WESTERN UNION BUSINESS SOLUTIONS (AUSTRALIA) PTY LIMITED (New Zealand Branch)

Annual Financial Report
For the year ended 31 December 2016

Western Union Business Solutions (Australia) Pty Limited (New Zealand Branch)
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For the year ended 31 December 2016

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Western Union Business Solutions (Australia) Pty Limited (New Zealand Branch)
Directors' Report
For the year ended 31 December 2016

The directors of Western Union Business Solutions (Australia) Pty Limited present their report together with the financial statements of Western Union Business Solutions (Australia) Pty Limited (New Zealand Branch) (the "Branch") for the financial years ended 31 December 2016 and 2015 and the auditor's report thereon.

Directors

The following persons were directors of Western Union Business Solutions (Australia) Pty Ltd during the financial year:

Brad Windbigler
Brendan Clegg
Simon Glendenning
Duncan DeVille
Andrew Summerill (resigned 2 August 2016)

With the unanimous agreement of the shareholder of Western Union Business Solutions (Australia) Pty Limited, the Branch has taken advantage of the reporting concessions available to it under section 211(3) of the *Companies Act 1993.*

The directors of Western Union Business Solutions (Australia) Pty Limited authorised these financial statements presented on pages 3 to 21 for issue on 28 April 2017.

This report is made in accordance with a resolution of directors.

B Clegg
Director

S Glendenning
Director

Dated at Sydney, Australia 28 April 2017

Western Union Business Solutions (Australia) Pty Limited (New Zealand Branch)
Statement of comprehensive income
For the year ended 31 December 2016

	Notes	Year Ended 31 December 2016 $'000	2015 $'000
Revenue from operations			
Sales revenue		8,578	8,969
Rebates		(319)	(307)
Interest income		14	10
Revenue from operations		8,273	8,672
Employee benefits expense		2,509	3,597
Depreciation expense	**6**	196	188
Intercompany expense	**8**	5,504	2,678
Other expenses		1,058	1,113
(Loss) /Profit before income tax		(994)	1,096
Income tax benefit/(expense)		303	(504)
Total comprehensive (loss) income for the year		**(691)**	**592**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Western Union Business Solutions (Australia) Pty Limited (New Zealand Branch)
Statement of financial position
As at 31 December 2016

	Notes	31 December 2016 $'000	2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5	1,504	6,727
Trade and other receivables	5	2,690	708
Derivative financial instruments	5	2,728	3,600
Current tax receivable		347	-
Receivable from related parties		8,432	2,062
Total current assets		**15,701**	**13,097**
Non-current assets			
Property, plant, & equipment	6	206	386
Deferred tax asset	4	526	223
Total non-current assets		**732**	**609**
Total assets		**16,433**	**13,706**
LIABILITIES			
Current liabilities			
Trade payables		7,458	5,981
Provisions		565	709
Current tax payable		-	122
Derivative financial instruments	5	2,574	2,935
Payables to related parties	8	3,468	879
Other liabilities		-	21
Total current liabilities		**14,065**	**10,647**
Total Liabilities		**14,065**	**10,647**
Net assets		**2,368**	**3,059**
EQUITY			
Common control reserve	7	1,466	1,466
Retained earnings		902	1,593
Total Equity		**2,368**	**3,059**

The above statement of financial position should be read in conjunction with the accompanying notes.

Western Union Business Solutions (Australia) Pty Limited (New Zealand Branch)
Statement of changes in equity
For the year ended 31 December 2016

	Common Control Reserve* $'000	Retained earnings $'000	Total equity $'000
Balance as at 1 January 2015	**1,466**	**1,001**	**2,467**
Total comprehensive income for the year	-	592	592
Balance as at 31 December 2015	**1,466**	**1,593**	**3,059**
Total comprehensive loss for the year	-	(691)	(691)
Balance as at 31 December 2016	**1,466**	**902**	**2,368**

*Refer to Note 7 for details on Common Control Reserve

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Western Union Business Solutions (Australia) Pty Limited (New Zealand Branch)
Statement of cash flows
For the year ended 31 December 2016

Cash flows from operating activities	2016 $'000	2015 $'000
Cash receipts in the course of operations	6,788	8,246
Cash payments in the course of operations	(11,510)	(9,173)
Interest Received	14	10
Income tax paid	(470)	(177)
Net cash (Outflow) / inflow from operating activities	**(5,178)**	**(1,094)**
Cash flows from investing activities		
Payments for property, plant & equipment	(45)	(1)
Net cash (Outflow) from investing activities	**(45)**	**(1)**
Cash flows from financing activities		
Increase (Decrease) in intercompany advances	-	736
Net cash Inflow / (Outflow) from financing activities	**-**	**736**
Net increase / (decrease) in cash and cash equivalents	(5,223)	(359)
Cash and cash equivalents at the beginning of the financial year	6,727	7,086
Cash and cash equivalents at the end of the financial year	**1,504**	**6,727**

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 General information

Western Union Business Solutions (Australia) Pty Limited (New Zealand branch) (the "Branch") is a branch of Western Union Business Solutions (Australia) Pty Limited (the "Company") and is domiciled in Australia. Its principal business is the provision of cross border payment services. The address of the Branch's registered office and principal place of business is Western Union Business Solutions (Australia) Pty Limited, Level 14, Brookfield House, 19 Victoria Street, Auckland NZ.

These financial statements covers the Branch operations and separate financial statements are prepared for Western Union Business Solutions (Australia) Pty Limited. The Branch was registered in New Zealand on 26 August 2012.

The ultimate parent entity and ultimate controlling party is The Western Union Company, a company incorporated in United States of America which owns 100% of the issued ordinary shares of Western Union Business Solutions (Australia) Pty Limited.

2 Summary of significant accounting policies

a) Basis of preparation

The financial statements of the Branch comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Financial Markets Conduct Act 2013. For the purposes of complying with NZ GAAP the entity is a for-profit entity.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

Certain comparative figures have been reclassified or restated to conform to the presentation used in the current year.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets as identified in specific accounting policies below.

The financial statements for the Branch are prepared as a branch of Western Union Business Solutions (Australia) Pty Limited. These financial statements form part of the financial statements prepared for the main operating entity being Western Union Business Solutions (Australia) Pty Limited.

2 Summary of significant accounting policies (continued)

b) New accounting standards

Changes in Accounting Policy

Since 1 January 2016, the Company has adopted a number of New Zealand Accounting Standards and Interpretations which are mandatory for annual periods beginning on or after 1 January 2016. Adoption of these Standards and Interpretations has not had any material effect on the financial position or performance of the Company.

Standards and amendments effective for periods commencing on or after 1 January 2017

(i) Amendments to NZ IAS 32 Offsetting Financial Assets and Financial Liabilities
The amendment provides application guidance to addressing inconsistencies applied to offsetting criteria provided in NZ IAS 32, including clarifying that the meaning of 'current legal enforceable rights of set-off' is legally enforceable in all circumstances and that some gross settlement systems (such as through a clearing house) may be considered as the equivalent to net settlement.

The new standard is not expected to have a material impact on the Company.

(ii) NZ IFRS 15 Revenue from Contracts with Customers establishes principles for reporting useful information to users of Financial Statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. NZ IFRS 15 also includes a cohesive set of disclosure requirements that provide users of Financial Statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

NZ IFRS 15 is not mandatory until 1 January 2018. The application of the amendments is not expected to have a material impact on the Company.

(iii) NZ IFRS 9 'Financial Instruments' contains new accounting requirement for classification, measurement and impairment of financial instruments and general hedge accounting requirements.

NZ IFRS 9 is not mandatory until 1 January 2018. The application of the amendments is not expected to have a material impact on the Company.

(iv) NZ IFRS 16 – Leases - The key features of IFRS 16 are as follows:
  a. Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
  b. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.

2 Summary of significant accounting policies (continued)

c. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments, and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

The new standard will be effective for annual periods beginning on or after 1 January 2019. The new requirements of NZ IFRS 16 will be assessed closer to the effective date.

(v) Amendments to NZ IAS 7 – The amendments to NZ IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The new standard will be effective for annual periods beginning on or after 1 January 2017. The adoption of this standard is not expected to have a material impact on the financial statements.

c) Foreign currencies

The financial statements are presented in Australian dollars (AUD). Amounts have been rounded to the nearest thousand, unless otherwise stated. Foreign currency transactions are translated using the exchange rates prevailing at the date the transactions are settled.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

d) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

2 Summary of significant accounting policies (continued)

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties.

For all foreign exchange related businesses, revenue comprises margin on foreign currency purchase and sale transactions and any commissions or charges thereon, recognised in the statement of comprehensive income as transactions occur.

f) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or payables in the statement of financial position.

g) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting year. The fair values of the legs of the contract are shown on a net basis in the balance sheet. Changes in the fair value of derivative instruments are recognised immediately in the statement of comprehensive income and are included in revenue from operations. Options are marked to model.

h) Property, plant, and equipment

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Branch and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Operating leases sometimes require the Company to remove any personal property and leasehold improvements from leased premises upon termination of the lease. These contractual obligations give rise to recognition of asset retirement obligations (AROs). ARO assets and offsetting liabilities are recorded at present value of estimated future cash outflows that are expected to be paid to remove personal property and leasehold improvements at the end of the lease. ARO assets are recorded as leasehold improvements and included in Property and equipment and depreciated over the shorter of the life of the underlying leasehold improvement or the operating lease. ARO liabilities are accreted to the face value over the life of the lease. Accretion expense is recorded in the Other expenses section of the statement of comprehensive income.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

2 Summary of significant accounting policies (continued)

Capital work in progress is not depreciated until commissioned.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income.

i) Depreciation

Depreciation of property, plant & equipment is calculated using the straight-line method so as to expense the cost of the assets over their useful lives.

The rates are as follows:

Computer equipment	3 – 4 years
Furniture & fittings	8 years
Leasehold Improvements	life of lease

The assets' residual values and remaining useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, currency stocks, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

k) Trade receivable

Trade receivables are recognised initially at fair value and subsequently measured using the effective interest rate method, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Branch will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the statement of comprehensive income.

l) Income tax

The income tax expense or refund for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and temporary and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax

2 Summary of significant accounting policies (continued)

asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Branch prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

n) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

o) Provisions (continued)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

o) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

2 Summary of significant accounting policies (continued)

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

There have been no other changes in accounting policies.

3 Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) Critical judgements in applying the entity's accounting policies

The entity tests annually whether assets that are subject to amortisation have suffered any impairment in accordance with the accounting policy stated in note 1. There are no other areas where critical judgements have been applied.

(i) Assessment of Impairment
An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future profits. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the entity's assets within the next financial year. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset specific risk factors.

(ii) Provision
Provisions have been made relating to employees and bad debts. These provisions are estimates and the actual costs and timing of future cash flows is dependent on future events. Any difference between expectations and the actual future liability will be accounted for when such determination is made.

(iii) Income taxes
The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the entity's latest budget forecasts, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the entity operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

4 Income tax

(a) Income tax expense/(benefit)

	2016 $'000	2015 $'000
Current tax	15	621
Deferred tax	(318)	(113)
Income tax (benefit)/expense	**(303)**	**504**

Deferred income tax(benefit)/expense included in income tax expense comprises:	**2016 $'000**	**2015 $'000**
Increase in deferred tax asset	(303)	(114)
Foreign exchange (loss)/gain on translation of deferred taxes	-	1
	(303)	**(113)**

	2016 $'000	2015 $'000
Loss/(profit) from operations before income tax expense	**(994)**	**1,100**
Tax at the national tax rate[1]	(278)	308
(Decrease) / increase in income tax expense due to:		
Entertainment	(8)	–
Sundry items	(2)	–
Prior year adjustments	(15)	196
Income tax (benefit) expense	**(303)**	**504**

[1] The corporate tax rate as at 31 December 2016 was 28%.(2015: 28%).

(b) Deferred tax assets

	31 December 2016 $'000	31 December 2015 $'000
The balance comprises temporary differences attributable to:		
Fixed Assets	103	67
Provisions	107	137
Accruals	22	7
Unearned income	8	12
Carried forward tax loss	286	–
	526	**223**

5 Financial Instruments Disclosure and Risks

Interest Rate Risk Exposures

Interest rate risk is the risk that the value of the Company's assets and liabilities will fluctuate due to changes in market interest rates. The Company is primarily exposed to interest rate risk through its cash and cash equivalents. The interest rate on cash in banks at 31 December 2016 and 2015, was 0.24% and 0.13%, respectively.

At 31 December, 2016, if interest rates had moved, as illustrated in the table below, with all other variables held constant, total comprehensive income would have been affected as follows (change is calculated using an average cash balance multiplied by the change in interest rate multiplied by one minus an estimated tax rate of 30%):

	Total Comprehensive Income Higher (Lower) (in 000's) 31 December	
	2016	**2015**
+1% (100 basis points)	$ 29	$ 48
–.5% (50 basis points)	(14)	(24)

Foreign exchange risk

The entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Great British pound, US dollar, euro and Canadian dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not Australian dollars.

The ultimate parent entity has set up a policy requiring the Branch to manage the foreign exchange risk against the Australian dollar. The Branch is required to manage foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using 3 types of derivative financial instruments, i.e. forward foreign exchange contracts, cross currency swaps and forward foreign exchange option contracts.

Credit Risk Exposures

The entity's credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. Credit risk arises principally from cash and cash equivalents, trade receivables, derivative financial instruments and to a lesser extent from other contractual financial obligations.

The entity has risk management policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The entity has also established credit limits for counterparties that are monitored to manage credit risk. For trade receivables and derivative financial instruments there was no relevant concentration of credit risk by type of counterparty at the end of the current and prior years. In accordance with the Group's credit policy, new customers are reviewed for creditworthiness before standard payment and delivery terms and conditions are entered into. To mitigate risk associated with potential customer defaults, we perform credit reviews on an ongoing basis, and, for our derivatives, we may require certain customers to post or increase collateral. Collateral held by the Company was $657 and $341 for 2016 and 2015, respectively. These balances are recorded in trade and other payables. Provisions for impairment are raised where there is objective evidence of impairment and at an amount adequate to cover assessed credit related losses. All assets past due have been impaired.

5 Financial Instruments Disclosure and Risks (continued)

		Internally Rated**		
	Equivalent S&P Rating (*) A- and Above $'000	Closely Monitored Customers $'000	No Default Customers $'000	Total $'000
31 December, 2016				
Cash and cash equivalents	$ 1,504	$ –	$ –	$ 1,504
Trade receivables	–	–	2,690	2,690
Derivative financial instruments	–	–	2,728	2,728
	$ 1,504	$ –	5,418	6,922
31 December, 2015				
Cash and cash equivalents	$ 6,727	$ –	$ –	$ 6,727
Trade and other receivables	–	–	708	708
Derivative financial instruments	–	–	3,600	3,600
	$ 6,727	$ –	4,308	11,035

(*) The equivalent S&P rating of the financial assets represents the rating of the counterparty with whom the financial asset is held, rather than the rating of the financial asset itself. S&P investment-grade ratings are equal to or greater than BBB-.

(**) No-default customers are customers with whom the Company has traded and have no history of default. Closely monitored customers are customers with whom the Company has traded and do not qualify as no-default customers.

Impairment Losses

Trade receivables from customers are not past due or past due up to 30 days. Based on historical default rates, the Company believes that no impairment allowance is necessary in respect of trade receivables not past due or past due up to 30 days. These receivables are mainly arising from customers that have a good record with the Company, and any risk is largely mitigated as, in most cases, the Company requires receipt of funds from customers before releasing the associated payment.

5 Financial Instruments Disclosure and Risks (continued)

Fair Value Measurement

The Company uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – The fair value is calculated using quoted prices in active markets.

Level 2 – The fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – The fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments, as well as the methods used to estimate the fair value, are summarized in the table below:

	Fair Value Measurement Using			Assets/ Liabilities at
	Level 1	**Level 2**	**Level 3**	**Fair Value**
At 31 December, 2016				
Assets $'000				
Foreign currency derivative assets	–	**2,728**	–	**2,728**
Liabilities $'000				
Foreign currency derivative liabilities	–	**2,574**	–	**2,574**

	Fair Value Measurement Using			Assets/ Liabilities at
	Level 1	**Level 2**	**Level 3**	**Fair Value**
At 31 December, 2015				
Assets $'000				
Foreign currency derivative assets	–	**3,600**	–	**3,600**
Liabilities $'000				
Foreign currency derivative liabilities	–	**2,935**	–	**2,935**

The carrying amounts for many of the Company's financial instruments, including cash and cash equivalents, and trade and other receivables approximate fair value due to their short maturities, and these balances are classified as Level 3 of the valuation hierarchy.

5 Financial Instruments Disclosure and Risks (continued)

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable derivatives and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Branch's liquidity reserve and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Branch in accordance with practice and limits set by the Branch. These limits vary by location to take into account the liquidity of the market in which the Branch operates. In addition, the Branch's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Allowance for bad debt (in thousands)

	31 December 2016	31 December 2015
Opening balance	$ 96	$ 62
Bad debt expense	113	76
Write-offs	(94)	(42)
Ending balance	$ 115	$ 96

*Trade receivable aging (in thousands)**

	Less than 30 days	30-60 Days	61-90 Days	91-120 Days	Over 120 Days	Total
31 December 2016	$ 2,773	$ 23	$ 5	$ -	$ 4	$ 2,805
31 December 2015	$711	$ 7	$ -	$ 44	$ 42	$ 804

*The aging is presented on a gross basis and does not include the allowance for bad debt of $115 thousand and $96 thousand at 31 December 2016 and 2015, respectively.

6 Property, plant, & equipment

	Leasehold Improvements $'000	Computer Hardware and office equipment $'000	Total $'000
Year ended 31 December 2016			
Opening net book amount	305	81	386
Additions	-	45	45
Disposals	(29)	-	(29)
Depreciation charge	(151)	(45)	(196)
Closing net book amount	**125**	**81**	**206**
Year ended 31 December 2015			
Opening net book amount	427	117	544
Additions	28	2	30
Depreciation charge	(150)	(38)	(188)
Closing net book amount	**305**	**81**	**386**

7 Common control reserve

On 1 November 2014, the Branch acquired the net assets of Western Union Business Solutions (New Zealand) (an indirect wholly owned subsidiary of The Western Union Company). The acquisition was made through issuance of a promissory note by Western Union Business Solutions Australia Pty Ltd (New Zealand Branch) to Western Union Business Solutions (New Zealand). The promissory note was then ultimately distributed and contributed through the Western Union Company group back to Western Union Business Solutions (Australia) Pty Ltd. and therefore, no repayment is required. The net assets acquired of $1,510,000 were recognised as a common control reserve in equity.

The Company's policy is to manage its capital requirements and liquidity through a combination of share capital, retained earnings, and intercompany activity. Total capital is summarised as follows:

	31 December 2016 $	31 December 2015 $
Equity:		
Common control reserve	1,466	1,466
Retained earnings	708	1,593
	2,174	3,059

8 Related party transactions

(a) Ultimate Parent Company

Western Union Business Solutions Australia Pty Limited (New Zealand Branch) is a branch of Western Union Business Solutions Australia Pty Limited and is domiciled in Australia. The parent entity is Travelex GBP Investments Ltd, a United Kingdom registered company which at 31 December 2016 owns 100% of the issued ordinary shares of Western Union Business Solutions (Australia) Pty Ltd, an Australian company. The ultimate parent entity and ultimate controlling party is the Western Union Company, a company incorporated in US which owns 100% of the issued ordinary shares of Western Union Business Solutions (Australia) Pty Ltd.

(b) Transactions with related parties

The following transactions occurred with related party transactions

Company	Amount $'000	Type of transaction
WUBS USA LLC	1,779	Hedging transactions Payment Services Advances for operations Management services Value-added services
Custom House ULC	1,235	Hedging transactions Payment Services Value-added services
WUBSA (Australia) Pty Limited	2,390	Operation & management services

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

(c) Terms and conditions

All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties. Outstanding balances are unsecured and are repayable in cash.

(d) Receivable From Related Parties

Receivables from related companies are non-interest-bearing with no specified terms of repayment. All companies are controlled by the parent of the Branch.

9 Subsequent Events

There have been no events occurring after the Statement of Financial Position date that have had a material effect on the accompanying financial statements.

10 Auditor Remuneration

Auditor's remuneration of the Branch is paid by Western Union Business Solutions (Australia) Pty Ltd. There were no other services provided by Ernst & Young to the Branch during 2016 or the prior year.

Western Union Business Solutions (Australia) Pty Limited (New Zealand Branch)
Directors' declaration
For the year ended 31 December 2016

In the opinion of the directors of Western Union Business Solutions (Australia) Pty Limited

(a) the financial statements and notes set out on pages 3 to 21 are in accordance with the *Companies Act 1993,* including:

  (i) giving a true and fair view of the Branch's financial position as at 31 December 2016 and of its performance for the financial year ended on that date; and

  (ii) complying with New Zealand Accounting Standards;

(b) there are reasonable grounds to believe that the branch will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Dated at Sydney, Australia the 28 of April 2017

B Clegg
Director

S Glendenning
Director

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Independent Auditor's Report to the Shareholder of Western Union Business Solutions (Australia) Pty Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the New Zealand Branch of Western Union Business Solutions (Australia) Pty Limited on pages 3 to 20, which comprise the statement of financial position of the New Zealand Branch of Western Union Business Solutions (Australia) Pty Limited as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the New Zealand Branch of Western Union Business Solutions (Australia) Pty Limited, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements on pages 3 to 20 present fairly, in all material respects, the financial position of the New Zealand Branch of Western Union Business Solutions (Australia) Pty Limited as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the company's shareholder. Our audit has been undertaken so that we might state to the company's shareholder 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 shareholder, for our audit work, for this report, or for the opinions we have formed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the New Zealand Branch of the company in accordance with Professional and Ethical Standard 1 (revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interest in, the New Zealand Branch of the company. Partners and employees of our firm may deal with the New Zealand Branch of the company on normal terms within the ordinary course of trading activities of the business of the New Zealand Branch of the company.

Information Other than the Financial Statements and Auditor's Report

The directors of the company are responsible for the Annual Report, which includes information other than the financial statements and auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Directors' Responsibilities for the Financial Statements

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-6/. This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Emma Winsloe.

Ernst & Young

Auckland
28 April 2017

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Independent Assurance Practitioner's Report

To the Directors of Western Union Business Solutions (Australia) Pty Limited

Scope

We have undertaken a reasonable assurance engagement on the design and the operating effectiveness of controls within Western Union Business Solutions (Australia) Pty Limited's derivatives issuer investor money handling system ("the controls"), comprising processes, procedures and controls designed to meet the control objectives in subclause (2) of regulation 249 of the Financial Markets Conduct Regulations 2014 throughout the year ended 31 December 2016 (the "period").

Directors' Responsibilities

The directors are responsible for:

a. the control environment within Western Union Business Solutions (Australia) Pty Limited (the "entity");

b. identifying the control objectives which are specified by subclause (2) of regulation 249 of the Regulations;

c. identifying the risks that threaten achievement of the control objectives;

d. designing controls to mitigate those risks, so that those risks will not prevent achievement of the identified control objectives; and

e. operating the controls effectively as designed throughout the period.

Our Independence and Quality Control

We have complied with the relevant ethical requirements relating to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with Professional and Ethical Auditing Standard 3 (Amended) *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, Ernst & Young Limited maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance Practitioner's Responsibilities

Our responsibility is to express an opinion on the suitability of the design of controls to achieve the control objectives and on the operating effectiveness of Western Union Business Solutions (Australia) Pty Limited's controls within its derivatives issuer investor money handling system, based on our procedures. We conducted our engagement in accordance with Standard on Assurance Engagements (SAE) 3150 *Assurance Engagements on Controls*. That standard requires that we comply with relevant ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operated effectively throughout the period.

An assurance engagement to report on the design and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the control objectives and the operating effectiveness of controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness of those controls that we consider necessary to achieve the control objectives identified.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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We provide financial statement statutory audit services to the entity. We have no other relationship with, or interest in, Western Union Business Solutions (Australia) Pty Limited.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved and so fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on operating effectiveness of controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Opinion

Our opinion has been formed on the basis of the matters outlined in this report.

In our opinion, in all material respects:

a. the controls within Western Union Business Solutions (Australia) Pty Limited were suitably designed to achieve the control objectives stated in subclause (2) of regulation 249 of Financial Markets Conduct Regulations 2014 ("Regulations"); and

b. the controls operated effectively as designed throughout the year ended 31 December 2016.

Restriction on Use of Report

This report is intended solely for the use of Western Union Business Solutions (Australia) Pty Limited for the purpose of compliance with regulation 248 of the Regulations. We acknowledge that a copy of this report may be provided to the New Zealand Financial Markets Authority and, on request, to Western Union Business Solutions (Australia) Pty Limited investors in accordance with subclause (2) of regulation 248 of the Regulations. However, we disclaim all responsibility to any party other than the parties to our engagement who have signed the engagement agreement dated 31 December 2016, for any loss or liability that the other party may suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party or the reliance upon our report by the other party.

Ernst & Young Limited

Emma Winsloe

Emma Winsloe
Partner - Assurance
28 April 2017
Auckland