

Registered number: 02199546

INTERPAYMENT SERVICES LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021



INTERPAYMENT SERVICES LIMITED
REGISTERED NUMBER: 02199546

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £000s	As restated 2020 £000s
Fixed assets			
Investments	5	17,616	19,114
Debtors due after more than 1 year	6	1,581	1,419
Current assets			
Debtors	6	942	1,039
Current asset investments		20,999	28,732
Cash at bank and in hand		1,985	2,509
		<u>23,926</u>	<u>32,280</u>
Creditors: amounts falling due within one year	8	(41,209)	(50,758)
Net current liabilities		<u>(17,283)</u>	<u>(18,478)</u>
Total assets less current liabilities		<u>1,914</u>	<u>2,055</u>
Creditors: amounts falling due after more than one year	9	(5,044)	(5,633)
Net liabilities		<u><u>(3,130)</u></u>	<u><u>(3,578)</u></u>
Capital and reserves			
Called up share capital		1,500	1,500
Capital redemption reserve		12,162	12,162
Profit and loss account		(16,792)	(17,240)
		<u><u>(3,130)</u></u>	<u><u>(3,578)</u></u>

INTERPAYMENT SERVICES LIMITED
REGISTERED NUMBER: 02199546


BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
M March
Director

Date: 24 / 7 / 23

The notes on pages 4 to 15 form part of these financial statements.

INTERPAYMENT SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £000s	Capital redemption reserve £000s	Profit and loss account £000s	Total equity £000s
At 1 January 2020 (as previously stated)	1,500	12,162	4,587	18,249
Prior year adjustment - correction of error	-	-	(10,327)	(10,327)
At 1 January 2020 (as restated)	1,500	12,162	(5,740)	7,922
Comprehensive income for the year				
Loss for the year	-	-	(11,500)	(11,500)
At 1 January 2021 (as previously stated)	1,500	12,162	(7,474)	6,188
Prior year adjustment - correction of error	-	-	(9,766)	(9,766)
At 1 January 2021 (as restated)	1,500	12,162	(17,240)	(3,578)
Comprehensive income for the year				
Profit for the year	-	-	448	448
At 31 December 2021	1,500	12,162	(16,792)	(3,130)

The notes on pages 4 to 15 form part of these financial statements.

INTERPAYMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

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

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

The sale of travellers' cheques ceased in 2008 so the Company operations relate to the management of the outstanding liabilities and associated assets.

2. Accounting policies

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The Director determines that the Company can continue as a going concern and the preparation of the financial statements of the Company under a going concern basis to be appropriate. This is based on the fact that the resources necessary to the Company's ability to operate have been secured, and there is sufficient liquidity and solvency within the Company to enable it to trade for a period of at least twelve months from the date of signing the financial statements.

Background

On the 13 January 2023 the Travellers Cheque Group moved out of Administration, and the parent entity became Stichting Global Travellers Cheques Foundation, an entity registered in the Netherlands. The activities continue to be operated under a service agreement between the Company and Travellers Cheques Encashment Services Limited, whereby the latter provides all services required in respect of the encashment of outstanding cheques.

Going concern assessment

The Director is required to make an assessment of the Company's ability to continue as a going concern in order to approve this as a basis for preparing the Company's financial statements. Best practice is that this assessment period should cover twelve months from the date of signing of the accounts.

INTERPAYMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.2 Going concern (continued)

In doing this, the Director has considered the liquidity of the Company and has determined that the Company can continue as a going concern and the preparation of the financial statements of the Company under a going concern basis to be appropriate, based on the following:

- The accuracy of expected actuarial encashment profile in comparison to actual;
- Whether there is sufficient liquidity and financing to support the business, its corporate transactions and future trading;
- Whether post balance sheet trading is in line with expectations;
- If the Company would be able to trade after the impact of a reasonable downside scenario on performance;
- The adequacy of insurance cover;
- The regulatory environment in which the Company operates; and
- The effectiveness of risk management policies, in particular, business continuity, compliance, regulatory and counterparty risks.

The Going Concern has been prepared based on the cashflows pertaining to the Group. The projections have been prepared based on actual operational cash balances at May 2023, together with EBITDA and liquidity projections agreed as part of the restructure of the Travellers Cheque entities in January 2023. The projections were based on macro conditions, assumptions on inflation, and local market knowledge.

The Company forecasts were modelled using the base case which assumes that administrative and operating costs will be in line with the forecast calculated during Q4 2022 through to the end of 2024.

The Company forecasts were also modelled using a downside scenario which assumes that administrative and operating costs will increase by 10% per year higher than the forecast calculated during Q4 2022 through to the end of 2024.

Viability

The Director is satisfied that the Company has sufficient funds to support the entity based on a review of available financial information and underlying records.

Viability statement

Based on these assessments and other matters considered by the Board during the year, the director confirms that, having regard to the principal risks and uncertainties currently facing the Company, they have a reasonable expectation that the Company will be able to continue in operations and meet its liabilities as they fall due over the period to 31 December 2024.

The Board confirms that in making this statement it carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. There are no committed outflows beyond the assessment period.

Liquidity headroom

As at 31 May 2023, the Group had available cash of £1,985k, which is available to support the Group. Liquidity consists of bank balances.

INTERPAYMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.2 Going concern (continued)

The Group's current annual cost base is approximately £100k. Positive liquidity remains throughout the going concern period under both the base case and the reasonable downside scenario.

The company's balance sheet as at 31 December 2021 show net liabilities which principally relate to intercompany balances due. Travellers cheques awaiting redemption liabilities are presented in the financial statements as due within one year when in reality their encashment profile is over an extended period. In addition, the company has insurance (presented as a financial asset) in place over encashments which covers the redemption of such liabilities.

In relation to other intercompany balances included within creditors, the director has received letters of support from other group companies, where required, to satisfy himself that these debts will not be recalled on unaffordable terms.

Based on these considerations, the director considers the going concern basis of accounting to be appropriate.

2.3 Revenue recognition

The key components of revenue are described below:

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

2.4 Interest payable and receivable

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

INTERPAYMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.5 Financial instruments

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and has applied the recognition and measurement provisions of FRS 102, sections 11 and 12. Financial assets and financial liabilities have been classified in the financial statement as follows:

Assets

Current asset investments

Current asset investments comprise money market deposits and restricted cash. The investments held are valued at their historical cost, so there are no fair value changes in the statement of comprehensive income.

Financial assets

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

The agreement with AmTrust involved paying over an insurance premium and the claim fund proceeds. The insurance premium has been accounted for at cost, with the original £50m apportioned across the entities party to the agreement.

The claim fund proceeds are accounted for as a financial asset re-measured at fair value at each reporting period, with any change in valuation recognised in the statement of comprehensive income. The fair value is derived from the difference between the insured Travellers' cheques awaiting redemption liability less the insurance premium less the restricted cash and money market deposits attributable to the encashment of Travellers cheques.

Debtors

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

Liabilities

Travellers' cheques awaiting redemption

The Travellers' cheques awaiting redemption liability is held at fair value and subsequently re-measured through the statement of comprehensive income annually.

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

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

INTERPAYMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**Prepaid cards awaiting redemption**

The prepaid cards awaiting redemption liability is held at fair value and is subsequently re-measured through the statement of comprehensive income annually.

Creditors

Creditors principally comprise amounts owed to group undertakings. They are initially recognised at fair value less transaction costs, and are subsequently carried at amortised cost, using the effective interest method.

2.6 Offsetting of financial instruments

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

2.7 Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the date of the transaction into pounds sterling.

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

2.8 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.9 Cash and cash equivalents

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

2.10 Taxation

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

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

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

INTERPAYMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.11 Contingent liabilities

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

INTERPAYMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Due to inherent uncertainty involved in making estimates and assumptions, actual outcomes could differ from those assumptions and estimates.

The critical judgments that have been made in arriving at the amounts recognised in the financial statements and the key sources of estimation and uncertainty that have a significant risk of causing material adjustment to the carrying values of assets and liabilities within the next financial year are as follows:

Financial assets

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

The fair value is derived from the difference between the insured Travellers' cheques awaiting redemption liability less the insurance premium less the restricted cash and money market deposits attributable to the encashment of Travellers's cheques.

Travellers' cheques awaiting redemption

The fair value is determined based on the value of those cheques which it is anticipated will never be presented for payment ("float write back"). In estimating this amount the Directors use the services of an independent firm of actuaries, Lane Clark & Peacock LLP, on an annual basis. The valuation assumes that travellers' cheques awaiting redemption will not be encashed more than 65 years after the year of sale.

Amounts due from group undertakings

An impairment credit of £796k (2020: £14,580k) has been recognised as management do not consider that the intercompany balances are recoverable. This amount has therefore been charged to the statement of comprehensive income.

Fixed asset investments

Fixed asset investments, comprised of investments in subsidiary companies are stated at cost less provision for impairment. The investments have been fully provided against. An impairment review is performed annually and when any such impairment arises the investment is written down accordingly.

Contingent liabilities

The Company has disclosed contingent liabilities which, in the opinion of the Directors, are unlikely to result in cash outflows. They represent cheques which have been assessed as possible, but not probable, for encashment.

4. Employees

The average monthly number of employees, including directors, during the year was 1 (2020 - 1).

INTERPAYMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Fixed asset investments

	Investments in subsidiary companies £000's	Unlisted investments £000s	Total £000s
Cost			
At 1 January 2021	805,000	19,114	824,114
Disposals	-	(1,498)	(1,498)
At 31 December 2021.	805,000	17,616	822,616
Impairment			
At 1 January 2021	805,000	-	805,000
At 31 December 2021	805,000	-	805,000
Net book value			
At 31 December 2021	-	17,616	17,616
At 31 December 2020	-	19,114	19,114

The company owns 100% of the equity share capital of Interpayment Australia Pty Ltd (2020: 100%). The address of the registered office of Interpayment Australia Pty Ltd is 20 Level 29, Bond Street, Sydney, NSW 2000, Australia.

The company owns 100% of the equity share capital of Travelex TC Australia Pty Limited (2020: 100%). The address of the registered office of Travelex TC Australia Pty Limited is 20 Level 29, Bond Street, Sydney, NSW 2000, Australia.

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

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

INTERPAYMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Debtors

	2021 £000s	2020 £000s
Due after more than one year		
Other debtors	1,581	1,419
	<u>1,581</u>	<u>1,419</u>
Due within one year		
Amounts due from agents	598	809
Amounts owed by joint ventures and associated undertakings	340	-
Other debtors	-	210
Prepayments and accrued income	4	20
	<u>2,523</u>	<u>2,458</u>

7. Current asset investments

	2021 £000s	2020 £000a
Money market deposits	19,362	22,629
Money placed on structured deposits	1,621	1,768
Restricted cash	16	4,334
	<u>20,999</u>	<u>28,731</u>

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

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

INTERPAYMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Creditors: Amounts falling due within one year

	2021 £000s	2020 £000s
Trade creditors	330	450
Amounts owed to group undertakings	9,692	10,560
Prepaid cards awaiting redemption	1	4,315
Other creditors	1,343	1,322
Accruals and deferred income	919	904
Travellers' cheques awaiting redemption	28,924	33,207
	<u>41,209</u>	<u>50,758</u>

Amounts owed to group undertakings are unsecured, attract nominal interest, have no fixed date for repayment and are repayable on demand.

9. Creditors: Amounts falling due after more than one year

	2021 £000s	2020 £000s
Accruals and deferred income	<u>5,044</u>	<u>5,633</u>

Accruals and deferred income relates to funds placed on deposits with a remaining term of 13 years (2020:14 years) for which the net present value of interest has been paid in advance, It is amortised to the statement of comprehensive income in proportion to the reducing principal amount of the structured deposits outstanding.

INTERPAYMENT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Financial instruments

	2021 £000s	2020 £000s
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	<u>(28,924)</u>	<u>(33,207)</u>

Financial assets measured at fair value through profit or loss comprise amounts relating to a reimbursement and insurance policy with AmTrust which ensures that the encashment of properly presented MasterCard, non-US issued Visa and non-branded travellers' cheques will be honoured in perpetuity.

The agreement with AmTrust involved paying over an insurance premium and the claim fund proceeds. The claim fund proceeds are accounted for as a financial asset re-measured at fair value at each reporting period, with any change in valuation recognised in the statement of comprehensive income. The claim fund and insurance premium have been valued at £nil in these financial statements as the funds held in the balance sheet for encashment exceed the travellers cheques awaiting redemption liability.

Other financial liabilities measured at fair value through profit or loss comprise Travellers' cheques awaiting redemption liabilities. The fair value is determined based on the value of those cheques which it is anticipated will never be presented for payment ("float write back"). In estimating this amount the Directors use the services of an independent firm of actuaries, Lane Clark & Peacock LLP, on an annual basis. The valuation assumes that Travellers' cheques awaiting redemption will not be encashed more than 65 years after the year of sale.

11. Prior year adjustment

The Director has reassessed the accounting treatments and valuations attributable to the financial assets, the accounting treatment for which is outlined in the accounting policies. The impact of this adjustment in 2020 has been to decrease assets by £9,766k, reduce the brought forward retained earnings by £10,327k and reduce the loss for the year as reported in 2020 by £561k.

12. Contingent liabilities

At 31 December 2021, there is a contingent liability for the Company of £70,140k (2020: £69,812k) representing traveller's cheques awaiting redemption, which in the opinion of the Directors, although possible are not probable to be encashed.

INTERPAYMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

13. Post balance sheet events

On the 13 January 2023 the Issuing entities of the Travellers Cheque Group, including the Company, moved out of Administration. The parent entity became Stichting Global Travellers Cheques Foundation, a foundation registered in the Netherlands. The non-Issuing Company within the Travellers Cheque Group (Travellers Cheques Encashment Services Ltd) moved out of Administration into the group headed up by Travelex Topco Limited, a Limited company registered in Jersey.

The registered address of Stichting Global Travellers Cheques Foundation is Luna Arena, Heirkerkbergweg 238, 1101CM Amsterdam, the Netherlands.

The operational activities continue to be provided under a new signed service agreement, for a period of 10 years, between the Company and Travellers Cheques Encashment Services Limited, whereby the latter provides all services required in respect of the outstanding cheques.

14. Controlling party

As at the balance sheet date, the immediate controlling party was Travelex Global and Financial Services Limited, a company incorporated in England and Wales.

The registered office address of Travelex Global and Financial Services Limited is Worldwide House, Thorpe Wood, Peterborough, PE3 6SB.

As at the balance sheet date, the ultimate controlling party was Finabl PLC, a company incorporated in England and Wales. The legal control over the Company is held by PKF GM, as administrators of Finabl PLC.

The registered office address of Finabl PLC is Pkf Gm 15 Westferry Circus, Canary Wharf, London, E14 4HD.

Please see the post balance sheet events note which refers to changes to the controlling party effective after the balance sheet date.

15. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2021 included a disclaimer of opinion. The basis for the disclaimer is outlined below:

A system restriction was discovered during our examination of the Company's accounting records, specifically the system used in the maintenance of the travellers' cheques awaiting redemption balance. This system restriction hinders management's ability to extract a detailed listing of travellers' cheques awaiting redemption at the reporting date. Consequently, we are unable to determine the impact of the restriction on the financial statements.

As a result of this we have been unable to obtain sufficient appropriate audit evidence in relation to turnover, cost of sales, administrative expenses, fair value movements, interest receivable and similar income, interest payable and similar expenses, taxation, debtors, creditors and profit and loss account reserves. We were accordingly unable to determine whether any adjustments might have been found necessary in respect of these financial statements.

The audit report was signed on 24/7/23 by Ian Jacobs FCA (Senior statutory auditor) on behalf of MHA.