Company registration number: 03642637

Travellers Exchange Corporation Limited

Reports and financial statements
for the year ended 31 December 2021

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Travellers Exchange Corporation Limited
Corporate Information
for the year ended 31 December 2021

Director

J. E. S. Birch

Company Secretary

V. Benis-Lonsdale

Auditors

KPMG LLP (UK)
15 Canada Square
London
E14 5GL

Registered Office

Worldwide House
Thorpe Wood
Peterborough
PE3 6SB
England

Travellers Exchange Corporation Limited
Strategic Report
for the year ended 31 December 2021

The Director presents the strategic report of Travellers Exchange Corporation Limited (the Company) for the year ended 31 December 2021.

Principal activities and review of business

The Company was incorporated on 1 October 1998 and is a private limited company. The Company holds the legal ownership of the Travelex brand, the right to use the brand is held by each of the operating entities within the Travelex Group, the ultimate parent being Travelex Topco Limited (herein referred to as the "Travelex Group" or the "Group"). The Travelex Group operates as a foreign exchange specialist for retail and wholesale customers.

The Company has been a non-trading company during the current and prior year. The Director expects the Company to be considered dormant in 2023 under Section 480 of the Companies Act 2006 of the United Kingdom and Wales.

Review of Business

The Company's loss for the financial year is £nil (2020: £100,000). The Company reported net assets of £10,212,000 (2020: £10,212,000) as at 31 December 2021. The Director does not recommend the payment of a final dividend (2020: £nil).

Financial Performance and KPIs

As the Company is a non-trading company, the Company's Director is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Going concern

In determining the appropriate basis of preparation for the Company's financial statements, the Director has taken into consideration the going concern of Travelex Topco Limited, the parent entity of the Travelex Group. The Group's future cash flows and going concern considerations are discussed further in the Directors' Report and in the note 1 to the financial statements.

Events after the balance sheet date

Refer to the Director's report and note 12 Post balance sheet events of the financial statements included herein.

Statement by the Directors in performance of their statutory duties in accordance with sections 172(1) Companies Act 2006

The Company is 100% owned by Travelex Acquistionco Limited, an intermediary holding company within the Travelex Group.

The Company does not have direct employees. The Director is remunerated by other Group companies and any brand support costs are recharged within the Group. The Company's operations have limited impact on the community or environment. The Director ensures compliance with any legal or operational requirements.

Financial Risk management

In 2021 and 2020, as a non-trading company, the Company has minimal risk exposure as no trading occurred. The Company's risk management was operated in accordance with the policies and procedures of the Travelex Group.

Financial Risk management (continued)
The management of the Travelex Group and the execution of the Group's strategy that impacts on the Company is subject to a number of risks which are identified and managed by the Travelex Group Risk Committee and the network of regional and central function Risk Committees which identify and manage risk exposures including:

Credit risk
There is a credit risk exposure as a result of cross guarantees within the Group. The Company, alongside other subsidiaries of the Group, agreed to stand as guarantor for the new senior secured notes, term loan and corresponding guarantee facilities.

Liquidity risk
Liquidity risk is the risk of incurring losses resulting from the inability to meet payment obligations in a timely manner when they become due. The Group's liquidity risk requirements are managed centrally by the Travelex Group through a combination of bank borrowings and other term debt through the capital markets. Global cash management is an important daily activity, and the Travelex Group operates a policy of centralising surplus cash in order to facilitate intra-group funding and to minimise external borrowings requirements.

Compliance and regulatory risk
The Company utilises the Group's in-house risk and compliance specialists to ensure compliance with Anti-Money laundering and other legal, regulatory, and licensing requirements.

Foreign currency risk
Due to the restructuring of old Travelex, most hedging activity was suspended and only reinstated post the acquisition of relevant subsidiaries by the Group. Hedging activities resumed more fully in 2021, methodically restoring hedging capability across key business units and currencies as trading volumes increased. These activities are managed centrally by Treasury through Travelex Central Services Limited (a subsidiary of the Group). During this period, the Group's currency exposure has been limited due to the low trading volume as a result of Covid-19, but such exposures are monitored on a daily basis. FX hedging is principally conducted by placing FX spot and forward trades with the resultant cash flows being managed by short dated FX swaps, with dates managed as short as possible to minimise any impact to the liquidity position arising from the mark to market of these instruments.

In general terms the Travelex Group conducts business in many foreign currencies, reporting its results in Sterling. As a result, it is subject to fluctuations in foreign exchange rates which affect the Travelex Group's transactional revenues and costs. The Travelex Group follows its own risk hedging policy to minimise the impact of foreign exchange rate movements relating to transactional exposures. Any transactional exposures are hedged at group level in line with the Travelex Group's foreign exchange guidelines.

Political and economic risk
Covid-19
The global Covid-19 pandemic continued to impact the Travelex Group's operations significantly throughout 2021 however a fragile recovery was evident in the second half of 2021 for some of the key regions of the Travelex Group as countries pivoted to endemic living with Covid-19 policies. The significant reduction in international travel since 2020 reduced the marketplace demand for foreign currency and subsequently the size and volume of orders from the Travelex Group's customers. The macro-economic impact of the pandemic globally together with international flight availability, particularly in Asia Pacific, also continues to impact the Travelex Group's wholesale trading patterns around the world.

The Group believes that the external risks from Covid-19 relate to economic and political factors which the Group cannot influence. Consequently, the focus is to ensure that the Travelex Group is prepared operationally to deal with the impacts of these events on the business. A central Travelex Group-wide team co-ordinates the various work streams across the business to closely monitor and manage any potential impact, including implementing mitigating actions across the Group.

Financial Risk management (continued)

Operational risk

Operational risk is defined as risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The most significant applicable to the Travelex Group are:

- Regulatory and compliance risk – discussed above
- People Risk - We rely on our colleagues to serve our customers and follow policy and process therefore strong people risk management across the employee lifecycle is essential.
- Technology Risk - Our business processes are dependent on the reliability, security, and resilience of the technology we deploy and management of all areas of technology risk is a priority.

The malware incident in 2019 drove a significant period of disruption for most of the old Travelex trading entities. Under the new Travelex Group this risk is being continuously evaluated and mitigated by material investments in IT to strengthen legacy infrastructure, including a cyber improvement programme now well underway since 2021.

Approval

This Strategic Report has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed.

The Director in preparing this Strategic Report, have complied with section 414c of the Companies Act 2006.

By order of the Board 16 December 2022

J. E. S. Birch
Director

Registered office
Worldwide House,
Thorpe Wood,
Peterborough
PE3 6SB
England

Company registration number
03642637

Travellers Exchange Corporation Limited
Directors' Report
for the year ended 31 December 2021

The Director presents his report and the audited financial statements for the Company for the year ended 31 December 2021.

Director

The sole Director of the Company who was in office during the year up to the date of signing the financial statements was J. E. S. Birch.

Directors' Indemnities

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

Risk Management

The Financial Risk Management section in the strategic report has covered the management risk objectives.

Dividends

There are no dividends recommended to be paid in the current year (2020: £nil).

Political Contributions

The Company made no political donations or incurred any political expenditure during the period.

Significant events during the year

The Company, alongside other subsidiaries of the Group, agreed to stand as guarantor for senior secured notes issued, a term loan and guarantee facilities.

On 28 January 2021, the Travelex Group listed the £95.0m and €4.6m subordinated secured notes issued on 6th August 2020 on the Vienna Stock Exchange Multilateral Trading Facility (MTF)

On 8 February 2021, the Group announced a proposal to issue new money notes to raise funds of £60m, to provide the Group with fresh liquidity and to fund the working capital in anticipation of a return of consumer travel. These have been fully issued in three tranches of notes on the Vienna Stock Exchange MTF (Multilateral Trading Facility), with net funds received of £20m in February 2021, £25m in June 2021 and £15m in October 2021. The new money notes have a coupon rate of 12.5% and are subordinated secured notes due in July 2025 with the option for the borrower to accrue 12% of the interest in the final bullet payment. The notes were issued at a discount and incurred related fees amounting in total to £3.6m, £3.0m and £1.3m for each issuance respectively. In addition, £1.7m of transaction fees were capitalised and deferred over the term of the notes.

On 24 December 2021, the Group announced that they would issue a new note issuance on the Vienna Stock Exchange MTF amounting to net funds received of £35m on face value of £37.2m. The funds for this issuance were received on 7th January 2022. The security, coupon rate and term were the same as that of the prior issuances. The notes were issued at a discount of £2.2m and incurred capitalised transaction fees of £0.2m.

Post balance sheet events

On 7 January 2022, the Company issued subordinated secured notes on the Vienna Stock Exchange (MTF) with a nominal value of £37.2m. Simultaneously, 260,206 equity shares of nominal value of £0.00001 each, were issued. Furthermore, on 11th April 2022, the Company issued additional subordinated secured notes on the MTF with a nominal value of £37m. Simultaneously, 250,986 equity shares of nominal value of £0.00001 each, were issued.

Going Concern

The Director have assessed the Company's ability to meet its liabilities as they fall due considering the Group current position and future trading in the context of the COVID-19 operating environment and its principal risks and uncertainties A detailed explanation is provided in the basis of preparation paragraph which forms part of Note 1 to the financial statements, including matters that indicate a material uncertainty exists that affects the Group's trading activity. In summary, the Director has used the base case and a severe but plausible downside scenario to conclude the preparation of the financial statements on a going concern basis is appropriate.

Having considered the above, the Director concludes that a material uncertainty exists that affects the Company due to the risk of the contingent liabilities relating to the guarantees provided to the Travelex Group crystalising within a period of at least 12 months from the date of approval of these financial statements.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Statement of disclosure of information to auditors

The Director who has held office at the date of approval of this Directors' Report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware; and that the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The Director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires that Directors prepare financial statements for each financial period. Under that law the Director has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law, 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, Directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether the Company has complied with FRS 102, subject to any material departures disclosed and explained in the financial statements.
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Travellers Exchange Corporation Limited
Directors' Report
for the year ended 31 December 2021

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in the office.

By order of the Board 16 December 2022

J. E. S. Birch
Director

Registered office
Worldwide House,
Thorpe Wood,
Peterborough
PE3 6SB
England

Company registration number
03642637

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAVELLERS EXCHANGE CORPORATION LIMITED

Opinion

We have audited the financial statements of Travellers Exchange Corporation Limited ("the Company") for the year ended 31st December 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and related notes, including the accounting policies in note 1

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its performance for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that company's ability to continue as a going concern is dependent on the group not calling on the guarantee and other matters referred to in note 1. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company had no operations during the year.

We did not identify any additional fraud risks.

There were no journal entries posted during the year.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the directors and others management (as required by auditing standards), the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The directors are responsible for the strategic report and the director's report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAVELLERS EXCHANGE CORPORATION LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Rahim Butt **(Senior Statutory Auditor)**
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
London
E14 5GL
16 December 2022

Travellers Exchange Corporation Limited
Statement of Comprehensive Income
for the year ended 31 December 2021

£000's	Note	**2021**	2020
Administrative expenses	2,3	-	(100)
Operating result/(loss)		-	(100)
Result/(loss) on ordinary activities before taxation		-	**(100)**
Tax credit on result/(loss) on ordinary activities	4	-	-
Total comprehensive result/(loss) for the financial year		-	(100)

The notes form an integral part of these financial statements on pages 13 to 22.

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

All recognised gains or losses are included in the profit and loss account above and there are no items of other comprehensive income.

Travellers Exchange Corporation Limited
Balance Sheet
as at 31 December 2021

£'000	Note	2021	2020
Non-current assets			
Debtors – amounts falling due after more than one year	5	**10,212**	10,312
Non-current assets		**10,212**	10,312
Current liabilities			
Creditors – amounts falling due within one year	6	**-**	(100)
Net assets		**10,212**	10,212
Capital and reserves			
Called up share capital	8	**145**	145
Share premium		**14,501**	14,501
Profit and loss account		**(4,434)**	(4,434)
Total shareholders' funds		**10,212**	10,212

The notes on pages 13 to 22 form an integral part of these financial statements.

The financial statements were approved by the Board on 16 December 2022 and were signed on its behalf by:

J. E. S. Birch
Director

Travellers Exchange Corporation Limited
Statement of Changes in Equity
as at 31 December 2021

£'000	Called up share capital	Share premium	Profit and loss account	Total equity
As at 1 January 2020	145	14,501	(4,334)	10,312
Loss for the year	-	-	(100)	(100)
As at 31 December 2020	145	14,501	(4,434)	10,212
Result for the year	-	-	-	-
As at 31 December 2021	**145**	**14,501**	**(4,434)**	**10,212**

The notes form an integral part of these financial statements on pages 13 to 22.

1. Accounting policies

General information

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

Basis of preparation

The financial statements of the Company have been prepared on a going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS102').

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position are presented in Sterling (£).

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. The exemptions taken in these financial statements, not otherwise stated in the financial statements, are as follows:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures; and
- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

The Company is consolidated in the financial statements of its ultimate parent Travelex Topco Limited, and the Group's financial statements are available to the public and can be obtained from the Company Secretary of Travelex Topco Limited, 47 Esplanade, St. Helier, Jersey, JE1 0BD and the Travelex external relations website.

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 Company holds the legal ownership of the Travelex brand, the right to use the brand is held by each of the operating entities within the Travelex Group. The Travelex Group operates as one of the market leading foreign exchange specialists.

The financial statements have been prepared on a going concern basis which the Director considers to be appropriate. The Director has assessed the Company's ability to meet its liabilities as they fall due as part of the Travelex Group. The Group's consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities as they fall due.

The Company, alongside other subsidiaries of the Travelex Group, agreed to stand as guarantor for the senior secured notes, term loan and guarantee facilities as detailed in the significant events section of the Directors' report. The Director concludes that a material uncertainty exists that affects the Company due to the risk of the contingent liabilities relating to the guarantees provided to the Travelex Group crystalising within a period of at least 12 months from the date of approval of these financial statements.

Going Concern (continued)

No amounts have been provided in respect of these guarantees as there does not exist a present obligation at the reporting date.

The Directors of Group have assessed the Group's ability to meet its liabilities as they fall due considering its current position and future trading in the context of the return of international travel following the COVID-19 pandemic and the emerging cost-of-living crisis and inflationary pressures on disposal income, and its principal risks and uncertainties. In performing this assessment, the Directors have considered a base case as well as a severe but plausible downside scenario in relation to the key risks identified in the base case.

In the Travelex Group's base case, the Group Directors considered the ability of the Group to continue to settle its obligations over the next twelve months, having made reasonable assumptions on the continued recovery in trading; revenues in 2022 for the retail and outsourcing sector as derived from passenger volumes, are expected to be 80-90% of 2019 volumes, consistent with recovery rates seen in 2022 and local market forecasts on expected recovery. The wholesale business is driven by more macro-economic factors and is expected to substantially recover to 2019 values by the end of 2022.

The Travelex Group's actual results year to date October 2022 (unaudited) supports the assumptions included in the base case above with revenue 75% higher than that of 2019 for the comparative period and expected to trend towards 92% in the base case for the full year 2022.

The Group's Directors have considered cash flow projection that indicates that the Group is able to meet its liabilities as well as maintaining covenant requirements for at least the 12 months that follow the date of approval of these financial statements. Those cash flow projections are dependent on additional funding, in both the base and severe but plausible downside scenarios.

The Group's Directors, shareholders and debt holders are fully aware of the funding needs currently planned for late Q1 2023 and remain fully supportive of the Travelex Group, as evidenced by their recent funding injection in January 2022 and April 2022 of £35m each respectively, as well as the £60m that was provided in 2021. In the latter part of 2022, the Travelex Group will investigate and engage in funding discussions with alternative sources of external funding other than that provided by the existing shareholders or current bank facilities. Should these alternative sources of funding not be successful, then a subsequent issuance of new money notes will be required.

In making their assessment the Directors of the Group considered the following:
- Whether there is sufficient liquidity and financing to support the business, its corporate transactions and future trading;
- Whether there is sufficient liquidity to support the rest of the entities within the Group;
- Whether there is sufficient liquidity to meet the liquidity covenant of the external borrowings;
- Whether post balance sheet trading is in line with expectations;
- Continued availability of financing facilities and trading lines;
- The regulatory environment in which the Travelex Group operates; and
- The effectiveness of risk management policies, in particular, business continuity, compliance, regulatory, and counterparty risks.

Having considered the above, the Group's Directors concluded that a material uncertainty exists that affects the Travelex Group's trading activity due to:
- The impact of new emerging macro-economic conditions such as the cost-of-living crisis, inflationary pressures on disposable income and appropriate staffing levels to service returning volumes on the Travelex Group's revenue projections which determine the timing and magnitude of the funding needs; and
- The ability to secure funding to meet its liquidity requirements; and
- The robustness of its technology environment in the wake of the malware attack in 2020 which is subject to on-going improvement.

Going Concern (continued)
In reaching this conclusion, management prepared base case projections for the Travelex Group for a period of at least twelve months from the date of this report. These projections took account of current trading results and management expectations.

The Group's revenues are dependent on the demand for foreign exchange from retail, financial institutions, central banks and other customers which in turn are driven by the recovery of the global macro economies and travel demands from a tourism and business perspective. Externally published travel forecasts, as well local market forecasts from key airport partners not available publicly, have been used by management to model the recovery of passenger volumes and revenue drivers.

The Group's base case scenario was based on a reflection against performance in 2019, before the advent of COVID-19 and adjusted for permanently closed operations. The scenario was prepared by management and benchmarked against externally published market analysis including the Bain Air Travel Forecast.

In order to mitigate the impact of depressed volumes as a result of the cost-of-living crisis or the ability for the Travelex Group or airport partners to fill vacant positions that would have an impact on the performance and liquidity of the Travelex Group, management have continued to focus on cost savings and liquidity initiatives in both the base and severe but plausible downside scenarios:

• Cost savings initiatives: management delivered substantial savings initiatives in 2021, with the return of international travel, focus has been placed on conservative re-introduction of costs linked to revenue recovery, but further initiatives related to cost efficiencies some of which are already realised in the 2022 actual results and are expected to impact on the 2023 results, have been incorporated within the base case projection.
• Liquidity initiatives: management continue to focus on opportunities to reduce the level of working capital required within the business, and rationalising holdings of foreign exchange until the point that the market recovers. These initiatives are within the Travelex Group's control and are outside of projections so represent possible incremental mitigants to the base and downside cases.

In light of Bain's "Drifting Scenario" published in March 2022 the Group also produced a severe but plausible downside scenario seeing a lower revenue recovery in 2022. The risk of further COVID-19 variants and reintroduction of travel restrictions is easing with significant pent-up demand for travel in 2022 evident. However new macro factors are emerging, including the Ukraine Crisis, availability of labour to scale up appropriately, consumer behaviour in light of logistical issues at airports, the global cost of living crisis and hyper inflationary pressure that could impact on the recovery in revenues. This downside impact in 2022 resulting in lower revenue has not transpired as indicated above, the year-to-date October 2022 actual revenue has surpassed the original budget numbers and full results are expected to follow the same trend.

With these emerging issues, the Group has also produced a severe but plausible downside scenario seeing a lower recovery in revenues across all trading business which considers an impact from the current global cost of living crisis, the Group's ability to recruit given pressure in the labour markets, consumer behaviour in light of logistical issues at airports and hyper inflationary pressure on household incomes that could impact on the recovery in revenues as disposable income for travel is reduced as well as assumptions around a large-scale system outage. As part of the scenario building for the downside case, the Ukraine crisis was assessed but ultimately no additional impact has been factored in due to lack of operations in both markets and lack of impact to date on Group revenues. Additionally, the downside scenario considered incremental inflationary pressure to the Group's cost base reflecting an extension to the base case assumptions across all markets as the global economy continues to be impacted by high inflation.

In both the base case and the severe but plausible downside scenarios, the Group is projected to require additional funding currently planned for late Q1 2023, which increases in the downside scenario. These funds will finance the working capital requirements so as to be in a position to support the continued recovery of the business volumes as well as maintaining covenant requirements.

Going Concern (continued)

Whilst there is no formal requirement from the shareholders to support the Travelex Group with further funding, there has been proven support in the form of past funding, including the initial £84m of Senior Secured Notes in August 2020, a further £60m in three issuances in 2021 and a further funding of £70m in 2022. Given the continued support from Shareholders, the Group Directors have a reasonable expectation that the Travelex Group has and will have adequate resources to continue in operational existence for the foreseeable future. Sources of third-party funding could also be sourced as an alternative to fund ongoing liquidity requirements associated with an improving travel environment, but this has not been specifically reflected in either the base or severe but plausible downside scenarios. There continues to be regular dialogue between the Group's Directors, shareholders, and their representatives on funding requirements for 2022 and 2023 and this continues to provide Directors with confidence in the longer-term support to the Travelex Group beyond the third-party funding process.

The Group has demonstrated in delivering a major cost reduction programme, whilst maintaining investment on increasing the Group's technology resilience since 2021, and supportive shareholders, that it is well-positioned to capitalise on the continued market recovery.

In summary, the Group's Directors have used the base case and severe but plausible scenarios to conclude the preparation of the financial statements on a going concern basis is appropriate based on:

- Consideration of a recovery in the demand for foreign currency as supported by external benchmarking and market announcements that will continue to lead to improved trading conditions;
- The conservative reintroduction of costs linked to revenue recovery;
- Progress made in technology programmes to increase resilience against cyber-attacks; and
- The shareholders of the Travelex Group are fully aware of the funding needs in 2023 and are actively working to satisfy this with both the Board and Management and remain fully supportive of ensuring the Travelex Group is appropriately capitalised for the return of international travel.

However, these matters indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Travelex Group and the Company's ability to continue as a going concern and, therefore, that the Travelex Group and Company may be unable to realise assets and discharge liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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.

Intercompany debtors

Intercompany debtors are initially measured at transaction price and are subsequently recorded at amortised cost less any allowances for impairment.

The Company together with other subsidiaries of the Travelex Group provide cross-guarantees for the external funding used to fund the working capital requirements of the Travelex Group, the assessment for recoverability of the intercompany debtors has also been based on the Travelex Group's ability to repay external debt as at 31 December 2021. The Director has reviewed the carrying value of the Company's investments and intercompany debtors and is satisfied that the carrying value is appropriate. As with the going concern assessment, the recoverability of these balances is largely contingent on the Travelex Group performance (as discussed above) and ability to generate positive future cash flows which is dependent on assumptions including continued recovery of revenue, additional funding and refinancing requirements in the future.

The Travelex Topco Limited 31 December 2021 Consolidated Financial Statements were reported on a going concern basis which assumes the Group will be able to discharge its liabilities as they fall due. It was disclosed in Note 2 under the section Going Concern that material uncertainties exist relating to the Group's trading activities due to new macro environment conditions, ability to obtain funding and the robustness of its technology environment.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date.

When events or changes in circumstances indicate that the carrying amount may not be recoverable, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are largely independent of those from other assets or group of assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units (CGUs), or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. As most rates which are observable in the market, including inputs into the weighted average cost of capital formula, are on a post-tax basis, a post-tax discount rate is used to discount estimated future cash flows.

If the recoverable amount of an asset or its CGU is estimated to be less than it's carrying amount, the carrying amount of the asset or its CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of income. Impairment losses for cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to that CGU. Any remaining impairment loss is charged pro rata to the other assets in the CGU.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the recoverable amount of the asset (or CGU)'s. If the recoverable amount of an asset (or CGU) is estimated to be more than it's carrying amount, the carrying amount of the asset (or CGU) is increased to its recoverable amount. A previously recognised impairment loss is reversed.

Impairment of assets (continued)
only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset (or CGU) does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. An impairment reversal is recognised immediately in the consolidated statement of income.

Current creditors

Creditors are recorded at transaction price and are subsequently recorded at amortised cost.

Taxation

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

Consolidation

The Company is wholly owned by Travelex Acquisitionco limited, which is a wholly owned subsidiary of Travelex Topco Limited and is included in the Groups consolidated financial statements which are publicly available. The address of Travelex Topco Limited registered office is 47 Esplanade St Helier Jersey, JE1 0BD, Jersey, British Isles and on the Travelex external relations website.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these judgements and estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may be different.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affects both current and future periods.

There are no critical judgements or estimates that the Director has made in the process of applying the company's accounting policies in the financial statements that have a significant effect on the current period or a significant risk of causing material differences to the carrying value of assets and liabilities within the next financial period.

Dividends

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

Deferred taxation

In accordance with FRS 102, 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 statement of financial position date.

Deferred taxation (continued)

Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. The Director has made an assessment of how much is expected to be utilised against future taxable income based on future events and circumstances. The actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

Deferred tax asset was nil in 2021 (£nil 2020), refer to Note 7 for further information.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment of debtors are recognised in the statement of comprehensive income in other operating expenses.

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.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these judgements and estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may be different.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affects both current and future periods.

There are no critical judgements or estimates that the Director has made in the process of applying the company's accounting policies in the financial statements that have a significant effect on the current period or a significant risk of causing material differences to the carrying value of assets and liabilities within the next financial period.

2. Employees and Director

In August 2021, the service contracts of the employees were transferred from Travelex UK Ltd to Travelex Central Services Limited. Employees and the Director are paid by a fellow subsidiary company and are not recharged to the Company.

Director's emoluments

£'000	2021	2020
Aggregate emoluments	-	13
	-	13

The amounts above relate to emoluments in respect of one director (2020: 1) of the Company and represent an apportionment of the total emoluments paid to them to reflect their qualifying services as a Director of the Company.

3. Auditor's remuneration

Remuneration of the Company's auditors is paid by Travelex Central Services Limited a fellow Group subsidiary, these costs are considered to be brand support costs to be allocated to operating units. The total audit fee for the year payable to KPMG LLP was £50,000 (2020: £100,000). There was no non-audit remuneration in either year.

4. Tax credit on result on ordinary activities

£000's	2021	2020
Current tax		
UK corporation tax on result/(loss) for the financial year	-	-
Adjustments in respect of prior years	-	-
Total tax credit	-	-

The standard rate of Corporation Tax in the UK is 19%, which came into effect from 1 April 2017. Accordingly, the Company's losses for this accounting period are taxed at 19% (2020: tax rate 19%).

The total tax charge for the year differs from standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

£000's	2021	2020
Result/(loss) on ordinary activities before taxation	-	(100)
Result/(loss) on ordinary activities multiplied by the hybrid rate of UK corporation tax of 19% (2020: 19%)	-	(19)
Effects of:		
Increase in unrecognised deferred tax assets	-	19
Total tax credit	-	-

Deferred tax on temporary differences has been measured at 19% (2020: 19%).

5. Debtors – amounts falling due after more than one year

£'000	2021	2020
Amounts owed by Group undertaking	**10,212**	10,312

6. Creditors – amounts falling due within one year

£'000	2021	2020
Accruals	-	100

Amounts owed to related undertakings are unsecured and are non-interest bearing.

7. Deferred tax asset

There are £19,000 (2020: £19,000) unrecognised deferred tax assets relating to unused tax losses of £19,000 (2020: £19,000).

8. Share capital

Authorised, allotted and fully paid	2021 Number	2021 £'000	2020 Number	2020 £'000
Ordinary shares of 1p each	**606,334**	**6**	606,334	6
'A' ordinary shares of 1p each	**293,333**	**3**	293,333	3
'A' preference 1p shares	**11,800,000**	**118**	11,800,000	118
'B' preference 1p shares	**1,850,000**	**18**	1,850,000	18
	14,549,667	**145**	14,549,667	145

All shares rank pari passu with each other. None of the different classes of share, despite their description, have any additional rights to dividends or have different voting rights associated with them.

9. Related party transactions

The Company has used the exemption contained in FRS 102 'Related Party Disclosures' in respect of subsidiary undertakings, 100% of whose voting rights are controlled within a Group. Consequently, the financial statements do not contain disclosure of transactions with entities 100% owned in the Travelex Group.

10. Contingent liabilities

The Company, together with other affiliates, is party to a cross company guarantee agreement with Barclays Bank plc. As at the balance sheet date, the Group has a bank guarantee indemnity facility with Barclays Bank plc for £9.6m at year end 2021 (2020 £9.6m) of which £2.1m (2020 £4.8m) was utilised.

As a result of the issuance of the subordinated secured notes with an aggregate value of £95.0m and €4.6m, a £50.0m term loan facility which was fully utilised as at 31 December 2021 (2020: £49.7m), and the issue of £60.0m of new money notes in 2021 by the Group, the Company, alongside other subsidiaries of the Group, agreed to stand as guarantor for these facilities. No amounts have been provided in respect of these guarantees (2020: Nil) as there does not exist a present obligation at the reporting date.

Further to this, the Director does not consider it to be probable that an obligation against the Company will arise in the foreseeable future in respect of these guarantees. A future obligation for the Company will arise if the Issuer of the guaranteed borrowings fails to meet contractual payments agreed with the lenders. Due to the nature of this contingent liability, a future obligation remains uncertain alongside the possibility of reimbursement in such instance.

11. Ultimate and immediate parent undertakings

The Company's is wholly owned by Travelex AcquisitionCo Limited which is incorporated and domiciled in the England. Travelex AcquisitionCo Limited is a wholly owned subsidiary of Travelex Topco Limited, the ultimate parent of the Travelex Group which has a registered office and principal place of business at 47 Esplanade St Helier Jersey, JE1 0BD, Jersey.

The consolidated financial statements of the Group are available to the public and may be obtained from 47 Esplanade St Helier Jersey, JE1 0BD, Jersey and on the Travelex external relations website.

12. Post balance sheet events

Issuance of new money notes

On 7 January 2022, the Group issued subordinated secured notes on the Vienna Stock Exchange (MTF) with a nominal value of £37.2m. Simultaneously, 260,206 equity shares of nominal value of £0.00001 each, were issued.

Furthermore, on 11th April 2022, the Group issued additional subordinated secured notes on the MTF with a nominal value of £37m. Simultaneously, 250,986 equity shares of nominal value of £0.00001 each, were issued.