropriate audit trail in respect of the completeness of balances and transactions including the following: trade and other receivables, trade and other payables, tax payable, foreign exchange gain, revaluation loss on financial assets and liabilities, expected credit loss on financial assets and income tax.

Given the activities undertaken by the Group, being the holding of previously issued travellers' cheques assets and liabilities, and aside from the limitations detailed above in relation to the audit of the financial statements, the impact of this event on the Group's trading and results was limited to restricted access to the information held in the systems during January and February 2020.

However, the Group's electronic documents archive remains inaccessible following the malware incident, as security risks mean access cannot be safely restored. This has resulted in a further limitation of scope surrounding the travellers' cheques awaiting redemption liability, as well as current and non-current travellers' cheques reimbursement asset, as encashment documentation for 2018 (the comparative, unaudited year) cannot be provided to the Group's auditor.

Events after the reporting period

COVID-19

The outbreak of COVID-19 has not resulted in any significant direct impact on the business of the Group in the 2020 financial year to date. This is because the activity of the Group is limited to holding the previously issued prepaid cards float and travellers' cheques reimbursement fund asset, with any encashment simply reducing the value of assets and liabilities by equal amounts, and with little to no revenue or expenditure generated except for relatively fixed amounts of interest and operating costs. In accordance with IAS 10, this was treated as a non-adjusting Event after the reporting period.

Finabl announcement

On 16 March 2020, Finabl Plc (the parent company of THL) announced that it faced "a material uncertainty over its ability to continue as a going concern". THL and its subsidiaries have maintained a separate legal and financing structure that is capable of operating independently of Finabl Plc. In accordance with IAS 10, this was treated as an adjusting Event after the reporting period, and it was deemed an impairment trigger for the purposes of assessing the recoverability of amounts receivable from group undertakings. The amount of impairment was £27,591,000.

Travelex Global and Financial Services Limited and its subsidiaries Directors' report (continued)

for the year ended 31 December 2019

Events after the reporting period (continued)

Restructuring

These events described above combined to create significant liquidity constraints within THL and its subsidiaries (though not the Group), and additional funding was required to ensure THL's continued operation. On 6 August 2020, THL reached an agreement with at least 66.7% of Senior Secured Noteholders ("SSNs") and all of its Revolving Credit Facility ("RCF") lenders on the terms of a comprehensive debt restructuring, and the SSNs took control of certain Travelex entities via a new holding company ("Travelex Topco Limited").

On 6 August 2020, the Group's immediate parent company, Travelex Limited, went into administration. The Group has not transferred to the Travelex Topco Limited Group and its ownership remains with Travelex Limited. As Travelex Limited is in administration, legal control over the Group is now held by PwC, the administrator. The Group is 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 staffing and system resources used by the Group continue to be provided by Travellers Cheques Encashment Services Limited (TCES), as per a Deed for Services signed in May 2018 between TCES and all of the TGFS Group members. The Directors are in the process of assessing the long-term options for the Group, following the change in the controlling interest. In accordance with IAS 10, this was treated as a non-adjusting Event after the reporting period.

Intercompany loan transactions

Following the administration of Travelex Limited, and in response to the first report of the administrators dated 11 September 2020 which detailed dividend prospects of 0.1 pence in the pound, the remaining debtor balance of £24,001,000 due from this entity was written off. As per standard administration process, the creditor amount due to Travelex Limited (£5,216,000) was netted off against the debtor at the same time, so this amount was also written off. These write-offs affect all of the interest bearing amounts receivable from and payable to group undertakings.

The recoverability of the amounts due from all other group undertakings (£40,337,000) was assessed. Management determined that there was no reasonable prospect of recovering these amounts and so they were written off in full.

In accordance with IAS 10, these write-offs were treated as non-adjusting Events after the reporting period.

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 2019 (31 December 2018: £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.

Travelex Global and Financial Services Limited and its subsidiaries
Directors' report (continued)
for the year ended 31 December 2019

Statement of directors' responsibilities in respect of the financial statements (continued)

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
- 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 assessment

The Directors assess the Group's going concern for a period of twelve months from the signing date of the financial statements to the end of October 2022. In making this assessment the Directors considered the following:

- The accuracy of expected actuarial encashment profile in comparison to actual;
- The continued provision of operational and financial support from Travellers Cheques Encashment Services Limited, which is itself reliant on the provision of operational support from Travelex Topco Limited;
- Whether there is sufficient liquidity and financing to support the business, its corporate transactions and future trading;
- Whether post balance sheet trading is in line with expectations;
- The completion of a restructure that will improve the solvency of the Group and Company;
- If the Group and Company would be able to trade after the impact of a reasonable downside scenario on performance;
- The adequacy of insurance cover;
- The funding requirements of the non-core travellers' cheques operations;
- The regulatory environment in which the Group and Company operates; and
- The effectiveness of risk management policies, in particular, business continuity, compliance, regulatory and counterparty risks.

Travelex Global and Financial Services Limited and its subsidiaries
Directors' report (continued)
for the year ended 31 December 2019

Going concern assessment (continued)

Having performed the above assessment and also taking into consideration the significant impact the Finabl announcements and restructuring of the Travelex Holdings Limited group have had on the Group's operations, the going concern basis is appropriate for the Group, subject to a material uncertainty, based on the following:

Operations

During 2019, the Group procured the staffing & system resources it required from a sister company, Travellers Cheques Encashment Services Limited (TCES), incurring costs of £360,000 in 2019. The provision of these services is detailed in a Deed for Service that was signed by TCES and all members of the TGFS Group in May 2018. As at the date of signing these financial statements, the Directors consider that TCES had sufficient cash to ensure it could operate for at least twelve months from the date of signing these financial statements without requiring further financial support from elsewhere, which would ensure the continuity of service required by the Group and Company for the same period of time. This assessment relies on the fact that intercompany loans will not be called on for settlement in cash; this is considered unlikely as the Directors are in the process of agreeing a restructure that will eliminate these balances upon execution. See below for more details.

On 6 August 2020, TCES took on the contractual obligations as employer of the necessary staff that support the travellers' cheques encashment process, securing the future provision of this resource. In addition, TCES has agreed Transitional Service Agreements (TSAs) with the Travelex TopCo Limited Group for the continued provision of the necessary travellers' cheques and prepaid cards IT and finance systems.

In assessing going concern, the Directors have taken into account the understanding that TCES will continue to support the Group for at least twelve months from the date of signing the subsequent, 31 December 2020 financial statements, as per a letter of support provided by TCES. In addition, TCES will support the financing of the Group in respect of any operating costs incurred. However, as this letter of support covers the subsequent period, and in any event cannot be wholly relied upon by the Group until the restructure explained below is finalised, it is supportive evidence only for the going concern assessment. This represents a material uncertainty around the going concern status of the Group.

Solvency & liquidity

At 31 December 2019, the Group had net liabilities of £20,080,000 (2018: net assets of £9,483,000) and net current liabilities of £214,366,000 (2018: £198,639,000). Included within net liabilities/assets is £64,338,000 receivable from group undertakings (2018: £77,744,000) and £79,615,000 payable to group undertakings (2018: £77,193,000). Expected credit losses totalling £27,591,000 have been recognised against the intercompany balances, based on the probability of default as at 31 December 2019.

While the Group's net current liabilities are significantly higher than its net liabilities (£214,336,000 at 31 December 2019), this is a result of classifying the entire travellers' cheques awaiting redemption liability as current, as they are contractually due on demand, whereas the reimbursement asset is split between current and non-current assets based on encashment profiles. Therefore, despite the difference between net current liabilities and net liabilities, for the purpose of the Group the liquidity position is the same as the solvency position as, if at any time the encashment of the travellers' cheques was higher than expected, additional amounts would be received by the Company via the reimbursement asset that would fund that encashment.

As part of the THL restructuring, Travelex Limited entered administration on 6 August 2020. As at 31 December 2019, Travelex Limited owed the Group £34,305,000, which is recorded at a recoverable value of £24,001,000 net of impairment. As a result of the administration, the remainder of this amount was written off in September 2020.

At the same time, the recoverability of the remaining intercompany receivables within these accounts (£40,337,000) was reassessed. Previously, these entities could have called upon Travelex Limited to provide funding in the event that the Company called on them to settle their debts. Following the administration of Travelex Limited, these entities have no access to any external funding, hold a minimal amount of unrestricted cash and don't generate trading profits. Management determined that there was no reasonable prospect of recovering these amounts and so the remainder of this amount was written off in September 2020.

Travelex Global and Financial Services Limited and its subsidiaries
Directors' report (continued)
 for the year ended 31 December 2019

Going concern assessment (continued)

As at the date of signing the financial statements, the Group had net liabilities of approximately £66,075,000 and net current liabilities of £246,075,000. Included within net liabilities is £61,496,000 payable to the Travellers' Cheques Companies, with a further £558,000 owed to other THL Group companies and third parties. While the total liabilities have changed due to normal trading and encashment between 31 December 2019 and the date of signing, there are no new relationships or obligations that have not been discussed above.

The Directors are in the process of agreeing a restructure between the Company and Group and the Travellers' Cheques Companies. Two entities that are currently outside of the Group, TCI US LLC and Travellers Cheques Encashment Services Limited, will also be purchased by the Company. All intercompany debtors and creditors between the Company and TCI US LLC will be extinguished as part of the acquisition, and the Company will enter into a debt-for-equity swap with Travellers Cheques Encashment Services Limited following that acquisition. This restructure is conditional on receiving approval from a third party, as they hold security over the shares in one of the entities that will be acquired. As the restructure will eliminate many of the intercompany loan balances owed between the entities, it will have the effect of improving the solvency of each of them.

The Group's own balance sheet will be strengthened following the purchase of these entities, as amounts that are owed to these companies will be eliminated on consolidation, and the Group will instead recognise the assets and liabilities of the entities within its consolidated net assets position. The restructure is expected to be executed by December 2021, and the Directors estimate that the Group's net assets post restructure to be around £1m, with net current assets of around £0m.

As at the date of signing the financial statements, the Company had net liabilities and net current liabilities of approximately £58,692,000; post restructure, the Company's net assets and net current assets are estimated to be around £0.1m

Finally, the Directors have relied on an agreement with Travelex Central Services Limited that the corporation tax payable shown within these accounts (£2,650,000) will not require settlement in cash and the Group and Company will instead receive group relief from Travelex Central Services Limited, as all of the entities were part of the same group for corporation tax purposes as at 31 December 2019.

Despite the impairment and write-offs and the significant net liabilities position, in the Directors' opinion the Group and Company maintain sufficient solvency and liquidity to enable the Group and Company to continue as a going concern for a period of twelve months from the date of signing the financial statements to the end of October 2022. This is because the Group and Company have liquid assets in the form of cash, structured deposits and the reimbursement fund that are sufficient to cover the expected encashment of travellers' cheques and prepaid cards and to settle amounts due to creditors other than amounts owed to the Travellers' Cheques Companies as they fall due in this period over this period, and they are in the process of agreeing a restructure with the Travellers' Cheques Companies that will mean all intercompany balances are eliminated on consolidation. They also have a letter of support from TCES covering operational and financial support for this period that can be relied upon once the restructure is complete.

Taking into account all of the above, the Directors consider that it remains appropriate to prepare the financial statements on the going concern basis. However, at the date of signing the financial statements, the restructure process has not yet commenced. The restructure is conditional on receiving the consent of all relevant parties, which include parties external to the Company and Group, and while the Directors believe this will be granted based on communications with all relevant parties, that consent has not yet been received. Taken together, the consent to, and subsequent execution of, the restructure represents a material uncertainty that casts significant doubt upon the Group and Company's ability to continue as a going concern. The financial statements do not contain the adjustments that would result if the Group and Company were unable to continue as a going concern.

Travellex Global and Financial Services Limited and its subsidiaries
Directors' report (continued)
for the year ended 31 December 2019


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 Group's auditors in connection with preparing their report) of which the Group'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 Group's auditors are aware of that information.

Independent Auditors

Ernst & Young LLP will submit a notice of resignation to the Group and Company subsequently to their signing the Auditors' Report for the financial year ended 31 December 2019 (the "Auditors' Report"). This notice will be effective on that date that it is received by the Group and Company, at a time subsequent to the signing of the Auditors' Report, at which time the directors will appoint new auditors to the Group and Company with the provisions of the Companies Act 2006.

By order of the Board

DocuSigned by:

65E0C4A442B64D66

R Suckling
Director

October 29, 2021 | 4:38:31 PDT

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 2019

Report on the Audit of the Financial Statements

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 2019, 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 flow and the related consolidated notes 1 to 20 and parent company notes 1 to 10, 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 "Reduced Disclosure Framework" (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 significant malware incident, identified on 31 December 2019, impacted a number of different management processes and the financial records which has affected all significant accounts in the consolidated income statement and consolidated statement of financial position with the exception of cash and cash equivalents, fair value through other comprehensive income reserves and interest revenue calculated using the effective interest method. The incident has also affected all significant accounts in the parent company statement of financial position with the exception of investments and cash at bank and in hand.

As a result of this incident, we were unable to obtain appropriate audit evidence to support these balances included in the consolidated and parent company statement of financial position as at 31 December 2019, and the consolidated income statement, consolidated and parent company statement of changes in equity, and consolidated statement of cash flows for the year then ended. We were unable to determine whether any adjustments might have been found necessary in respect of the financial statements.

Other Matter

Corresponding amounts for the year ended 31 December 2018 are unaudited.

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 its 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 directors' report.

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 2019

Arising from the limitation of our work referred to above:

- 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.

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 set out on page 8 and 9, 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 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.

DocuSigned by:

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Manprit Dosanjh (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

October 29, 2021 | 4:46:45 BST

Travellex Global and Financial Services Limited and its subsidiaries
Consolidated income statement and statement of comprehensive income
for the year ended 31 December 2019

£'000	Notes	2019	2018 (unaudited)
Operating revenue		493	440
Interest revenue calculated using the effective interest method		829	935
Revenue	2	1,322	1,375
Cost of sales		(320)	(328)
Gross profit		1,002	1,047
Foreign exchange gain		1,418	584
Operating expenses		(900)	(672)
Operating profit	3	1,520	959
Revaluation loss on financial assets		(3,480)	(2,421)
Expected credit loss on financial assets	9	(27,591)	-
Finance income	4	213	849
Finance costs	4	(260)	(1,894)
Loss on ordinary activities before taxation		(29,598)	(2,507)
Income tax (charge)/credit	5	(1,659)	942
Loss on ordinary activities after taxation		(31,257)	(1,565)
Loss attributable to owners of the parent		(31,257)	(1,565)

Consolidated statement of comprehensive income

Loss attributable to owners of the parent		(31,257)	(1,565)
Items that will be subsequently reclassified to the income statement			
Exchange difference on translating foreign operations	16	73	106
Net other comprehensive income that will be subsequently reclassified to the income statement		73	106
Items that will not be subsequently reclassified to the income statement			
Unrealised gains on equity investments	15	2,612	4,951
Current tax on gains on disposal of equity investments	5	(2,709)	-
Deferred tax on unrealised gains on equity investments	5	1,718	(842)
Net other comprehensive income that will not be subsequently reclassified to the income statement		1,621	4,109
Total comprehensive (loss)/income for the year		(29,563)	2,650
Total comprehensive (loss)/income attributable to owners of the parent		(29,563)	2,650

The notes on pages 19 to 54 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 2019

£'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						
Total comprehensive income from	-	8,392	1	983	107	9,483
- Unrealised gains on equity investments (net of tax)	-	1,621	-	-	-	1,621
- Exchange difference on translating foreign operations	-	-	-	-	73	73
- Loss attributable to owners of the parent	-	-	-	(31,257)	-	(31,257)
At 31 December 2019	-	10,013	1	(30,274)	180	(20,080)
At 1 January 2018 (unaudited)						
Total comprehensive income from	-	4,283	1	2,548	1	6,833
- Unrecognised gains on equity investments (net of tax)	-	4,109	-	-	-	4,109
- Exchange difference on translating foreign operations	-	-	-	-	106	106
- Loss attributable to owners of the parent	-	-	-	(1,565)	-	(1,565)
At 31 December 2018 (unaudited)	-	8,392	1	983	107	9,483

The notes on pages 19 to 54 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 2019

£'000		31 December 2019	31 December 2018 (unaudited)	1 January 2018 (unaudited)
Assets				
Non-current assets				
Travellers' cheques reimbursement asset	8	194,286	208,122	211,717
		194,286	208,122	211,717
Current assets				
Travellers' cheques reimbursement asset	8	7,996	10,124	8,494
Cash and cash equivalents	7	4,750	5,903	10,884
Trade and other receivables	9	66,752	80,632	128,153
Equity investments	10	-	10,110	5,159
Tax repayable		-	-	708
		79,498	106,769	153,398
Current liabilities				
Travellers' cheques awaiting redemption	8	(205,865)	(221,886)	(223,444)
Trade and other payables	11	(85,349)	(83,497)	(134,838)
Tax payable		(2,650)	(25)	-
		(293,864)	(305,408)	(358,282)
Net current liabilities		(214,366)	(198,639)	(204,884)
Non-current liabilities				
Deferred tax liabilities	6	-	-	-
		-	-	-
Net (liabilities)/assets		(20,080)	9,483	6,833
Equity				
Share capital	13	-	-	-
Capital contribution		1	1	1
Retained earnings	14	(30,274)	983	2,548
Fair value through other comprehensive income reserves	15	10,013	8,392	4,283
Cumulative exchange difference	16	180	107	1
Total equity		(20,080)	9,483	6,833

The notes on pages 19 to 54 form part of the Consolidated financial statements. The Consolidated financial statements were approved by the Board of Directors on behalf by: and were signed on its

October 29, 2021 | 4:38:31 PDT

DocuSigned by:

Rory Suckling
R Suckling
Director

Travelex Global and Financial Services Limited and its subsidiaries
Consolidated Statement of cash flows
for the year ended 31 December 2019

£'000	Notes	2019	2018 (unaudited)
Cash flows from operating activities			
Cash utilised by operations	17	9,428	5,081
Interest received		21	16
Interest paid		(4)	(29)
Taxation (paid)/refunded		(25)	833
		9,420	5,901
Encashment of prepaid cards		(1,051)	(3,850)
Encashment of travellers' cheques		(9,364)	(7,397)
		(10,415)	(11,247)
Net cash flows from operating activities		(995)	(5,346)
Cash flows from investing activities			
Income from investments		31	49
Sale of equity investments		14,326	-
Increase in amounts receivable from group undertakings		(14,326)	-
Net cash flows from investing activities		31	49
Net increase/(decrease) in cash and cash equivalents		(964)	(5,297)
Effect of movement in exchange rates		(189)	316
Cash and cash equivalents at 1 January		5,903	10,884
Cash and cash equivalents at 31 December		4,750	5,903

* Cash and cash equivalents includes £4,668,000 (2018: £5,885,000) 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 19 to 54 form part of the Consolidated financial statements.

Travelex Global and Financial Services Limited and its subsidiaries

Notes to the financial statements

for the year ended 31 December 2019

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.

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.

During the year, the Company's ownership structure was as follows:

- Until 15 April 2019, BRS Ventures and Holdings Limited was Travelex Global and Financial Services Limited's ultimate parent company. It is incorporated and domiciled in the British Virgin Islands.
- On 15 April 2019, ownership of the ordinary share capital in the Company was transferred from UTX Holdings Limited, an intermediate parent of the Company, to Finablr Limited (Finablr), a company incorporated in the Abu Dhabi Global Market. BRS Investment Holdings 1 Limited is Travelex Global and Financial Services Limited's ultimate parent company. The company is registered and domiciled in the Abu Dhabi Global Market. Other holding companies are BRS Investment Holdings 2 Limited, BRS Investments Holdings 3 Limited and UX Investment Holdings Limited.
- On 15 May 2019, an Initial Public Offering was launched, whereby 700,000,000 Shares of Finablr PLC (intermediate parent of the Company) were listed on the London Stock Exchange. Following on from the IPO, the holdings of Finablr PLC have diluted to BRS Investment Holdings 1 Limited (53.5%), BRS Investment Holdings 2 Limited (4.4%), BRS Investment Holdings 3 Limited (5.2%) and UX Investment Holdings Limited (6.8%).

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 18a), 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.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

1. Accounting policies (continued)

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all of its subsidiaries. The subsidiaries are all entities over which the Group has the power to control the financial and operating policies. They are deconsolidated from the date that control ceases. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Unrealised gains and losses on transactions between the Group and its subsidiaries are eliminated. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

First time adoption of IFRS

The Group adopted IFRS on 1 January 2019. The Group did not previously prepare consolidated financial statements as it was previously exempt from this requirement under s. 400 of Companies Act 2006; however, it cannot claim this exemption from 1 January 2019 onwards. There are no reconciliations of equity and total comprehensive income reported under previous GAAP as no such reporting has been prepared. The disclosure of the Group's Statement of Financial Position as at the first date of the comparative period is included on page 17 and is therefore not shown as a separate schedule.

New accounting standards interpretations and amendments to published standards

The following new accounting standards or revision or amendments to IFRS issued by the International Accounting Standards Board, relevant to and effective for the Group's financial statements for the annual period beginning 1 January 2019 have been fully adopted in these financial statements. The impact on the financial statements is as follows.

IFRS 16 "Leases"

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for leases under a single on-balance sheet model. The standard is effective for annual periods beginning on or after 1 January 2019.

As the Travelex Global and Financial Services Limited Group currently does not have any leases, the standard is not applicable.

Standards, amendments and interpretations to existing standards which are not yet effective or early adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. The Group will adopt these amendments as per the effective date for each, as shown below:

- Amendments to IFRS 3: Definition of a Business (effective date 1 January 2020)
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (effective date 1 January 2020)
- Amendments to IAS 1 and IAS 8: Definition of Material (effective date 1 January 2020)
- Amendments to References to the Conceptual Framework in IFRS Standards (effective date 1 January 2020)

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

1. Accounting policies (continued)

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 2 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.
- 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.

Travellex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

1. Accounting policies (continued)

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.

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.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

1. Accounting policies (continued)

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.

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

Initial 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 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.

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.

Travellex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

1. Accounting policies (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

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.

Subsequent measurement

For the purposes of subsequent measurement, the Group's material financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, travellers' cheques float and structured deposits and cash and cash equivalents.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. Assets in this category are classified as current assets as they are available to be settled within 12 months.

The Group elected to classify irrevocably its non-listed equity investments under this category. Unquoted equity shares with gains and losses presented in other comprehensive income (OCI) are accounted for as such and are presented as a financial asset held at fair value through OCI. The Group made this election as these are neither held for trading nor are contingent consideration recognised by an acquirer in a business combination.

Travellex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

1. Accounting policies (continued)

Financial assets (continued)

Derecognition of financial assets

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

Initial 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.

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.

Travellex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

1. Accounting policies (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

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.

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

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

1. Accounting policies (continued)

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:

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.

Going concern assessment

The Directors assess the Group's going concern for a period of twelve months from the signing date of the financial statements to the end of October 2022. In making this assessment the Directors considered the following:

- The accuracy of expected actuarial encashment profile in comparison to actual;
- The continued provision of operational and financial support from Travellers Cheques Encashment Services Limited, which is itself reliant on the provision of operational support from Travelex Topco Limited;
- Whether there is sufficient liquidity and financing to support the business, its corporate transactions and future trading;
- Whether post balance sheet trading is in line with expectations;
- The completion of a restructure that will improve the solvency of the Group and Company;
- If the Group and Company would be able to trade after the impact of a reasonable downside scenario on performance;
- The adequacy of insurance cover;
- The funding requirements of the non-core travellers' cheques operations;
- The regulatory environment in which the Group and Company operates; and
- The effectiveness of risk management policies, in particular, business continuity, compliance, regulatory and counterparty risks.

Having performed the above assessment and also taking into consideration the significant impact the Finabl announcements and restructuring of the Travelex Holdings Limited group (THL) have had on the Group's operations (see note 20, Events after the reporting period), the going concern basis is appropriate for the Group based on the following:

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

1. Accounting policies (continued)

Significant management estimates and judgements in applying accounting policies (continued)

Going concern assessment (continued)

Operations

During 2019, the Group procured the staffing & system resources it required from a sister company, Travellers Cheques Encashment Services Limited (TCES), incurring costs of £360,000 in 2019. The provision of these services is detailed in a Deed for Service that was signed by TCES and all members of the TGFS Group in May 2018. As at the date of signing these financial statements, the Directors consider that TCES had sufficient cash to ensure it could operate for at least twelve months from the date of signing these financial statements without requiring further financial support from elsewhere, which would ensure the continuity of service required by the Group and Company for the same period of time. This assessment relies on the fact that intercompany loans will not be called on for settlement in cash; this is considered unlikely as the Directors are in the process of agreeing a restructure that will eliminate these balances upon execution. See below for more details.

On 6 August 2020, TCES took on the contractual obligations as employer of the necessary staff that support the travellers' cheques encashment process, securing the future provision of this resource. In addition, TCES has agreed Transitional Service Agreements (TSAs) with the Travelex TopCo Limited Group for the continued provision of the necessary travellers' cheques and prepaid cards IT and finance systems.

The Directors have relied on the assumption that TCES will continue to support the Group for at least twelve months from the date of signing the subsequent, 31 December 2020 financial statements, as per a letter of support provided by TCES. In addition, TCES will support the financing of the Group in respect of any operating costs incurred. However, this letter of support cannot be wholly relied upon until the restructure explained below is finalised. This represents a material uncertainty around the going concern status of the Group.

Solvency & liquidity

At 31 December 2019, the Group had net liabilities of £20,080,000 (2018: net assets of £9,483,000) and net current liabilities of £214,366,000 (2018: £198,639,000). Included within net liabilities/assets is £64,338,000 receivable from group undertakings (2018: £77,744,000) and £79,615,000 payable to group undertakings (2018: £77,193,000). Expected credit losses totalling £27,591,000 have been recognised against the intercompany balances, based on the probability of default as at 31 December 2019.

While the Group's net current liabilities are significantly higher than its net liabilities (£214,336,000 at 31 December 2019), this is a result of classifying the entire travellers' cheques awaiting redemption liability as current, whereas the reimbursement asset is split between current and non-current based on encashment profiles. Therefore, despite the difference between net current liabilities and net liabilities, for the purpose of the Group the liquidity position is the same as the solvency position as if encashment was higher than expected, additional amounts would be received by the Group via the reimbursement asset.

As part of the THL restructuring, Travelex Limited entered administration on 6 August 2020. As at 31 December 2019, Travelex Limited owed the Group £34,305,000, which is recorded at a recoverable value of £24,001,000 net of impairment. As a result of the administration, the remainder of this amount was written off in September 2020.

At the same time, the recoverability of the remaining intercompany receivables within these accounts (£40,337,000) was reassessed. Previously, these entities could have called upon Travelex Limited to provide funding in the event that the Company called on them to settle their debts. Following the administration of Travelex Limited, these entities have no access to any external funding, do not hold any unrestricted cash and don't generate trading profits. Management determined that there was no reasonable prospect of recovering these amounts and so the remainder of this amount was written off in September 2020.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

1. Accounting policies (continued)

Significant management estimates and judgements in applying accounting policies (continued)

Going concern assessment (continued)

As at the date of signing the financial statements, the Group had net liabilities of approximately £66,075,000 and net current liabilities of £246,075,000. Included within net liabilities is £61,496,000 payable to the Travellers' Cheques Companies, with a further £558,000 owed to other THL Group companies and third parties. While the total liabilities have changed due to normal trading and encashment between 31 December 2019 and the date of signing, there are no new relationships or obligations that have not been discussed above.

The Directors are in the process of agreeing a restructure between the Company and Group and the Travellers' Cheques Companies. Two entities that are currently outside of the Group, TCI US LLC and Travellers Cheques Encashment Services Limited, will also be purchased by the Company. All intercompany debtors and creditors between the Company and TCI US LLC will be extinguished as part of the acquisition, and the Company will enter into a debt-for-equity swap with Travellers Cheques Encashment Services Limited following that acquisition. This restructure is conditional on receiving approval from a third party, as they hold security over the shares in one of the entities that will be acquired. As the restructure will eliminate many of the intercompany loan balances owed between the entities, it will have the effect of improving the solvency of each of them.

The Group's own balance sheet will be strengthened following the purchase of these entities, as amounts that are owed to these companies will be eliminated on consolidation, and the Group will instead recognise the assets and liabilities of the entities within its consolidated net assets position. The restructure is expected to be executed by December 2021, and the Group's net assets post restructure are estimated to be around £1m, with net current assets of around £0m.

As at the date of signing the financial statements, the Company had net liabilities and net current liabilities of approximately £58,692,000; post restructure, the Company's net assets and net current assets are estimated to be around £0.1m

Finally, the Directors have relied on an agreement with Travelex Central Services Limited that the corporation tax payable shown within these accounts (£2,650,000) will not require settlement in cash and the Group will instead receive group relief from Travelex Central Services Limited, as all of the entities were part of the same group for corporation tax purposes as at 31 December 2019.

Despite the impairment and write-offs and the significant net liabilities position, in the Directors' opinion the Group and Company maintain sufficient solvency and liquidity to enable the Group and Company to continue as a going concern for a period of twelve months from the date of signing the financial statements to the end of October 2022. This is because the Group and Company have liquid assets in the form of cash, structured deposits and the reimbursement fund that are sufficient to cover the expected encashment of travellers' cheques and prepaid cards and to settle amounts due to creditors other than amounts owed to the Travellers' Cheques Companies as they fall due in this period over this period, and they are in the process of agreeing a restructure with the Travellers' Cheques Companies that will mean all intercompany balances are eliminated on consolidation. They also have a letter of support from TCES covering operational and financial support for this period that can be relied upon once the restructure is complete.

Taking into account all of the above, the Directors consider that it remains appropriate to prepare the financial statements on the going concern basis. However, at the date of signing the financial statements, the restructure process has not yet commenced. The restructure is conditional on receiving the consent of all relevant parties, which include parties external to the Company and Group, and while the Directors believe this will be granted based on communications with all relevant parties, that consent has not yet been received. Taken together, the consent to, and subsequent execution of, the restructure represents a material uncertainty that casts significant doubt upon the Group and Company's ability to continue as a going concern. The financial statements do not contain the adjustments that would result if the Group and Company were unable to continue as a going concern.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

1. Accounting policies (continued)

Expected credit losses on amounts receivable from group undertakings

As at 31 December 2019, and taking into account adjusting events after the reporting period, 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 directors consider that Standard & Poor's (S&P) Global Corporate Annual Default Rates for CCC-rated bonds is a reasonable basis for calculating the probability of default; for the 2019 calendar year this was 30%. In a default scenario, it is estimated that the recovery of these loans would be 0%, due to the number and value of more senior creditors.

An expected credit loss impairment equal to 30% of the entire intercompany receivables balance has therefore been charged to the Statement of Comprehensive Income.

Recognition of deferred tax assets

While these financial statements are prepared under IFRS, the Group's tax is assessed under local GAAP. A timing difference of £137.8m (2018: £142.6m) 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. Revenue

£'000	2019	2018 (unaudited)
Operating revenue		
Float interest (excluding structured deposits)	146	109
Amortised interest on structured deposits	829	935
Other travellers' cheques revenue	113	104
Other prepaid cards revenue	234	227
Total revenue for the year	1,322	1,375

Travellex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

3. Operating profit

£'000	2019	2018 (unaudited)
Operating profit for the year is stated after charging:		
Expected credit loss on trade receivables	191	22
Audit fees	189	112
Non-audit services	8	12
Processing and administration costs recharged by fellow group undertakings	360	372
Foreign exchange gains	1,418	584

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 2018, the sum of the Group's un-hedged USD liabilities exceeded its assets by \$44,617,000. As at 31 December 2019, the sum of the Group's un-hedged USD liabilities exceeded its assets by \$48,191,000.

The strengthening of Pounds Sterling against US Dollars during 2019 resulted in a reduction in the GBP-equivalent value of the 2018 liability of £1.4m, from £35.1m to £33.7m, and this is seen in the foreign exchange gain shown above.

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 £235,000 (2018: £124,000) 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 18c):

£'000	2019	2018 (unaudited)
Aggregate emoluments	74	39
Company contributions to defined contribution schemes	-	-
Total	74	39

The amounts above relate to emoluments in respect of three Directors (2018: four) 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 (2018: two). The emoluments of the highest paid Director were £58,172 (2018: £28,874). The Group made no contributions to the highest paid Director's pension arrangements (2018: £Nil).

4. Finance income and costs

£'000	2019	2018 (unaudited)
Bank interest receivable	21	16
Intercompany interest receivable	161	784
Dividend income	31	49
Total finance income for the year	213	849

Travellex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

4. Finance income and costs (continued)

£'000	2019	2018 (unaudited)
Bank interest payable	4	29
Intercompany interest payable	256	1,865
Total finance costs for the year	260	1,894

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. During 2018, the totals receivable from and payable to group undertakings were both reduced by over £45,000,000, so the balances on which interest is receivable/payable are substantially lower in 2019.

5. Income tax charge

£'000	2019	2018 (unaudited)
Current tax		
Credit for the year	(59)	(100)
Tax on other comprehensive income	2,709	-
	2,650	(100)
Deferred tax		
Origination and reversal of temporary differences in the year		
- Other temporary differences	1,718	(842)
Tax on other comprehensive income	(1,718)	842
Total tax charge for the year	2,650	(100)

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% (2018: 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%. Deferred taxes on the balance sheet have been measured at 17% (2018: 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 £484,000 in relation to tax losses carried forward and therefore an unrecognised deferred tax asset of £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 £34,446,000.

The relationship between the expected tax charge based on the domestic effective UK tax rate of the Group at 19% (2018: 19%) and the reported tax charge in profit or loss can be reconciled as follows:

Travellex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

5. Income tax charge (continued)

£'000	2019	2018 (unaudited)
Loss before tax	(29,598)	(2,507)
Domestic tax rate for the Group	19%	19%
Expected tax credit	(5,624)	(477)
Non-taxable income	(6)	(9)
Losses not taxable in the UK	6	4
Expected credit loss provision not deductible for tax purposes	5,242	-
Fair value loss not deductible for tax purposes	1,236	(288)
Movement in unrecognised deferred tax assets in the period	(913)	670
Derecognition of deferred tax assets	1,718	(842)
Tax charge/(credit) for the year on profit or loss	1,659	(942)
Tax (credit)/charge on other comprehensive income	991	842
Total tax charge/(credit) for the year	2,650	(100)

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.

6. 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 2018 (unaudited)	(4)	4	-
Charged to the income statement		(842)	(842)
Charged to other comprehensive income	-	842	842
At 31 December 2018 (unaudited)	(4)	4	-
Charged to the income statement	4	1,714	1,718
Credited to other comprehensive income	-	(1,718)	(1,718)
At 31 December 2019	-	-	-

Other temporary differences for the Group includes £nil (2018: £1,718,000 liability) relating to unrecognised gains on equity investments. 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. The resulting credit in 2019 is reflected in Other Comprehensive Income as the equity investment on which the provision was based is valued at Fair Value through OCI.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

6. Deferred tax liabilities (continued)

Other temporary differences for the Group also includes £nil (2018: £1,714,000 asset) relating to float write back that is deducted from the value of travellers' cheques awaiting redemption in the local GAAP financial statements. 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 £137,784,000 (2018: £142,586,000) and the unrecognised deferred tax asset is £23,423,000 (2018: £22,526,000).

Other unrecognised deferred tax assets as at the year end were £1,030,000 (2018: £1,026,000) relating to gross unused tax losses of £6,056,000 (2018: £6,035,000).

7. Cash and cash equivalents

£'000	2019	2018 (unaudited)
Current		
Bank deposits	82	18
Restricted cash	4,668	5,885
At 31 December	4,750	5,903

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.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

8. Travellers' cheques reimbursement asset and travellers' cheques awaiting redemption

£'000	31 December 2019	31 December 2018 (unaudited)	1 January 2018 (unaudited)
Financial assets			
Cash and cash equivalents	4,685	5,456	4,959
Structured deposits & floats	43,588	49,354	51,493
Reimbursement asset	154,009	163,436	163,759
Total traveller's cheques reimbursement asset	202,282	218,246	220,211
Financial liabilities			
Travellers' cheques awaiting redemption - insured	202,282	218,246	220,211
Travellers' cheques awaiting redemption - uninsured	3,583	3,640	3,233
Total travellers' cheques awaiting redemption	205,865	221,886	223,444

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 12e (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 2019	31 December 2018 (unaudited)	1 January 2018 (unaudited)
Current assets			
Traveller's cheques reimbursement asset	7,996	10,124	8,494
	7,996	10,124	8,494
Non-current assets			
Traveller's cheques reimbursement asset	194,286	208,122	211,717
	194,286	208,122	211,717
Total traveller's cheques reimbursement asset	202,282	218,246	220,211

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

9. Trade and other receivables

£'000	31 December 2019	31 December 2018 (unaudited)	1 January 2018 (unaudited)
Current assets			
Trade receivables	659	594	475
Amounts receivable from group undertakings – non-interest bearing	57,624	56,791	58,348
Amounts receivable from group undertakings – interest bearing	34,305	20,953	66,640
Other receivables	49	78	109
Prepayments and accrued income	1,952	2,271	2,486
	94,589	80,687	128,058
Allowance for expected credit losses – trade receivables	(246)	(55)	(33)
Allowance for expected credit losses – amounts receivable from group undertakings	(27,591)	-	-
At 31 December	66,752	80,632	128,025

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. See note 20, Events after the reporting period for more information.

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	2019	2018 (unaudited)
At 1 January	55	33
Provision for expected credit losses – trade receivables	191	22
Provision for expected credit losses – amounts receivable from group undertakings	27,591	-
At 31 December	27,837	55

As at 31 December 2019, and taking into account adjusting Events after the reporting period, there were indicators of potential default in relation to the monies lent by the Group to other THL Group companies. An expected credit loss provision of £27,591,000 was calculated, based on a probability of default of 30% (CCC-graded bond default rates in 2019). Further information can be found at note 20, Events after the reporting period.

There was no ECL recognised in the prior year relating to amounts receivable from group undertakings due to the probability of default and loss given default being immaterial to the financial statements as a whole and was therefore not recognised. In addition, the Group had a letter of support from THL, and THL's accounts had been signed off as a going concern.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

10. Equity investments

£'000	2019	2018 (unaudited)
Current assets		
At 1 January	10,110	5,159
Fair value gain	2,520	4,626
Foreign exchange gain	92	325
Disposal	(12,722)	-
At 31 December	-	10,110

Previously, the Group held an equity investment in Visa B shares. At 31 December 2019 £nil (2018: £10,110,000) less a deferred tax liability of £nil (2018: £1,718,000) is held as the unrecognised gain on these shares within fair value through other comprehensive income reserves.

During the year the Company entered into an agreement with Barclays Bank to sell its entire equity investment in Visa B shares of 68,751 shares. There was no gain or loss on disposal. Current tax of £2,709,000 has arisen on this disposal and has been charged to other comprehensive income.

11. Trade and other payables

£'000	31 December 2019	31 December 2018 (unaudited)	1 January 2018 (unaudited)
Current liabilities			
Prepaid cards awaiting redemption	4,530	5,761	9,312
Amounts payable to group undertakings – non-interest bearing	74,399	72,459	72,720
Amounts payable to group undertakings – interest bearing	5,216	4,734	52,227
Other creditors	695	278	167
Accrued liabilities	509	265	412
At 31 December	85,349	83,497	134,838

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. See note 20, Events after the reporting period for more information.

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 financial statements (continued)
for the year ended 31 December 2019

12. 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 Assets at FV through OCI	Financial Liabilities at Amortised cost	Total
31 December 2019				
Financial assets				
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
Financial liabilities				
Travellers' cheques awaiting redemption	-	-	(205,865)	(205,865)
Trade and other payables	-	-	(84,840)	(84,840)
At 31 December 2019	-	-	(290,705)	(290,705)

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

£'000	Financial Assets at Amortised cost	Financial Assets at FV through OCI	Financial Liabilities at Amortised cost	Total
31 December 2018 (unaudited)				
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 31 December 2018	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 31 December 2018	-	-	(305,118)	(305,118)

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

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

12. Financial instruments (continued)

£'000	Financial Assets at Amortised cost	Financial Assets at FV through OCI	Financial Liabilities at Amortised cost	Total
1 January 2018 (unaudited)				
Financial assets				
Travellers' cheques reimbursement asset	56,452	-	-	56,452
Cash and cash equivalents	10,884	-	-	10,884
Trade and other receivables	125,667	-	-	125,667
Equity investments	-	5,159	-	5,159
At 1 January 2018	193,003	5,159	-	198,162
Financial liabilities				
Travellers' cheques awaiting redemption	-	-	(223,444)	(223,444)
Trade and other payables	-	-	(134,426)	(134,426)
At 1 January 2018	-	-	(357,870)	(357,870)

The remainder of the travellers' cheques reimbursement asset (£163,759,000) 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 Groups 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.

At 31 December 2019 the largest two external credit risks of the Group are Barclays Bank Plc and US Treasury Bills with balances being held of £28,120,000 (2018: £32,588,000) and £13,568,000 (2018: £13,735,000) respectively. The credit ratings of Barclays Bank Plc and US Treasury Bills are A and AA+ respectively (Standard & Poor's as at 31 December 2019 and 31 December 2018) and so are considered to be low risk.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

12. Financial instruments (continued)

Financial risk management objectives and policies (continued)

b) Credit risk (continued)

At 31 December 2019, in aggregate, the six largest external, non-group trade debtors of the Group owe £268,000 (2018: £329,000). The largest single debtor is £64,000 (2018: £152,000) 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 2019 of £34,305,000 (2018: £20,953,000). 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. The ECL at 31 December 2019 against this balance was assessed as being £10,304,000 (2018: £nil). Further ECLs totalling £17,287,000 (2018: £nil) 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	2019 Total
Trade receivables	184	198	31	413
	184	198	31	413

£'000	0-3 months	3-6 months	6-12 months	2018 Total (unaudited)
Trade receivables	330	145	64	539
	330	145	64	539

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.

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 2019 was £246,000 (2018: £55,000). 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.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

12. Financial instruments (continued)

Financial risk management objectives and policies (continued)

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 2019 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 £38,000 (2018: £nil) higher.
- 100 basis points higher, then the net loss attributable to equity holders of the Group would have been £38,000 (2018: £nil) lower.

d) Market price risk

The investment of £nil (2018: £10,110,000) in equity shares in Visa Inc is subject to market risk.

Assuming exchange rates at a constant level at 31 December 2019 a 10% higher or lower movement in the market price at 31 December 2019 would have resulted in a £nil (2018: £1,011,000) higher or lower movement respectively in the Group net assets, the associated movement being entirely recognised directly in equity through the fair value through other comprehensive income reserve.

This investment in equity shares is held in US\$, therefore it is also subject to foreign exchange risk.

e) 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.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

12. Financial instruments (continued)

Financial risk management objectives and policies (continued)

e) Liquidity risk

£'000	Within one year	Between one and two years	Between two and five years	After five years	31 December 2019 Total
Financial assets					
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	-	-	-	-	-
Financial liabilities					
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)
£'000	Within one year	Between one and two years	Between two and five years	After five years	31 December 2018 Total (unaudited)
Financial assets					
Travellers' cheques reimbursement asset	10,124	8,183	15,635	184,304	218,246
Cash and cash equivalents	5,903	-	-	-	5,903
Trade and other receivables	78,361	-	-	-	78,361
Equity investments	10,110	-	-	-	10,110
Financial liabilities					
Travellers' cheques awaiting redemption	(221,886)	-	-	-	(221,886)
Trade and other payables	(83,232)	-	-	-	(83,232)
At 31 December 2018	(200,620)	8,183	15,635	184,304	7,502

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

12. Financial instruments (continued)

Financial risk management objectives and policies (continued)

e) Liquidity risk (continued)

£'000	Within one year	Between one and two years	Between two and five years	After five years	1 January 2018 Total (unaudited)
Financial assets					
Travellers' cheques reimbursement asset	8,494	9,223	19,286	183,208	220,211
Cash and cash equivalents	10,884	-	-	-	10,884
Trade and other receivables	125,667	-	-	-	125,667
Equity investments	5,159	-	-	-	5,159
Financial liabilities					
Travellers' cheques awaiting redemption	(223,444)	-	-	-	(223,444)
Trade and other payables	(134,426)	-	-	-	(134,426)
At 1 January 2018	(207,666)	9,223	19,286	183,208	4,051

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 2019	31 December 2018 (unaudited)	1 January 2018 (unaudited)
Within one year	7,996	10,124	8,494
Between one and two years	6,592	8,183	9,223
Between two and five years	10,730	15,635	19,286
After five years	180,547	187,944	186,441
Total cheques covered by the report	205,865	221,886	223,444

As explained in note 8, the directors believe that a proportion of travellers' cheques included in the above analysis will never be encashed.

f) 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 financial statements (continued)
for the year ended 31 December 2019

12. Financial instruments (continued)

Financial risk management objectives and policies (continued)

f) Foreign currency risk (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 :

	2019	2019	2018	2018
	+10%	-10%	+10%	-10%
			(unaudited)	(unaudited)
Australian Dollar	79,000	(79,000)	121,000	(121,000)
Canadian Dollar	(437,000)	437,000	(374,000)	374,000
Euro	2,000	(2,000)	120,000	(120,000)
United States Dollar	(4,507,000)	4,507,000	(2,467,000)	2,467,000

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
31 December 2019							
Assets							
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	-	-	-	-	-	-	-
Liabilities							
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)

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

12. Financial instruments (continued)

Financial risk management objectives and policies (continued)

f) Foreign currency risk (continued)

£'000	Other currencies	CAD	EUR	AUD	USD	GBP	Total
31 December 2018 (unaudited)							
Assets							
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
Liabilities							
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 31 December 2018	1,003	(3,736)	1,203	1,208	(24,668)	34,473	9,483
1 January 2018 (unaudited)							
Assets							
Travellers' cheques reimbursement asset	2,095	1,613	27,283	25,765	109,067	54,388	220,211
Cash and cash equivalents	521	8	1,407	687	6,869	1,392	10,884
Trade and other receivables	689	1,254	3,579	594	79,396	42,641	128,153
Equity investments	-	-	-	-	5,159	-	5,159
Corporation tax repayable	-	-	-	-	-	708	708
Deferred tax	-	-	-	-	-	-	-
Liabilities							
Travellers' cheques awaiting redemption	(2,095)	(1,623)	(28,969)	(24,856)	(108,795)	(57,106)	(223,444)
Trade and other payables	(687)	(5,084)	(1,967)	(11,160)	(68,935)	(47,005)	(134,838)
At 1 January 2018	523	(3,832)	1,333	(8,970)	22,761	(4,982)	6,833

Changes in liabilities arising from financing activities

There were no financing activities prior to 31 December 2019.

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:

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

12. Financial instruments (continued)

Fair value hierarchy (continued)

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

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

The Group previously held convertible ordinary shares (B shares) in Visa Inc. As at 31 December 2018, the fair value of the unquoted ordinary shares was determined using conversion rates of 1.6298 per share price of US\$131.94/GB£103.72 (A quoted share price at 31 December 2018), discounted at a rate of 13%.

As the equity investments were sold in 2019, there is no fair value at 31 December 2019. 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 2019.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

12. Financial instruments (continued)

Fair value hierarchy (continued)

£'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	31 December 2018 Total (unaudited)
Assets				
Equity investments	-	-	10,110	10,110
At 31 December 2018	-	-	10,110	10,110
£'000	Level 1	Level 2	Level 3	1 January 2018 Total (unaudited)
Assets				
Equity investments	-	-	5,159	5,159
At 1 January 2018	-	-	5,159	5,159

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

Equity investments £'000	2019	2018 (unaudited)
At 1 January	10,110	5,159
Fair value gain recognised in other comprehensive income	2,520	4,625
Foreign exchange gain recognised in other comprehensive income	92	326
Disposal	(12,722)	-
At 31 December	-	10,110

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

13. Share capital

The share capital of the Company comprises:

	31 December 2019 Number	31 December 2019 £'000	31 December 2018 Number (unaudited)	31 December 2018 £'000 (unaudited)	1 January 2018 Number (unaudited)	1 January 2018 £'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 (2018: 1) issued and fully paid ordinary shares of GB £1 each.

There is a capital contribution reserve of £1,079 (2018: £1,079). There were no movements in this reserve in the year.

14. Retained earnings

£'000	2019	2018 (unaudited)
At 1 January	983	2,548
Loss for the year	(31,257)	(1,565)
At 31 December	(30,274)	983

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

£'000	2019	2018 (unaudited)
At 1 January	8,392	4,283
Market value gain on equity investments	2,520	4,625
Foreign exchange gain on equity investments	92	326
Movement on equity investments for the year	2,612	4,951
Current tax	(2,709)	-
Provision for deferred tax	1,718	(842)
Movement on equity investments for the year - net of tax	1,621	4,109
At 31 December	10,013	8,392

Financial assets held at fair value through other comprehensive income reserves arise on the valuation of Visa B shares held by the Group (note 10). During 2019 the shares were disposed and there was no gain or loss on disposal. Current tax of £2,709,000 has arisen on this disposal and has been charged to other comprehensive income.

Travellex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

16. Cumulative exchange difference

£'000	2019	2018 (unaudited)
At 1 January	107	1
Exchange difference on translating foreign operations	73	106
At 31 December	180	107

17. Cash flows from operating activities for the year

£'000	2019	2018 (unaudited)
Loss before taxation for the year	(29,598)	(2,507)
Adjustments for:		
Foreign exchange gain in loss before taxation for the year	(1,418)	(584)
Finance income in loss before taxation for the year	(213)	(849)
Finance expenses in loss before taxation for the year	260	1,894
Expected credit loss provision against trade and other receivables	191	22
Expected credit loss provision against intercompany receivables	27,591	-
Changes in assets and liabilities		
Decrease in other financial assets	9,358	7,762
Decrease in trade and other receivables	283	255
Decrease/(increase) in amounts receivable from group companies	2,313	(876)
Increase/(decrease) in trade and other payables	661	(36)
Cash flows from operating activities for the year	9,428	5,081

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

18. 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. 21/F Edinburgh Tower, 15 Queen's Road, Central Hong Kong
3. Level 28, 20 Bond Street, Sydney, NSW 2000, Australia

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.

As at 31 December 2019, BRS Investment Holdings 1 Limited was Travelex Global and Financial Services Limited's ultimate parent company. The company is registered and domiciled in the Abu Dhabi Global Market. Other holding companies are BRS Investment Holdings 2 Limited, BRS Investments Holdings 3 Limited and UX Investment Holdings Limited.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

18. Related party information (continued)

c) Related party transactions

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

	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

As at 31 December 2019, and taking into account adjusting Events after the reporting period, 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. Further information can be found at note 20, Events after the reporting period. 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	1,423	(427)	996
Travelex Card Services Limited	111	(33)	78
TCI US LLC	28,619	(8,586)	20,033
Travelex Limited	34,305	(10,304)	24,001
Travellers Cheques Encashment Services Limited	27,471	(8,241)	19,230
At 31 December 2019	91,929	(27,591)	64,338

	Revenue from	Costs charged by	Receivable from	Payable to
£'000	Year ended 31 December 2018 (unaudited)		As at 31 December 2018 (unaudited)	
Travelex Canada Limited	-	-	1,321	410
Travelex Card Services Limited	-	-	113	324
Travelex Central Services Limited	-	-	-	4
TCI US LLC	-	-	29,625	62,378
Travelex Limited	784	1,865	20,953	4,734
Travelex France Holdings Limited	-	-	-	89
Travellers Cheques Encashment Services Limited	-	276	25,732	9,110
Travelex Currency Services Inc	-	-	-	144
	784	2,141	77,744	77,193

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

18. Related party information (continued)

c) Related party transactions (continued)

There were no expected credit loss adjustments as at 31 December 2019.

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.

The Companies below are fellow subsidiaries within the Travelex Holdings Limited Group unless otherwise noted.

Travelex Card Services Limited

Travelex Card Services Limited owes the Group funds for invoices processed on its behalf and is owed funds by the Group for revenue received on its behalf.

Travelex Central Services Limited

Travelex Central Services Limited is owed funds by the Group for invoices processed on its behalf.

Travelex Limited (immediate parent)

Travelex Limited provides an administrative function for the Group, providing treasury, stewardship and marketing services. The costs are recharged by Travelex Limited to the Group.

TCI US LLC

TCI US LLC has issued travellers' cheques on behalf of the Group as replacement to lost or stolen prepaid cards or VISA travellers' cheques.

Travelex Canada Limited

The Group pays encashments on behalf of Travelex Canada Limited which has resulted in a balance receivable from Travelex Canada Limited at the year end.

Travellers Cheques Encashment Services Limited

Travellers Cheques Encashment Services Limited is owed funds by the Group for travellers' cheques encashments processed on its behalf.

Travelex Currency Services Inc

Travelex Currency Services Inc is owed funds by the Group for Bond fee recharges.

The reimbursement fund and insurance transactions were arranged by the THL Group on behalf of and with participation by the Group.

d) Key management personnel compensation

£'000	2019	2018 (unaudited)
Short term employee benefits	74	39
Post employment benefits	-	-
	74	39

Key management in the table above are the Directors of the Company.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

19. Commitments and contingent liabilities

The Group has no capital or financial commitments in place at 31 December 2019 (2018: 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 2019, the net bank position was in surplus and therefore the guarantee value was nil.

20 Events after the reporting period

COVID-19

The outbreak of COVID-19 has not resulted in any significant direct impact on the business of the Group in the 2020 financial year to date. This is because the activity of the Group is limited to holding the previously issued prepaid cards float and travellers' cheques reimbursement fund asset, with any encashment simply reducing the value of assets and liabilities by equal amounts, and with little to no revenue or expenditure generated except for relatively fixed amounts of interest and operating costs. In accordance with IAS 10, this was treated as a non-adjusting Event after the reporting period.

Finabl announcement

On 16 March 2020, Finabl Plc (the parent company of THL) announced that it faced "a material uncertainty over its ability to continue as a going concern". THL and its subsidiaries have maintained a separate legal and financing structure that is capable of operating independently of Finabl Plc. In accordance with IAS 10, this was treated as an adjusting Event after the reporting period, and it was deemed an impairment trigger for the purposes of assessing the recoverability of amounts receivable from group undertakings. The amount of impairment was £27,591,000.

Restructuring

These events described above combined to create significant liquidity constraints, and additional funding was required to ensure the continued operation of THL. On 6 August 2020, THL reached an agreement with at least 66.7% of Senior Secured Noteholders ("SSNs") and all of its Revolving Credit Facility ("RCF") lenders on the terms of a comprehensive debt restructuring, and the SSNs took control of certain Travelex entities via a new holding company ("Travelex Topco Limited").

On 6 August 2020, the Group's immediate parent company, Travelex Limited, went into administration. The Group has not transferred to the Travelex Topco Limited Group and its ownership remains with Travelex Limited. As Travelex Limited is in administration, legal control over the Group is now held by PwC, the administrator. The Group is 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 staffing and system resources used by the Group continue to be provided by Travellers Cheques Encashment Services Limited (TCES), as per a Deed for Services signed in May 2018 between TCES and all of the TGFS Group members. The Directors are in the process of assessing the long-term options for the Group, following the change in the controlling interest. In accordance with IAS 10, this was treated as a non-adjusting Event after the reporting period.

Intercompany loan transactions

Following the administration of Travelex Limited, and in response to the first report of the administrators dated 11 September 2020 which detailed dividend prospects of 0.1 pence in the pound, the remaining debtor balance of £24,001,000 due from this entity was written off. As per standard administration process, the creditor amount due to Travelex Limited (£5,216,000) was netted off against the debtor at the same time, so this amount was also written off. These write-offs affect all of the interest bearing amounts receivable from and payable to group undertakings.

Travelex Global and Financial Services Limited and its subsidiaries
Notes to the financial statements (continued)
for the year ended 31 December 2019

20. Events after the reporting period (continued)

Intercompany loan transactions (continued)

The recoverability of the amounts due from all other group undertakings (£40,337,000) was assessed. Management determined that there was no reasonable prospect of recovering these amounts and so they were written off in full.

In accordance with IAS 10, these write-offs were treated as non-adjusting Events after the reporting period.

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 financial statements (continued)
for the year ended 31 December 2019

21. Audit exemption

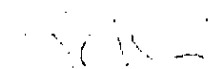
The subsidiaries set out below are exempt from the requirements of the Companies Act relating to the audit of individual statutory accounts under section 479 A of the Companies Act for the year ended 31st December 2019.

The Directors have applied this exemption for the following subsidiaries:

Company Name	Company Number
Travelex Financial Services Limited	01453781
Euro Travellers Cheque 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

Note 21 above was not subject to audit and should be considered unaudited.



Joyce Morris
Director



Victoria Bénis-Lonsdale
Company Secretary

Travellex Global and Financial Services Limited
Company financial statements
Statement of financial position
for the year ended 31 December 2019

£'000	Notes	2019	2018 (unaudited, restated *)
Fixed assets			
Investment in subsidiaries	2	-	12,162
Financial assets	5	17,331	19,107
Total fixed assets		17,331	31,269
Current assets			
Debtors	3	56,440	58,209
Investments	4	926	557
Financial assets	5	1,329	1,479
Cash at bank and in hand (restricted)		312	501
Total current assets		59,007	60,746
Current liabilities			
Creditors: amounts falling due within one year	6	(82,207)	(86,221)
Total current liabilities		(82,207)	(86,221)
Net current liabilities		(23,200)	(25,475)
Total net assets		(5,869)	5,794
Capital and reserves			
Capital contribution	7	1	1
Profit and Loss account		(5,870)	5,793
Total shareholders' funds		(5,869)	5,794

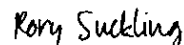
* The restatement relates to the grouping of travellers' cheques awaiting redemption into creditors: amounts falling due within one year. The split continues to be disclosed in note 6.

The notes on pages 57 to 66 form an integral part of these financial statements.

The Company made a loss after tax in the year of £11.7m (2018: loss of £1.8m). 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
signed on its behalf by:

and were
October 29, 2021 | 4:38:31 PDT

DocuSigned by:

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R Suckling (Director)

Travelex Global and Financial Services Limited
Company financial statements
Statement of changes in equity
for the year ended 31 December 2019

£'000	Capital contribution	Profit and loss account	Total equity
At 1 January 2018	1	7,626	7,627
Loss for the year (unaudited)	-	(1,833)	(1,833)
At 31 December 2018	1	5,793	5,794
Loss for the year	-	(11,663)	(11,663)
At 31 December 2019	1	(5,870)	(5,869)

The notes on pages 57 to 66 form an integral part of these financial statements.

Travellex Global and Financial Services Limited

Notes to the Company financial statements

as at 31 December 2019

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.

Standards, amendments and interpretations to existing standards which are not yet effective or early adopted by the Company

The Financial Reporting Council (FRC) has published clarifications and incremental improvements to FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”. The effective date of the amendments is for accounting periods starting on or after 1 January 2020.

The main amendments relate to the following sections of the standard:

- Defined benefit accounting for multi-employer defined benefit plans. Amendments have been made to FRS 102 to set new and explicit requirements for how an entity shall transition from defined contribution accounting to defined benefit accounting. These amendments to Section 28 Employee Benefits require the difference between any liability for the contributions payable arising from an agreement to fund a deficit and the net defined benefit liability recognised when applying defined benefit accounting to be recognised in other comprehensive income.
- Hedge Accounting. As a result of interest rate benchmark reforms, new amendments have been added to FRS 102 which provide relief that will avoid unnecessary discontinuation of hedge accounting. Entities applying hedge accounting requirements will be able to assume that the interest rate benchmark on which the hedged cash flows and cash flows of the hedging instrument are based are not altered as a result of Interest Rate Benchmark Reform.

The above sections of FRS 102 are not applicable to the Company and therefore the Company does not expect any impact on its financial statements.

Travelex Global and Financial Services Limited
Notes to the Company financial statements (continued)
for the year ended 31 December 2019

1. Accounting policies (continued)

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 IAS 39 *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.

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.

Travelex Global and Financial Services Limited
Notes to the Company financial statements (continued)
for the year ended 31 December 2019

1. Accounting policies (continued)

Financial instruments (continued)

Liabilities (continued)

Travellers' cheques awaiting redemption (continued)

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.

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.

Travelex Global and Financial Services Limited
Notes to the Company financial statements (continued)
for the year ended 31 December 2019

1. Accounting policies (continued)

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

As at 31 December 2019, and taking into account adjusting Events after the reporting period (refer to note 20 of the Group financial statements), there were indicators of impairment in relation to the monies lent by Travelex Global and Financial Services Limited to other THL Group companies.

An impairment provision of £33,000 was calculated by reference to the reduction in expected cash flows over the next twelve months. This amount has therefore been charged to the Statement of Comprehensive Income.

As part of the THL restructuring, Travelex Limited entered administration on 6 August 2020. As at 31 December 2019, Travelex Limited owed the Company £2,000, which is recorded at a recoverable value of £1,000 net of impairment. As a result of the administration, the remainder of this amount was written off in September 2020.

At the same time, the recoverability of the amounts due from all other group undertakings was reassessed. At 31 December 2019, these group undertakings owed the Company £56,428,000, which was recorded at a recoverable value of £56,396,000 net of impairment. Management determined that there was no reasonable prospect of recovering these amounts and so the remainder of this amount was written off in September 2020.

Travelex Global and Financial Services Limited
Notes to the Company financial statements (continued)
for the year ended 31 December 2019

1. Accounting policies (continued)

Judgements and key sources of estimation uncertainty (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.

Change in presentation

In 2018, the total for travellers' cheques awaiting redemption was presented as a separate item on the Statement of Financial Position. In 2019, the presentation was amended to include this amount as a component of Creditors: amounts falling due within one year to bring the presentation in line with the treatment of the wider Travelex Holdings Limited Group improving comparability and the reconciliation of travellers' cheques awaiting redemption across affiliated entities. There is no change to the overall net liabilities (2018: net assets) position of the Company in either accounting period as a result of this presentational change.

2. Investment in subsidiaries

£'000	Investment in subsidiary undertakings
Cost	
At 1 January 2019	83,729
Addition	49
At 31 December 2019	83,778
Impairment provisions	
At 1 January 2019	71,567
Impairment	12,211
At 31 December 2019	83,778
Net book value	
At 31 December 2018 (unaudited)	12,162
At 31 December 2019	-

During the year, the Company converted an amount of £49,000 owed to it from Travelex Financial Services Limited, a subsidiary, into a capital contribution. Consequently, the debtor balance was derecognised, and an equivalent addition recorded as an investment in subsidiary.

The Company's investments in subsidiaries were assessed for impairment as at 31 December 2019 and management concluded that the fair value of the investments was nil as each subsidiary reported net liabilities at that date.

Travelex Global and Financial Services Limited
Notes to the Company financial statements (continued)
for the year ended 31 December 2019

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 28, 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.

Travelex Global and Financial Services Limited
Notes to the Company financial statements (continued)
for the year ended 31 December 2019

3. Debtors

£'000	Note	2019	2018 (unaudited)
Amounts falling due within one year			
Amounts owed from group undertakings		56,430	57,732
Other debtors		43	30
Corporation tax repayable		-	430
Prepayments and accrued income		-	17
		56,473	58,209
Allowance for impairment		(33)	-
		56,440	58,209

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

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

£'000	2019	2018 (unaudited)
At 1 January	-	-
Provision for impairment	33	-
At 31 December	33	-

As at 31 December 2019, and taking into account adjusting Events after the reporting period, there were indicators of impairment in relation to the monies lent by Travelex Global and Financial Services Limited to other THL Group companies. An impairment provision of £33,000 was calculated, based on the reduction in expected cash flows in the next twelve months. Further information can be found at note 20 of the Group financial statements.

There was no impairment recognised in the prior year as no indicators of impairment were noted. In addition, the Company had a letter of support from THL, and THL's accounts had been signed off as a going concern.

As detailed in note 1 Accounting policies, on 6 August 2020, Travelex reached agreement with at least 66.7% of Senior Secured Noteholders ("SSNs") and all of its Revolving Credit Facility ("RCF") lenders on the terms of a comprehensive debt restructuring. As part of the THL restructuring, Travelex Limited entered administration on 6 August 2020. As at 31 December 2019, Travelex Limited owed the Company £2,000, which is recorded at a recoverable value of £1,000 net of impairment. As a result of the administration, the remainder of this amount was written off in September 2020.

At the same time, the recoverability of the amounts due from all other group undertakings was reassessed. At 31 December 2019, these group undertakings owed the Company £56,428,000, which was recorded at a recoverable value of £56,396,000 net of impairment. Management determined that there was no reasonable prospect of recovering these amounts and so the remainder of this amount was written off in September 2020.

4. Investments

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

£'000	2019	2018 (unaudited)
Current assets		
Travellers' cheques money market deposits	926	557
	926	557

Travelex Global and Financial Services Limited
Notes to the Company financial statements (continued)
for the year ended 31 December 2019

4. Investments (continued)

Included in the above is £926,000 (2018: £557,000) 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	2019	2018 (unaudited)
Current assets		
Reimbursement funds	1,329	1,479
	1,329	1,479
Fixed assets		
Insurance premium asset	4,343	5,028
Reimbursement funds	12,988	14,079
	17,331	19,107

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.

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 FWB. An independent actuarial valuation is performed by Lane Clark & Peacock LLP on an annual basis to support the computation of the FWB.

6. Creditors

£'000	Note	2019	2018 (unaudited, restated)
Amounts falling due within one year			
Travellers' cheques awaiting redemption		13,794	15,482
Amounts owed to group undertakings		68,135	70,569
Corporation tax payable		136	-
Other creditors		130	156
Accruals and deferred income		12	14
		82,207	86,221

In 2018, the total for travellers' cheques awaiting redemption was presented as a separate item on the Statement of Financial Position. In 2019, the presentation was amended to include this amount as a component of Creditors: amounts falling due within one year. There is no change to the overall net liabilities (2018: net assets) position of the Company in either accounting period as a result of this presentational change.

Travelex Global and Financial Services Limited
Notes to the Company financial statements (continued)
for the year ended 31 December 2019

6. Creditors (continued)

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	2019 £'000	Number	2018 £'000 (unaudited)
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 (2018: £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	2019	2018 (unaudited)
Financial assets that are debt instruments measured at amortised costs		
Investments – current	926	557
Amounts owed from group undertakings	56,397	57,732
Other debtors	43	30
Cash and cash equivalents	312	501
Total financial assets measured at amortised cost	57,678	58,820
£'000	2019	2018 (unaudited)
Financial assets at fair value through profit or loss		
Financial assets – non-current	17,331	19,107
Financial assets - current	1,329	1,479
Total financial assets at fair value through profit or loss	18,660	20,586
£'000	2019	2018 (unaudited)
Financial liabilities measured at amortised cost		
Amounts owed to group undertakings	68,135	70,569
Other creditors	130	156
Total financial liabilities measured at amortised cost	68,265	70,725

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8. Financial instruments by category (continued)

£'000	2019	2018 (unaudited)
Financial liabilities measured at fair value through profit or loss		
Travellers' cheques awaiting redemption	13,794	15,482
Total financial liabilities measured at fair value through profit or loss	13,794	15,482

9. Contingent liabilities

At 31 December 2019, there is a contingent liability for the Company of £51.2m (2018: £52.5m) 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 2019, 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 18 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.