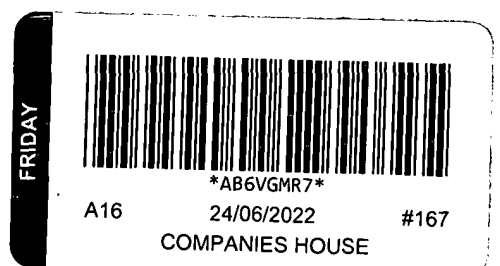


Company registration number: 02199546

Interpayment Services Limited

**Report and financial statements
for the year ended 31 December 2020**



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Interpayment Services Limited
Corporate information

Directors

J Birch
A D'Souza (resigned 6 August 2020)
E Ruane (appointed 18 October 2021) (resigned 14 April 2022)

Secretary

V Benis-Lonsdale

Auditors

MHA MacIntyre Hudson LLP
Chartered Accountants & Statutory Auditors
1 The Forum
Minerva Business Park
Lynchwood
Peterborough
PE2 6FT

Bankers

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

Registered office

Worldwide House
Thorpe Wood
Peterborough
PE3 6SB

Interpayment Services Limited
Strategic report
for the year ended 31 December 2020

The Director presents the strategic report of Interpayment Services Limited (the Company) for the year ended 31 December 2020.

Principal activities during the year

The main trading activity of the Company 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.

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.

Travelex Limited (an intermediate parent company) has gone into administration and therefore legal control over the Company is now held by Price Waterhouse Coopers LLP, the administrators of Travelex Limited.

Review of business

The loss in the year is primarily due to impairment of amounts owed from group undertakings £14.6m (2019: £16.5m). An impairment review was triggered as a result of a malware incident on 31 December 2019 and issues at the intermediate parent company level (Finablz plc) that affected the Travelex Holdings Limited Group as a whole.

Net assets have decreased as a result of the impairment of amounts owed from group undertakings. The net asset position of the Company at the year end was £6.2m (2019: £18.2m).

The Company ceased issuing travellers' cheques during 2008. The travellers' cheques business has continued satisfactorily earning revenues on the remaining travellers' cheques float balances whilst maintaining strict cost management.

Results

In the year to 31 December 2020, the Company made a loss on ordinary activities before taxation of £14.6m (2019: £17.4m). The statement of comprehensive income is set out on page 9 and shows the result for the year.

Key performance indicators

The Company's key performance indicator (KPI) is that of cost management in relation to cost of sales and operating expenses.

£'000	2020	2019	Change
Prepaid cards			
Cost of sales	-	-	-
Operating expenses	7	(130)	105%
Travellers' cheques			
Cost of sales	(192)	(376)	49%
Operating expenses	(432)	(562)	23%

Interpayment Services Limited
Strategic report
for the year ended 31 December 2020

Key performance indicators (continued)

The other relevant KPI is the ratio of travellers' cheques and prepaid cards awaiting redemption to their available liquid funds. This ratio for prepaid cards is 1:0.94 at 31 December 2020 (2019: 1:4.24). This ratio for travellers' cheques is 1:1.27 at 31 December 2020 (2019: 1:1.36). This ratio indicates that there are sufficient liquid funds to meet both the travellers' cheques and prepaid cards awaiting redemption requirements and that the excess of liquid assets over travellers' cheques and prepaid cards awaiting redemption remains adequate.

Outlook

The Company continues to honour outstanding travellers' cheques and prepaid cards and to manage the orderly winding down of the business. The Company'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 Director on a regular basis. Interest will continue to be earned on the remaining float balances.

2020 was a challenging year for the Company with the impact of COVID-19 and the malware incident occurring on 31 December 2019 on the Company's operations and the change in the Company's controlling interest, and the Director is in the process of assessing the longer-term options for the Company. The Company, along with Travellers Cheques Encashment Services Limited and other travellers' cheques issuing companies within Travelex Holdings Limited (THL) 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 required to operate the business are employed by Traveller Cheques Encashment Services Limited

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The Company operates in a number of countries throughout the world and utilises financial instruments in the following ways:

- to invest the travellers' cheques and prepaid cards floats;
- to mitigate foreign exchange exposures generated by the Company's underlying business flows; and
- to mitigate interest rate risk.

Credit risk

The Company'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 Company 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 are 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 Company released the money on structured deposit relating to MasterCard travellers' cheques and transferred cash, equivalent to expected future encashments, to a reimbursement fund held by AmTrust International Insurance Limited (AmTrust), an insurance company whose senior finance obligations are rated 'A-' (2019: 'A-') by A.M Best Company Inc., an insurance company rating agency. This rating is assigned to entities which A.M Best considers have an excellent ability to repay their debts.

Interpayment Services Limited
Strategic report
for the year ended 31 December 2020

Principal risks and uncertainties (continued)

Credit risk (continued)

Financial instruments that potentially subject the Company 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.

In addition, the Company has an internal credit risk in relation to funds lent to fellow THL companies. The largest amongst these is Travelex Limited with a balance as at 31 December 2020 of £28,690,000 (2019: Travelex Limited £34,286,000). As at 31 December 2020, other intercompany receivables totalled £544,000 (2019: £1,775,000). Impairment provisions totalling £31,080,000 (2019: £16,500,000) have been recorded against the value of these intercompany receivables, reflecting the credit risk profile as at the year end.

Foreign currency risk

The Company 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 Company's transactional revenues and costs. The majority of the potential foreign exchange exposure is to US Dollar and Australian Dollar.

The Company's foreign exchange risk management policy aims to identify and minimise this exposure wherever possible.

The Company's balance sheet currency exposure is primarily managed by matching currency assets with currency borrowings. The sale proceeds from travellers' cheques have been converted to the currency of the liability and the investments held in the same currency until required. The sale proceeds from Cash Passport prepaid cards have been converted to the currency of the liability and the investments held in the same currency until required; whilst the sale proceeds from Visa Travel money prepaid cards have been converted to USD until required in another currency.

Liquidity risk

The most significant liquidity risk facing the Company is the risk that the encashment profile of outstanding travellers' cheques does not match the term of the investment of the travellers' cheques float. This risk has been mitigated by using external actuarial valuations of the encashment profile to determine the profile of the deposits of the corresponding float. The Company is able to make earlier drawdowns against the funds if necessary but subject to certain charges and restrictions as to their timing.

At 31 May 2013, a contract of insurance was entered into with AmTrust through Travelex Inc. which covers the Company for all travellers' cheques sold, in the event of a shortfall of funds from the structured deposits quarterly repayments.

While there are risks associated with the long-term liquidity, the Company and 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. The Director is considering the long-term plan for the Company beyond the going concern period.

Interest rate risk

The Company's main source of interest income arises from the investment of travellers' cheques and prepaid cards floats. The Company faces the risk of both market value fluctuations in the investments and also yield variance. Risk of interest rate movement has been partially mitigated by use of fixed interest structured deposits. The Director continues to monitor exposure on a regular basis.

Interpayment Services Limited
Strategic report
for the year ended 31 December 2020

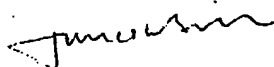
Principal risks and uncertainties (continued)

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 transitional services agreement (TSA) in place with the same;
- legal and reputational risk from non-compliance with local and international regulations, the Company's ethical business standards and contractual obligations including fines;
- process risk from inadequate or failed internal processes; and
- people risk from inappropriate staffing levels or inadequately skilled and managed people.

Operational risk exposures are identified, managed and controlled through the Company's Board.



J Birch
Director

21 June 2022

Interpayment Services Limited
Director's report
for the year ended 31 December 2020

The Director presents the report and the audited financial statements for the Company for the year ended 31 December 2020.

Directors

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

J Birch
A D'Souza (resigned 6 August 2020)
E Ruane (appointed 18 October 2021) (resigned 12 April 2022)

Director's indemnities

As at the date of signing the financial statements, there were qualifying third-party indemnity arrangements for the benefit of all of the Company's directors. These indemnities were first implemented in March 2020 via an intermediate parent company and are effective from that date onwards.

Significant events

Malware incident

On 31 December 2019, THL and its subsidiaries detected malware which had compromised some of its services.

Given the activities undertaken by the Company, being the holding of previously issued travellers' cheques and prepaid card floats 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 Company's trading and results was limited to restricted access to the information held in the systems during January and February 2020.

Registered office

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

Dividends

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

Charitable and political donations

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

Financial risk management

Financial risk management is discussed in the Strategic report under Principal risks and uncertainties.

Statement of Director's responsibilities

The Director is responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under those laws the Director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 ('FRS 102') – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'. Under company law, the Director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period.

In preparing those financial statements, the Director is required to:

Interpayment Services Limited
Director's report
for the year ended 31 December 2020

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that gives relevant, reliable, comparable and understandable information;
- State that the Company has complied with FRS 102, subject to any material departures disclosed and explained in the financial statements;
- Give additional disclosures when complying with the specific requirements in FRS 102 is not enough to let users understand the impact of particular transactions, other events and conditions on the Company's financial position and performance;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Going concern

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

Statement of disclosure of information to auditors

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

Reappointment of auditors

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

Independent auditors

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

By order of the Board


J Birch
Director

21 June 2022

Registered office
Worldwide House
Thorpe Wood
Peterborough
PE3 6SB

Company Registration No. 02199546

Independent auditor's report to the members of Interpayment Services Limited for the year ended 31 December 2020

Disclaimer of Opinion

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

We do not express an opinion on the accompanying financial statements of the 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 company was impacted by a significant malware incident on 31 December 2019. This impacted a number of different management processes and the financial records of the company for 2019 and 2020. Consequently, there were limitations in the company's ability to provide underlying supporting documentation to substantiate the Travellers' Cheques awaiting redemption liabilities and associated balances.

As a result of this we have been unable to obtain sufficient appropriate audit evidence concerning revenue, foreign exchange gains, revaluation loss on financial assets, interest receivable and similar income, interest payable and similar charges, income tax, financial assets, investments, debtors, creditors and profit and loss account reserves. We were accordingly unable to determine whether any adjustments might have been found necessary in respect of these financial statements.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

Notwithstanding our disclaimer of an opinion on the financial statements, in the light of the knowledge and understanding of the 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 the directors' report.

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.

Interpayment Services Limited
Independent auditor's report (continued)
to the shareholders of Interpayment Services Limited
for the year ended 31 December 2020

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Ian Jacobs FCA (Senior Statutory Auditor)

For and on behalf of MHA MacIntyre Hudson, Statutory Auditor

Peterborough, United Kingdom

Date: 22/6/22

Interpayment Services Limited
Statement of comprehensive income
for the year ended 31 December 2020

£'000	Notes	2020	2019
Revenue	2	1,134	1,320
Cost of sales		(192)	(376)
Gross profit		942	944
Foreign exchange gain/(loss)		51	(228)
Operating expenses		(425)	(692)
Operating profit	3	568	24
Income from fixed asset investment		-	31
Revaluation loss on financial assets and liabilities	4	(471)	(914)
Profit/(loss) on ordinary activities before interest and taxation		97	(859)
Interest receivable and similar income	5	54	173
Interest payable and similar charges	6	(138)	(256)
Impairment of amounts owed from group undertakings	10	(14,580)	(16,500)
Loss on ordinary activities before taxation		(14,567)	(17,442)
Tax on loss on ordinary activities	8	2,506	208
Loss for the financial year		(12,061)	(17,234)
Items that cannot be reclassified to profit or loss:			
Available for sale financial assets – net change in fair value	13	-	2,520
Tax on items relating to components of other comprehensive income	8	-	(993)
Total comprehensive expense for the year		(12,061)	(15,707)
Retained losses		(12,061)	(15,707)

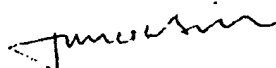
The notes on pages 12 to 29 form an integral part of these financial statements.

Interpayment Services Limited
Statement of financial position
as at 31 December 2020

£'000	Notes	2020	2019
Non-current assets			
Financial assets	11	9,747	10,289
Investments	12	19,114	21,369
Debtors: amounts falling due after more than one year	10	1,419	1,515
Total non-current assets		30,280	33,173
Current assets			
Debtors: amounts falling due within one year	10	1,039	20,305
Financial assets	11	20	38
Investments	12	28,731	35,229
Available for sale financial assets	13	-	-
Cash at bank and in hand		2,509	2,263
Total current assets		32,299	57,835
Current liabilities			
Creditors: amounts falling due within one year	15	(50,758)	(66,313)
Deferred tax liabilities	14	-	-
Total current liabilities		(50,758)	(66,313)
Net current liabilities		(18,459)	(8,478)
Total assets less current liabilities		11,821	24,695
Creditors: amounts falling due after more than one year	16	(5,633)	(6,446)
Total net assets		6,188	18,249
Capital and reserves			
Called up share capital	17	1,500	1,500
Capital contribution		12,162	12,162
Profit and loss account		(7,474)	4,587
Total shareholders' funds		6,188	18,249

The notes on pages 12 to 29 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 21 June 2022 and were signed on its behalf by:



J Birch
Director

Interpayment Services Limited
Statement of changes in equity
for the year ended 31 December 2020

£'000	Called-up share capital	Capital contribution	Profit and loss account	Available for sale reserves	Total equity
At 1 January 2019	1,500	12,162	12,970	7,324	33,956
Loss for the year	-	-	(17,234)	-	(17,234)
Other comprehensive income, net of taxes	-	-	-	1,527	1,527
Reserves transfer	-	-	8,851	(8,851)	-
At 31 December 2019	1,500	12,162	4,587	-	18,249
Loss for the year	-	-	(12,061)	-	(12,061)
Other comprehensive income net of taxes	-	-	-	-	-
Reserves transfer	-	-	-	-	-
At 31 December 2020	1,500	12,162	(7,474)	-	6,188

The notes on pages 12 to 29 form an integral part of these financial statements.

Interpayment Services Limited
Notes to the financial statements
for the year ended 31 December 2020

1. Accounting policies

General information

Interpayment Services Limited (the Company or ISL) 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, PE3 6SB.

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

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

Basis of preparation

The financial statements of the Company have been prepared, on a going concern basis, under the historical cost convention, modified to include the revaluation of financial instruments, 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 Pounds Sterling.

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 on pages 18 and 19.

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.

Going concern

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

Background

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

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

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

Interpayment Services Limited
Notes to the financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

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

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

Going concern assessment

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

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

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

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

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

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

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

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

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

Interpayment Services Limited
Notes to the financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

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

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

Strategy implementation

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

The Board remains focussed on dealing with the following proposals:

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

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

Viability

The Company is proposing to rationalise, in aggregate, £8,287,000 in intercompany debts as at 31 March 2022. At this time, creditors representing £9,543,000 in intercompany debt have agreed not to call on any of the amount due to them before 31 December 2023.

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

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

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

Viability statement

Based on these assessments and other matters considered by the Board during the year, on the assumption that the debts are successfully restructured, including the scenario testing, the director confirms that, having regard to the principal risks and uncertainties currently facing the Company, they have a reasonable expectation that the Company will be able to continue in operations and meet its liabilities as they fall due

Interpayment Services Limited
Notes to the financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

over the period to 31 December 2023 which aligns with the expiration of the standstill agreements with creditors which is a key consideration.

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

Liquidity headroom

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

The Company's current annual cost base is approximately £110,000. TCES has committed to fund certain existing creditors of Travelex Financial and Global Services Limited (TGFS) and Interpayment Services Limited (ISL) and meeting both the Company's and ISL's liquidity needs for at least the next 12 months.

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

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

Significant judgements

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

Going concern statement

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

Material uncertainty related to going concern

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

Interpayment Services Limited
Notes to the financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

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

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

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.

Revenue recognition

The key components of revenue are described below:

- i) Prepaid cards issuing fees earned on a monthly basis and reviewed annually in April.
- ii) Interest receivable from structured deposits and interest receivable from float held on deposit.

Cost of sales

Cost of sales comprises clearing charges and guarantee fees.

Interest payable and receivable

Interest payable and interest receivable, arising other than in relation to investment activities, is recognised as interest receivable and similar income or interest payable and similar charges in the profit and loss account as it accrues using the effective interest method and is recorded in the period in which it is earned or incurred.

Financial instruments

The classification of financial assets depends on the purpose for which the financial assets were acquired.

Interpayment Services Limited
Notes to the financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

Management determines the classification of its financial assets at initial recognition and has applied the recognition and measurement provisions of IFRS 9 *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, restricted cash and a series of structured deposits that are held to maturity and stated at the face value of the deposit. These are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. 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 non-current assets. Interest received in advance on the structured deposits is carried in creditors and released to the profit and loss account over the term of the deposits.

Available for sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in Other comprehensive income. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit and loss. The valuation model was changed in the previous year from a Discounted Cash Flows (DCF) model to a Black Scholes model as management deemed it to model better the uncertainty surrounding the conversion of shares.

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.

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 and prepaid cards awaiting redemption

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

The fair value is determined based on the value of those cheques which it is anticipated will never be presented for payment ('float write back'). In estimating this amount the Director uses 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 loss on financial assets and liabilities in the statement of comprehensive income.

Interpayment Services Limited
Notes to the financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

Creditors

Creditors principally comprises of amounts due to other group undertakings, trade creditors, travellers' cheques replacement sales and interest received in advance relating to funds placed on structured deposits. 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 amount 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.

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 balance sheet 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.

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.

Interpayment Services Limited
Notes to the financial statements (continued)
for the year ended 31 December 2020

1. Accounting policies (continued)

Travellers' cheques awaiting redemption

The travellers' cheques awaiting redemption liability is adjusted for the expectations regarding the float write back. The way float write back is estimated is explained above. The amount of float write back that has been deducted from the travellers' cheques awaiting redemption liability is disclosed as a contingent liability at note 19.

Amounts owed from group undertakings

As at 31 December 2020, and taking into account adjusting post balance sheet events (refer to note 22), there were indicators of impairment in relation to the monies lent by Interpayment Services Limited to other THL Group companies.

An impairment provision of £14,580,000 (2019: £16,500,000) 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.

At the same time, the recoverability of the amounts due from all other group undertakings was reassessed. At 31 December 2020, these group undertakings owed the Company £2,004,000 (2019: £1,775,000), which was recorded at a recoverable value of £Nil (2019: £1,389,000) net of impairment.

Judgements

Available for sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to the statement of comprehensive income.

Contingent liabilities

The Company has disclosed in note 19 contingent liabilities which, in the opinion of the Director, are unlikely to have a materially adverse effect on the Company's financial position.

2. Revenue

£'000	2020	2019
Prepaid cards issuing fees	241	233
Interest receivable from structured deposits and float held on deposit	893	1,087
Total revenue	1,134	1,320

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

Interpayment Services Limited
Notes to the financial statements (continued)
for the year ended 31 December 2020

3. Operating profit

Operating profit is stated after charging:

£'000	2020	2019
Cost recharges		
Travellers Cheques Encashment Services Limited	246	290

Auditors' remuneration

Subsequent to reporting period, in April 2021 the Company appointed a new auditor, MacIntyre Hudson LLP, for the audit of the financial statements for the year ended 31 December 2020.

Remuneration of the Company's auditors is paid on behalf of the Company by a fellow subsidiary undertaking of Travelex Holdings Limited, which was the intermediate holding company of both companies during the year. The total audit fee chargeable to the Company was £26,000, however the recharge to the Company was £25,000 (2019: £20,000). There were no non-audit services provided to the Company.

4. Revaluation loss on financial assets and liabilities

£'000	2020	2019
Loss/(gain) on revaluation of claim fund	15	(102)
Loss on revaluation of insurance premium	519	606
(Gain)/loss on Float write back	(63)	410
	471	914

Float write back represents the movement in the liability recorded for travellers' cheques awaiting redemption that, in the opinion of the Director, will never be presented for encashment.

5. Interest receivable and similar income

£'000	2020	2019
Interest from investments	754	829
Interest from group undertakings	54	162
Bank interest receivable	-	11
	808	1,002
Less, included in turnover, in accordance with accounting policy	(754)	(829)
	54	173

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

Interpayment Services Limited
Notes to the financial statements (continued)
for the year ended 31 December 2020

6. Interest payable and similar charges

£'000	2020	2019
Interest payable to group undertakings	138	256
	138	256

Amounts due 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.

7. Employees and Directors

The Company has no employees. All operations are carried out by employees of Travellers Cheques Encashment Services Limited.

Directors' emoluments

£'000	2020	2019
Aggregate emoluments	27	38
	27	38

- The amounts above relate to emoluments in respect of two Directors (2019: two) of the Company, and represent an apportionment of the total emoluments paid to them to reflect their qualifying services as Directors of the Company.

No Directors have benefits accruing under defined contribution pension arrangements (2019: Nil). The emoluments of the highest paid Director were £13,970 (2019: £29,086). The Company made no contributions to the highest paid Director's pension arrangements (2019: Nil).

8. Tax on loss on ordinary activities

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

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Corporation tax rate is due to increase to 25% from 1 April 2023. Deferred taxes on the balance sheet have been measured at 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. If the Company's unrecognised deferred tax balances at the period end were remeasured at 25% this would result in a deferred tax credit of £360,526 (2019: £469,000) and therefore an unrecognised deferred tax asset of £1,442,000 (2019: £1,466,000).

The total tax charge/(credit) for the year differs from the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

Interpayment Services Limited
Notes to the financial statements (continued)
for the year ended 31 December 2020

8. Tax on loss on ordinary activities (continued)

£'000	2020	2019
Loss on ordinary activities before tax	(14,567)	(17,442)
Loss on ordinary activities multiplied by the standard rate of UK corporation tax of 19% (2019: 19%)	(2,768)	(3,314)
Impairment of intercompany receivables not deductible for tax purposes	2,770	3,135
Dividend income (non-taxable)	-	(6)
Carry forward of current year losses	(2)	-
Other adjustments	-	(18)
Adjustment in respect of prior years	(2,506)	(5)
Total tax (credit) for the year on loss	(2,506)	(208)
Current tax on disposal of available for sale investments charged to other comprehensive income	-	2,709
Deferred tax charged to other comprehensive income	-	(1,716)
Total tax charge for the year on other comprehensive income	-	993
Total tax charge for the year	(2,506)	785

9. Investment in subsidiaries

The Company owns 100% of Interpayment Australia Pty Limited and its subsidiary undertaking Travelex TC Australia Pty Limited. These entities' principal activities are managing the travellers' cheques awaiting redemption liabilities. These investments have a cost of £805,000 (2019: £805,000) and a cost after impairment of £nil (2019: £nil).

10. Debtors

£'000	2020	2019
Amounts falling due within one year		
Amounts due from agents	809	364
Amounts owed from group undertakings – interest bearing	29,076	34,286
Amounts owed from group undertakings – non-interest bearing	2,004	1,775
Other debtors	210	360
Prepayments and accrued income	20	20
	32,119	36,805
Allowance for impairment	(31,080)	(16,500)
	1,039	20,305
£'000	2020	2019
Amounts falling due after one year		
Other debtors	1,419	1,515
	1,419	1,515

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

Interpayment Services Limited
Notes to the financial statements (continued)
for the year ended 31 December 2020

10. Debtors (continued)

In line with the Interest Rate Benchmark Reform effective 1 January 2021, LIBOR will be replaced. The Director is 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.

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

£'000	2020	2019
At 1 January	16,500	-
Provision for impairment	14,580	16,500
	31,080	16,500

As at 31 December 2020, there were indicators of impairment in relation to the monies lent by Interpayment Services Limited to other THL Group companies. An impairment provision of £14,580,000 (2019: £16,500,000) was calculated, based on the reduction in expected cash flows in the next twelve months.

The recoverability of the amounts due from all other group undertakings was reassessed. At 31 December 2020, these group undertakings owed the Company £2,004,000 (2019: £1,775,000), which was recorded at a recoverable value of £Nil (2019: £1,389,000) net of impairment.

Other debtors relate to a Guarantee Facility Agreement ("GFA") in relation to the encashment of certain cheques. This agreement was entered into to cover the operational reimbursement of travellers' cheques in the event the Company fails to do so. The GFA will be released to the Income Statement in line with future encashments and will be fully released by 2072.

11. Financial assets

Financial assets are as follows:

£'000	2020	2019
Current assets		
Reimbursement fund	20	38
	20	38
Fixed assets		
Reimbursement fund	1,701	1,725
Insurance premium asset	8,046	8,564
	9,747	10,289

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. AmTrust policy covers any encashment over and above the funds held in these ring-fenced accounts.

The fair value of the claim fund and the insurance premium assets and the current/non-current split of the claim fund are dependent on the encashment profile. As at the date of signing the financial statements, the Director is in the process of considering the long-term strategic options for the Company, the outcome of which could lead to a significant change in the encashment profile and therefore impacting the fair value of the claim fund and the insurance premium assets and the current/non-current split of the claim fund.

Interpayment Services Limited
Notes to the financial statements (continued)
for the year ended 31 December 2020

12. Investments

£'000	2020	2019
Current assets		
Money market deposits	22,629	28,478
Money placed on structured deposits	1,768	2,083
Restricted cash	4,334	4,668
	28,731	35,229
Fixed assets		
Money placed on structured deposits	19,114	21,369

Funds held for the encashment of prepaid cards and travellers' cheques are lent to fellow group undertakings (see note 10) or placed on money market deposits, structured deposits or held through investment funds or restricted cash.

Funds have been placed on a series of structured deposits with a bank. The repayment profiles of the deposits have been structured to match the expected travellers' cheques encashment profile over the term of the deposits. The Company is able to make earlier draw-downs against the funds if necessary but subject to certain charges and restrictions as to their timing.

13. Available for sale financial assets

£'000	2020	2019
Current		
At 1 January	-	10,111
Fair value gain	-	2,520
Foreign exchange gain	-	92
Disposal	-	(12,723)
At 31 December	-	-

14. Deferred tax liabilities

Movement on the deferred tax account is as follows:

£'000	2020	2019
At 1 January	-	1,716
Fair value gain on Available for sale investments	-	(1,716)
At 31 December	-	-

The provision for deferred taxes on fair value gain on available-for-sale investments is recorded within reserves.

During the year, the Company entered into an agreement with Barclays Bank to sell its equity investment in Visa B shares. Therefore, the historic deferred tax liability has crystallised and has been released to other comprehensive income.

Unrecognised deferred tax assets as at the year-end were £274,000 (2019: £997,000) relating to gross unused tax losses of £1,428,000 (2019: £5,846,000).

Interpayment Services Limited
Notes to the financial statements (continued)
for the year ended 31 December 2020

15. Creditors: amounts falling due within one year

£'000	2020	2019
Amounts falling due within one year		
Travellers' cheques awaiting redemption	33,207	39,453
Prepaid cards awaiting redemption	4,315	4,530
Trade creditors	450	712
Amounts owed to group undertakings – interest bearing	-	5,199
Amounts owed to group undertakings – non-interest bearing	10,560	11,363
Other creditors	1,322	1,344
Corporation tax payable	-	2,506
Accruals and deferred income	235	467
Interest received in advance	669	739
	50,758	66,313

Amounts owed to group undertakings are unsecured and repayable on demand. Amounts due 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 Director is 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.

£'000	2020	2019
Amounts falling due after more than one year		
Interest received in advance	5,633	6,446
	5,633	6,446

Interest received in advance relates to funds placed on structured deposits with a remaining term of 14 years (2019: 15 years) for which the net present value of interest has been paid in advance. It is amortised to the profit and loss account in proportion to the reducing principal amount of the structured deposits outstanding.

16. Called up share capital

	Number	2020	Number	2019
		£'000		£'000
Allotted and fully paid				
Ordinary shares of £1 each	1,500,000	1,500	1,500,000	1,500
		1,500		1,500

Share capital is determined using the nominal value of shares that have been issued. The Company has one class of ordinary shares which carry no right to fixed income.

Interpayment Services Limited
Notes to the financial statements (continued)
for the year ended 31 December 2020

17. Financial instruments by category

The Company has the following financial instruments:

£'000	2020	2019
Financial assets that are debt instruments measured at amortised cost		
Investments – non-current	19,114	21,369
Investments - current	28,731	35,229
Amounts owed from group undertakings – interest and non-interest bearing	-	19,561
Trade and other debtors	877	413
Cash and cash equivalents	2,509	2,263
Total financial assets measured at amortised cost	51,231	78,835

£'000	2020	2019
Financial assets at fair value through profit or loss		
Financial assets – non-current	9,747	10,289
Financial assets - current	20	38
Total financial assets at fair value through profit or loss	9,767	10,327

The Company has the following financial instruments:

£'000	2020	2019
Financial liabilities measured at amortised cost		
Prepaid cards awaiting redemption	4,315	4,530
Amounts owed to group undertakings – interest and non-interest bearing	10,560	16,562
Trade and other creditors	2,007	4,562
Interest received in advance – non-current	5,633	6,446
Interest received in advance – current	669	739
Total financial liabilities measured at amortised cost	23,184	32,839

£'000	2020	2019
Financial liabilities at fair value through profit or loss		
Travellers' cheques awaiting redemption	33,207	39,453
Total financial liabilities at fair value through profit or loss	33,207	39,453

Details of the gains and losses on financial assets and liabilities held at fair value through profit or loss can be found at note 4.

Interpayment Services Limited
Notes to the financial statements (continued)
for the year ended 31 December 2020

18. Contingent liabilities

At 31 December 2020, there is a contingent liability for the Company of £73.5m (2019: £75.1m) representing travellers' cheques issued, which in the opinion of the Director, although possible, are not probable to be encashed.

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

19. Related party transactions

During the year the Company entered into transactions with other related parties. Transactions entered into, and trading balances outstanding at 31 December 2020, are as follows:

	Revenues from	Costs charged by	Receivable from	Payable to
£'000	Year ended 31 December 2020		As at 31 December 2020	
Interpayment Australia Limited	-	-	285	-
Travelex Canada Limited	-	-	1,843	-
Travelex Card Services Limited	-	-	170	927
Travelex Central Services Limited	-	-	-	66
Travelex Limited	54	138	28,690	-
Travelex Inc	-	-	60	-
Travelex Japan	-	-	-	24
Travelex Global and Financial Services Limited	-	-	32	853
Travellers Cheques Encashment Services Limited	-	246	-	8,690
	54	384	31,080	10,560

Revenues from and costs charged by Travelex Limited relate to interest receivable on amounts owed from group undertakings and interest payable on amounts owed to group undertakings, as shown by notes 5 & 6 to the financial statements. All other revenues and costs relate to operating activities.

Outstanding balances with entities are unsecured and are repayable on demand. Trading balances are non-interest bearing.

As at 31 December 2020, there were indicators of impairment in relation to the monies lent by Interpayment Services Limited to other THL Group companies.

Interpayment Services Limited
Notes to the financial statements (continued)
for the year ended 31 December 2020

19. Related party transactions (continued)

The amounts of impairment and the adjusted value of the loans is as follows:

£'000	Gross value of loans	Impairment provision	Adjusted value of loans
Interpayment Australia Limited	285	(285)	-
Travelex Inc	60	(60)	-
Travelex Limited	28,690	(28,960)	-
Travelex Canada Limited	1,843	(1,843)	-
Travelex Card Services Limited	170	(170)	-
Travelex Global and Financial Services Limited	32	(32)	-
	31,080	(31,080)	-

	Revenues from	Costs charged by	Receivable from	Payable to
£'000	Year ended 31 December 2019		As at 31 December 2019	
Interpayment Australia Limited	-	-	210	-
TCI US LLC	-	-	19	-
Travelex Limited	162	256	34,286	5,199
Travelex Canada Limited	-	-	1,417	14
Travelex Card Services Limited	-	-	111	614
Travelex Central Services Limited	-	-	-	15
Travelex Currency Services Inc	-	-	-	138
Travelex Global and Financial Services Limited	-	-	18	592
Travellers Cheques Encashment Services Limited	-	290	-	9,990
	162	546	36,061	16,562

Revenues from and costs charged by Travelex Limited relate to interest receivable on amounts owed from group undertakings and interest payable on amounts owed to group undertakings, as shown by notes 5 & 6 to the financial statements. All other revenues and costs relate to operating activities.

Outstanding balances with entities are unsecured and are repayable on demand. Trading balances are non-interest bearing.

There was no impairment recognised in 2018 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.

Key management personnel

The director and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel. See note 7.

Interpayment Services Limited
Notes to the financial statements (continued)
for the year ended 31 December 2020

20. Ultimate and intermediate parent undertakings and controlling party

The smallest and largest group in which the results of the Company are consolidated is Travelex Global and Financial Services Limited.

The immediate parent company is Travelex Global and Financial Services Limited, a company registered in England and Wales. The registered address of Travelex Limited is Central Square, 29 Wellington Street, Leeds, England, LS1 4DL.

The Company has intermediate parent companies, including Travelex Limited, a company registered in England and Wales and which is currently in administration. Price Waterhouse Coopers LLP, as administrators, have legal control over the Company as at the date of signing the financial statements.

21. Significant event

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.

22. Post balance sheet event

On 20 December 2021, the Company migrated all prepaid card balances (aside from those pertaining to the USA and UAE) pertaining to prepaid cards it has historically issued to Mastercard Prepaid Management Services Ltd (MPMS). This was done as part of the agreed card programme closure and termination of its prepaid card issuing agreement with MPMS (Issuing Agreement). The Issuing Agreement was due to terminate at the end of April 2022 and, instead, was brought to an early end on 31 December 2021. As part of this migration MPMS agreed, in the form of an indemnity provided to the Company, to pay out all valid claims on cards in perpetuity. The total sum of funds migrated was £4,475,000.