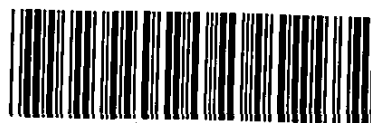


Company Registered No 02854737

**Travelex Global Business Payments Limited**

Report and financial statements  
for the year ended 31 December 2011

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## **Travelex Global Business Payments Limited**

### **Directors' report**

for the year ended 31 December 2011

The Directors present their annual report and the audited financial statements of Travelex Global Business Payments Limited (the Company) for the year ended 31 December 2011

#### **Principal activities**

The Company's principal activity is the provision of consumer and corporate foreign currency payments

#### **Review of Business**

The main key performance indicator is gross profit and the results for 2011 show an improvement in gross profit of 13% over 2010 despite the challenging economic environment. The improvement was reflected in increased transaction volumes and values.

In November 2011 as part of the divestment by Travelex Holdings Limited of its Global Business Payment division the Company became a subsidiary of The Western Union Company, a company registered in the United States of America.

#### **Results and dividends**

The Company's profit for the year is £5,301,000 (2010: £3,121,000). The profit and loss account is set out on page 6 and shows the result for the year. No interim dividends were declared during the year and the Directors do not recommend the payment of a final dividend (2010: £nil).

#### **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 key business risks and uncertainties affecting the Company are credit and competitive risk. Credit risk relates to the risk of customer default. All material customer credit exposures require approval by authorised individuals who are separate from those who generate business. Credit exposures are monitored regularly against approved risk limits and through holding customer collateral where necessary. Competitive risk is actively mitigated by building strong relationships with customers and suppliers to ensure that we are constantly evaluating our service levels and customer offerings to ensure we are competitive and a valued partner for all our customers.

The Company is also subject to liquidity risk. The settlement of spot and forward contract obligations requires adequate liquidity which is available to the Company through the intra-day settlement facilities of The Western Union Company.

#### *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 United States Dollars. 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.

## **Travellex Global Business Payments Limited**

### **Directors' report**

for the year ended 31 December 2011

#### **Directors**

The Directors who held office during the period and to the date of these accounts were

A Curne	
A Woolley	resigned 31 July 2012
D Sear	resigned 31 July 2012
N Graham	resigned 31 July 2012
C Bakke	appointed 28 November 2011      resigned 31 July 2012
C Fischer	appointed 28 November 2011
G Heald	appointed 31 July 2012
J Rees	appointed 31 July 2012
N Masterson-Jones	appointed 31 July 2012

#### **Employees**

The Company is committed to employee involvement as it believes its business objectives are best achieved if the Company's staff understand and support the Company's strategy. Staff members are kept informed of performance through briefing meetings, supplemented by a range of internal communications. Executives regularly visit business locations to discuss matters of current interest with staff and the Company's financial performance is presented and explained to staff during the year.

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests.

#### **Equal opportunities**

The Company's policy is not to discriminate against anyone, on any grounds. Training is available and provided to all levels of staff, and investment in employee development is a priority. Within this policy, the Company gives full consideration to applications for employment from disabled persons where a disabled person can adequately fulfil the requirements of the job. Where existing employees become disabled it is the Company's policy, wherever practicable, to provide continuing employment under normal terms and conditions.

#### **Outlook**

With little or no growth in the UK and worldwide economies, the Company's expected steady growth for 2012 will be achieved by a close focus on key business initiatives and supported by access to the resources of the Western Union Company.

#### **Events after the balance sheet date**

There have been no significant events after the balance sheet date.

#### **Charitable donations**

The Company made £6,861 donations to charity in 2011 in relation to the Great Ormond Street Hospital Children's Charity (2010 £17,852). The donations were made based upon the number of transactions committed through the Send Money Now website (no longer owned by the company) in order to incentivise consumers to use the service.

## **Travellex Global Business Payments Limited** **Directors' report**

for the year ended 31 December 2011

### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### **Statement of disclosure of information to auditors**

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

### **Auditors**

A resolution to appoint Ernst & Young LLP as auditors to the Company will be proposed at the Annual General Meeting.

By order of the Board



A Currie  
Director

Date 28 September 2012

**Registered office**  
65 Kingsway  
London  
WC2B 6TD

Registered number  
02854737

**Travelex Global Business Payments Limited**  
**Independent auditor's report to the members of Travelex Global Business**  
**Payments Limited**  
for the year ended 31 December 2011

**Independent auditors' report to the members of Travelex Global Business Payments Limited**

We have audited the financial statements of Travelex Global Business Payments Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31/12/2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Travelex Global Business Payments Limited**  
**Independent auditor's report to the members of Travelex Global Business**  
**Payments Limited**  
for the year ended 31 December 2011

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or 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, or
- we have not received all the information and explanations we require for our audit



Darren Meek (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
04 October 2012

**Travellex Global Business Payments Limited**  
**Profit and loss account**  
for the year ended 31 December 2011

<b>£'000</b>	<b>Note</b>	<b>2011</b>	<b>2010</b>
<b>Revenue</b>		<b>38,238</b>	<b>35,746</b>
Cost of sales		<b>(5,823)</b>	<b>(7,163)</b>
<b>Gross profit</b>		<b>32,415</b>	<b>28,583</b>
Administrative expenses		<b>(30,966)</b>	<b>(25,076)</b>
Exchange gains		<b>163</b>	<b>412</b>
Other operating income		<b>3,813</b>	<b>3,771</b>
<b>Operating profit</b>		<b>5,425</b>	<b>7,690</b>
Interest receivable and similar income	2	<b>540</b>	<b>534</b>
Interest payable and similar charges	3	<b>(39)</b>	<b>(52)</b>
<b>Profit on ordinary activities before taxation</b>	4	<b>5,926</b>	<b>8,172</b>
Tax on profit on ordinary activities	6	<b>(625)</b>	<b>(5,051)</b>
<b>Profit for the financial year</b>		<b>5,301</b>	<b>3,121</b>

The notes form an integral part of these financial statements

All of the above results of the Company arose from continuing operations

All recognised gains and losses are included in the profit and loss account

There is no difference between the profit before tax and the profit for the financial years stated above and their historical costs equivalents

**Travelex Global Business Payments Limited****Balance sheet**

As at 31 December 2011

<b>£'000</b>	<b>Note</b>	<b>2011</b>	<b>2010</b>
<b>Fixed assets</b>			
Intangible assets	7	<b>77,129</b>	86,770
Tangible assets	8	<b>1,353</b>	925
Investment in subsidiary undertakings	9	<b>10,000</b>	10,000
		<b>88,482</b>	97,695
<b>Current assets</b>			
Debtors	10	<b>66,491</b>	42,856
Cash at bank		<b>26,079</b>	24,660
Derivative financial instruments	11	<b>8,058</b>	9,660
Deferred tax asset	12	<b>208</b>	288
		<b>100,836</b>	77,464
<b>Creditors – amounts falling due within one year</b>	13	<b>(62,799)</b>	(54,255)
<b>Net current assets</b>		<b>38,037</b>	23,209
<b>Net assets</b>		<b>126,519</b>	120,904
<b>Capital and reserves</b>			
Share capital	14	<b>1</b>	1
Share premium account	15	<b>107,999</b>	107,999
Retained earnings	15	<b>17,934</b>	12,633
Capital contribution	15	<b>585</b>	271
<b>Total shareholders' funds</b>		<b>126,519</b>	120,904

The notes form an integral part of these financial statements

The financial statements were approved by the Board of Directors on 28 September 2012 and were signed on its behalf by



A Currie  
Director



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**Travelex Global Business Payments Limited**  
**Notes to the financial statements**  
for the year ended 31 December 2011

**1. Accounting policies**

**General information**

The Western Union Company is the Company's ultimate parent company. It is incorporated and domiciled in the United States of America. The registered office and principal place of business is at 12500 East Belford Avenue, Englewood, Colorado 80112.

**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 applicable accounting standards in the United Kingdom and the Companies Act 2006.

The financial statements contain information about Travelex Global Business Payments Limited as an individual company. The Company is exempt under Section 228 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up, and of which the company is a member is The Western Union Company.

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

**Cash flow statement**

Under FRS 1 'Cash flow statements', the Company is exempt from the requirement to include a cash flow statement in its financial statements because it is a wholly owned subsidiary of The Western Union Company whose publicly available consolidated financial statements include the cash flows of the Company.

**Revenue recognition**

The key components of revenue are described below:

- i) Revenue is recognised on the sale of foreign currency, being the difference between the costs and selling prices of currency on transactions undertaken, in the period at the rates prevailing on the transaction date plus any commission charged, and is recognised on a trade date basis.
- ii) Income from investment activities which is derived from the interest earned on the investment of funds generated from the receipt of customer monies that have yet to be paid away. Investment income is recognised in the profit and loss on an accruals basis.
- iii) Other operating income comprises fees charged for processing payments on behalf of business customers. This fee income is recognised in the profit and loss on a trade date basis.
- iv) Changes in the fair value of derivative assets and liabilities. The gain or loss on re-measurement to fair value is recognised immediately in the profit and loss account.

In the opinion of the Directors, disclosure of revenue is most appropriately represented for the Company by including the items above. The inclusion of income from investment activities in revenue represents an adaptation of the profit and loss account format laid down in Schedule 4 to the Companies Act 2006 due to the nature of the Company's business.

**Cost of sales**

Cost of sales comprises direct selling costs including direct salaries and incentive commissions.

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**Travellex Global Business Payments Limited**  
**Notes to the financial statements**  
for the year ended 31 December 2011

**1 Accounting policies (continued)**

**Interest receivable and payable**

Interest receivable and interest payable is recognised in the profit and loss account on an accruals basis and is therefore recorded in the period in which it is earned or incurred

**Share based employee remuneration**

Up to 7 November 2011, equity settled share based payments were made by the previous ultimate parent company on behalf of the entity for services provided to the entity are measured at the fair value of the awards at the date of grant. The fair value excludes the effect of non market based vesting conditions. Details regarding the determination of the fair value of equity settled share based transactions are set out in note 5

This was treated as a capital contribution from the ultimate parent company

The fair value determined at the date of grant of the equity settled share based payments is expensed on a straight line basis over the vesting period with a corresponding capital contribution recognised in equity. This is based on the previous ultimate parent company's estimate of that period and of the equity instruments that will eventually vest. At each balance sheet date, the previous ultimate parent company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity

**Long term incentive plan**

Following the acquisition of the Company by The Western Union Company, certain directors are eligible to participate in The Western Union Company 2006 Long Term Incentive Plan ("the Plan"). The members of the Plan are awarded restricted stock units in The Western Union Company which vest incrementally (one third each year) over a 3 year period. There are no performance conditions relating to the Plan. The vesting conditions lapse at the end of the 3 year period when the stock units may be sold or transferred

**Intangible assets**

**Goodwill**

The excess of the fair value at the date of acquisition of the cost of investments in businesses or subsidiaries over the fair value of net assets acquired which is not otherwise allocated to individual assets and liabilities is determined to be goodwill

Goodwill is amortised over 10 years, representing its estimated useful life

**Investments in subsidiaries**

Investments in subsidiaries are measured at cost

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**Travellex Global Business Payments Limited**  
**Notes to the financial statements**  
for the year ended 31 December 2011

**1. Accounting policies (continued)**

**Tangible assets**

Tangible assets are initially recorded at cost and depreciated so as to write off the cost of the asset over its estimated useful life. Cost includes expenditure which is directly attributable to bringing the asset into working condition for its intended use.

Depreciation is calculated on a straight line basis using the following rates:

Land and buildings	10-20% per annum or over the lease term if shorter
Fixtures and fittings	10-50% per annum
Computer hardware	33.3% per annum
Computer software	33% per annum
Motor vehicles	25% per annum

**Income taxes**

Current income tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date.

**Deferred taxation**

In accordance with FRS 19, 'Deferred tax', full provision is made for deferred tax liabilities arising from timing differences due to the different treatment of certain items for taxation and accounting policies. 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. No provision is made in respect of timing differences arising from the sale or revaluation of fixed assets unless there is a binding commitment to dispose of the assets at the balance sheet date. Deferred tax assets are recognised to the extent that it is considered more likely than not there will be suitable taxable profit from which the future reversal of the underlying timing difference can be deducted.

**Foreign currencies**

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 balance sheet date are translated at the rates ruling at that date. Differences arising on translation are included in the profit and loss as incurred.

**Cash at bank**

Cash at bank and overdrafts in the balance sheet represent the cash book balance. This may differ from the bank statement balance due to reconciling timing differences i.e. unpresented cheques, wires and deposits in transit. Cash at bank also includes those short-term deposits, of a maturity of typically less than five days, held with banks and other financial institutions.

**Leases**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

**Contingent liabilities**

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

**Travelex Global Business Payments Limited**  
**Notes to the financial statements**  
for the year ended 31 December 2011

**1. Accounting policies (continued)**

**Pension costs**

The Western Union Company operates a defined contribution plan, in which the Company participates. Contributions to The Western Union Company's defined contribution pension scheme are charged to the profit and loss account as incurred.

**Offsetting financial assets and liabilities**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Derivative financial instruments**

The Company utilises financial instruments for trading purposes. The financial instruments used are foreign currency forward contracts in the foreign exchange rate markets. Gains and losses on these instruments are included in revenue. The gross asset and liability relating to foreign currency forward contracts are reported separately in the balance sheet, with the exception of those with other group undertakings which are included in amounts due to or from Group undertakings.

Derivative financial instruments are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. The instrument is derecognised from the balance sheet when the contractual rights or obligations arising from that instrument expire or are extinguished.

Derivative financial instruments are recognised at fair value. The gains and losses on remeasurement to fair value are recognised immediately in the profit and loss account. Derivative financial instruments are recognised on a trade date basis.

The Company has taken advantage of the exemption available under FRS 29 paragraph 2d from the disclosure requirements of FRS 29.

**Dividends**

Dividends are recognised in equity in the period in which they are paid or approved by the board of Directors.

**Segmental Reporting**

Under SSAP 25, the Company is exempt from the requirement to present segmental analysis.

**2 Interest receivable and similar income**

£'000	2011	2010
Bank interest	-	10
Interest receivable from group undertakings	540	524
<b>Total interest receivable and other items</b>	<b>540</b>	<b>534</b>

**3. Interest payable and similar charges**

£'000	2011	2010
Interest payable on customer deposits	39	52

**Travellex Global Business Payments Limited**  
**Notes to the financial statements**  
for the year ended 31 December 2011

**4 Profit on ordinary activities before taxation**

Profit before tax is stated after charging (crediting)

<b>£'000</b>	<b>2011</b>	<b>2010</b>
Amortisation of intangible assets	<b>9,641</b>	9,641
Depreciation of owned tangible assets	<b>233</b>	160
Group management recharges	<b>5,795</b>	2,555
Operating lease payments	<b>595</b>	340

**Auditors' remuneration**

Remuneration of the Company's auditors is £132,000 (2010 £75,000)

**5. Employees and Directors**

All employees are employed by Travellex Global Business Payments Limited. The Company incurs the cost for the employees disclosed below that carry out services for the Company.

The average number of employees engaged in performing business for the Company, calculated on a full time equivalent basis, analysed by business area was

<b>Average number by activity</b>	<b>2011</b>	<b>2010</b>
Sales	<b>104</b>	115
Client relationship management	<b>58</b>	50
Operations	<b>74</b>	71
Marketing	<b>4</b>	4
Finance & MI	<b>15</b>	10
Legal & Compliance	<b>5</b>	-
HR	<b>7</b>	2
	<b>267</b>	252

**Staff costs for the year**

<b>£'000</b>	<b>Note</b>	<b>2011</b>	<b>2010</b>
Wages and salaries		<b>9,530</b>	10,655
Share based employee remuneration		<b>314</b>	271
Social security costs		<b>1,133</b>	1,177
Other pension costs	17	<b>193</b>	196
		<b>11,170</b>	12,299

**Directors' emoluments**

<b>£'000</b>	<b>2011</b>	<b>2010</b>
Aggregate emoluments	<b>524</b>	333
Share based employee remuneration	<b>314</b>	132
Pension contributions	<b>41</b>	26
Compensation of loss of office	<b>-</b>	9
	<b>879</b>	500

**Travelex Global Business Payments Limited**  
**Notes to the financial statements**  
for the year ended 31 December 2011

**5 Employees and Directors (continued)**

The amounts above relate to emoluments in respect of four Directors (2010 six) of the Company, and represent the emoluments earned by them for their qualifying services as Directors of the Company

Remuneration paid to Directors in relation to services provided to Travelex Holdings Limited Group has not been borne by this Company

**Highest paid director**

<b>£'000</b>	<b>2011</b>	<b>2010</b>
Total emoluments	<b>106</b>	-
Share based employee remuneration	<b>176</b>	-
Pension contributions	<b>10</b>	-
	<b>292</b>	-

Four Directors have benefits accruing under defined contribution pension arrangements (2010 five)

In the prior period no director earned over £200,000

On 20 July 2010 100,000 M ordinary shares were issued in Travelex Holdings Limited, the ultimate parent company, with a nominal value of £0.01 each to senior management and certain non executive directors at a price of £5.00 per share. The M ordinary shares allow shareholders to receive one-ninth of the aggregate amount paid or payable to the TP Loan Note Holders, or holders of the Primary Ordinary Shares or Preference Shares by way of dividend or otherwise upon the return of capital on liquidation, reduction of capital or other return of capital.

A charge of £314,000 and a corresponding capital contribution was recognised in the current year.

The shares repurchased in the period were repurchased by Travelex Ltd when senior management left the company.

Following the acquisition of the Company by The Western Union Company, certain directors are eligible to participate in The Western Union Company 2006 Long Term Incentive Plan ("the Plan"). The members of the Plan are awarded restricted stock units in The Western Union Company which vest incrementally (one third each year) over a 3 year period. There are no performance conditions relating to the Plan. The vesting conditions lapse at the end of the 3 year period when the stock units may be sold or transferred. For the year ended 31 December 2011 the estimated value to the directors is £28,000.

**6 Tax on profit on ordinary activities**

<b>£'000</b>	<b>2011</b>	<b>2010</b>
<b>Current tax</b>		
Current tax charge on current year profit	<b>533</b>	4,965
Adjustments to current tax in respect of prior periods	<b>12</b>	(38)
Total current tax charge	<b>545</b>	4,927
<b>Deferred tax</b>		
Deferred tax charge on current year profit	<b>91</b>	109
Adjustments to deferred tax in respect of prior period	<b>(11)</b>	15
Total deferred tax charge (note 12)	<b>80</b>	124
<b>Tax charge for the year</b>	<b>625</b>	5,051

**Travelex Global Business Payments Limited**  
**Notes to the financial statements**  
for the year ended 31 December 2011

**6 Tax on profit on ordinary activities (continued)**

The current tax for the year is lower (2010 higher) than the standard rate of corporation tax in the UK (2011 26.5%, 2010 28%). The differences are explained below

<b>£'000</b>	<b>2011</b>	<b>2010</b>
Profit before tax on ordinary activities before taxation	<b>5,926</b>	8,172
Profit multiplied by the standard rate of UK corporation tax of 26.5% (2010 28%)	1,570	2,288
Effects of		
Non-deductible amortisation	2,555	2,699
Expenses not deductible for tax purposes	83	91
Accelerated capital allowances	(69)	(113)
Loss surrender	(3,606)	-
Adjustments in respect of prior period	12	(38)
<b>Current tax charge</b>	<b>545</b>	4,927

**7. Intangible assets**

Intangible assets of £77,129,000 (2010 £86,770,000) represent the goodwill arising on the acquisition of the trade and assets of the Company's subsidiary undertaking, Travelex Payments Limited on 31 December 2009

<b>£'000</b>	<b>Goodwill</b>
Cost	
At 1 January 2011 and 31 December 2011	96,411
Amortisation	
At 1 January 2011	9,641
Charge for the year	9,641
At 31 December 2011	19,282
Net book value	
<b>At 31 December 2011</b>	<b>77,129</b>
At 1 January 2011	86,770

**Travelex Global Business Payments Limited**  
**Notes to the financial statements**  
for the year ended 31 December 2011

**8 Tangible Assets**

£'000	Assets under construction	Land and buildings	Fixtures and fittings	Computer hardware	Computer software	Total
Cost						
At 1 January 2011	786	120	300	645	6,219	8,070
Additions	-	-	-	34	630	664
Transfers	(786)	-	-	-	786	-
Acquired in year	-	-	8	34	-	42
Disposals	-	-	(56)	-	-	(56)
At 31 December 2011	-	120	252	713	7,635	8,720
Depreciation						
At 1 January 2011	-	120	281	612	6,132	7,145
Charge for the year	-	-	8	30	195	233
Acquired in year	-	-	8	32	-	40
Disposals	-	-	(56)	5	-	(51)
At 31 December 2011	-	120	241	679	6,327	7,367
Net book value						
At 31 December 2011	-	-	11	34	1,308	1,353
At 1 January 2011	786	-	19	33	87	925

Motor vehicles are included within fixtures and fittings

Asset disposals relate to the sale of 3 company cars (2010: 8 company cars)

**9 Investment in subsidiary undertaking**

£'000	2011	2010
Cost		
At 1 January 2011 and 31 December 2011	108,000	108,000
Impairment		
At 1 January 2011 and 31 December 2011	(98,000)	(98,000)
Net book value		
At 1 January 2011 and 31 December 2011	10,000	10,000

The directors believe that the carrying value of the investments is supported by their underlying net assets

The subsidiary undertaking is wholly owned and is as follows

Country of incorporation	Name of subsidiary	Voting rights held by Company	Activity
United Kingdom	Travelex Payments Limited	100%	Dormant



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**10 Debtors**

<b>£'000</b>	<b>2011</b>	<b>2010</b>
Amounts falling due within one year		
Amounts owed by group undertakings	<b>56,752</b>	39,571
Trade debtors	<b>8,734</b>	2,692
Prepayments and accrued income	<b>1,005</b>	593
	<b>66,491</b>	42,856

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Following the year end, the Company has been informed that the ultimate parent company, The Western Union Company is reviewing these undertakings and may elect to extinguish a substantial portion of these by way of dividend distributions. This review had not been completed at the date of the signing of these accounts and as such the amount of such future dividend is not known.

**11. Derivative financial instruments**

<b>£'000</b>	<b>Forward foreign currency contracts 2011</b>	<b>Forward foreign currency contracts 2010</b>
Notional value	<b>772,223</b>	766,295
Amounts due from group undertakings	<b>1,989</b>	5,603
Amounts due from external counterparties	<b>6,069</b>	4,057
Derivative financial assets	<b>8,058</b>	9,660
Amounts due to group undertakings	<b>(2,077)</b>	(3,877)
Amounts due to external counterparties	<b>(5,159)</b>	(3,416)
Derivative financial liabilities	<b>(7,236)</b>	(7,293)
Net assets/ (liabilities)	<b>822</b>	2,367

**Fair value estimation**

The fair value of the forward foreign currency contracts has been determined based on market forward exchange rates at the balance sheet date. There is no material difference between the carrying value and fair value of the financial assets and liabilities at the balance sheet date.

**Maturity of financial liabilities**

All of the Company's financial liabilities are on demand or due within one year.

**12 Deferred tax asset**

<b>£'000</b>	<b>2011</b>	<b>2010</b>
At 1 January	<b>288</b>	412
Credit/(Debit) to the profit and loss account	<b>(80)</b>	(124)
At 31 December	<b>208</b>	288
Analysis of deferred tax balances		
Accelerated capital allowances	<b>208</b>	288
Total deferred tax asset	<b>208</b>	288

**Travelex Global Business Payments Limited**  
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**12 Deferred tax asset (continued)**

The rate used to calculate deferred taxation is 26.5% (2010: 27%)

**13. Creditors – amounts falling due within one year**

£'000	Note	2011	2010
Trade creditors		17,328	14,664
Amounts owed to group undertakings		20,180	11,842
Balances held on account for customers		11,551	9,983
Derivative financial liabilities	11	7,236	7,293
Other creditors		1	-
Accruals and deferred income		3,667	2,793
Bank loans and overdrafts		2,292	2,734
Group relief payable to group undertakings		544	4,946
		<b>62,799</b>	<b>54,255</b>

Amounts owed to group undertakings are unsecured interest free, have no fixed date of repayment and are repayable on demand

**14. Share capital**

The share capital of the Company is as follows

	Number	2011 £	Number	2010 £
Ordinary shares of £1 each	500	500	500	500

**15. Reserves**

The movement on Company reserves is as follows

£'000	Share capital	Share premium account	Retained earnings	Capital contribution	Total equity
At 1 January 2011	1	107,999	12,633	271	120,904
Profit for the year	-	-	5,301	-	5,301
Capital contribution received	-	-	-	314	314
<b>At 31 December 2011</b>	<b>1</b>	<b>107,999</b>	<b>17,934</b>	<b>585</b>	<b>126,519</b>

Share capital is determined using the nominal value of shares that have been issued. The share premium account includes premiums received on the initial issuing of the share capital. Retained earnings are the accumulated retained profits of the Company.

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**16. Operating leases**

The Company's future minimum operating lease payments under non-cancellable operating leases are as follows

£'000	2011 Land and buildings	2011 Other	2011 Total	2010 Land and buildings	2010 Other	2010 Total
Due within one year	892	199	1,091	-	284	284
Due between one and five years	1,663	243	1,906	-	412	412
	<b>2,555</b>	<b>442</b>	<b>2,997</b>	-	<b>696</b>	<b>696</b>

The leases entered into by the Company are operating leases for the provision of motor vehicles and property. Operating lease rentals payable are recognised as an expense in the income statement on a straight-line basis over the term of the lease. The charge for the year was £594,506 (2010 £340,000)

**17 Pensions**

For the period 1<sup>st</sup> January 2011 to 7<sup>th</sup> November 2011 the company participated in a defined contribution pension scheme operated by Travelex Holdings Limited. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable by the Company to the fund. Contributions payable by the Company for the year were £163,510 (2010 £196,000)

For the period 8<sup>th</sup> November to 31<sup>st</sup> December The Western Union Company operates a defined contribution pension scheme, in which the Company participates. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable by the Company to the fund. Contributions payable by the Company for the year were £29,010 (2010 £nil)

**18. Related party transactions**

In common with other companies, which are members of a group of companies, the financial statements reflect the effect of such membership. The company has availed of the exemption provided in Financial Reporting Standard Number 8, "Related Party Disclosures", which permits non disclosures of transactions entered into between two or more members of the group provided that all undertakings that is party to the transaction are wholly owned by a member of that group

**19 Contingent liabilities**

The Company has no contingent liabilities (2010 £648.7m). In the prior year the company was part of a Group guarantor for facilities provided to Travelex. However, as the company is no longer part of the Travelex Group it is no longer a guarantor and therefore has no contingent liability

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**20 Ultimate and intermediate parent undertakings**

The Company's immediate parent undertaking and controlling party is Western Union Luxembourg Holdings 4 S a r l, a Luxembourg company, with a registered office at 2 - 8 Avenue Charles De Gaulle, Luxembourg L-1653

The Company's ultimate parent undertaking and controlling party is The Western Union Company with a registered office at 12500 East Belford Avenue, Englewood, Colorado 80112

The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up, and of which the company is a member is The Western Union Company. Copies of its group financial statements are available from 12500 East Belford Avenue, Englewood, Colorado 80112