

**WFL (UK) Limited**

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number: 00594001

# WFL (UK) Limited

## Company Information

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<b>Directors</b>	Claire Bishop Richard Leaman Shaun Galvin Colin Francis
<b>Company secretary</b>	Reed Smith Corporate Services Limited
<b>Registered number</b>	00594001
<b>Registered office</b>	The Broadgate Tower, Third Floor 20 Primrose Street London EC2A 2RS United Kingdom
<b>Independent auditors</b>	BDO LLP 55 Baker Street London W1U 7EU

# WFL (UK) Limited

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# WFL (UK) Limited

## Strategic Report For the Year Ended 31 December 2020

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The Directors present herewith their Strategic Report and Directors' Report together with the audited financial statements of WFL (UK) Limited (the "Company") for the year ended 31 December 2020.

### Principal activities

The Company, incorporated England and Wales in the United Kingdom ("UK"), is a wholly owned subsidiary of WFS UK Holding Company III Limited, incorporated in England and Wales in the United Kingdom, which is a wholly-owned subsidiary of World Fuel Services Corporation, (the "Ultimate Parent Undertaking"), incorporated in the state of Florida, in the United States of America.

The principal activity of the Company was the distribution and sale of fuel and lubricants in the land transportation market within the UK.

### Business review and future outlook

The financial statements show revenues for the year ended 31 December 2020 of £1,137 million (2019: £1,508 million). The profit before tax for the year ended 31 December 2020 was £11.8 million (2019: £1.2 million). The Company had net assets of £52.6 million as at 31 December 2020 (2019: £45.0 million).

The year ended 31 December 2020 was an exceptional year with the impact of COVID-19 affecting the UK and global economies. The Company traded successfully without interruption to the business during the national and local lockdowns. Our ability to continue trading seamlessly during the national lockdowns, coupled with world oil prices dropping in March 2020 contributed to a significant peak in demand in heating oil. Conversely, volumes reduced across the commercial and industrial sectors due to the impact of COVID-19 as businesses closed or reduced services. The overall product mix improved towards more profitable products, increasing profitability versus the prior year.

The current Directors are satisfied with the results for the financial year and are satisfied with performance in 2021 to date and the expected forecast for the remainder of the year. To the date of this report:

- Brexit has not materially impacted the Company except in relation to the availability of HGV drivers in the market place;
- The UK faces a shortage of HGV drivers related to the dual impact of COVID-19 and Brexit. This has had a minimal impact to the Company's trading to date but we recognise the need to address this issue as we look forward;
- The HGV driver shortage is ongoing and evolving. The Company are aware of the issue and closely monitoring the situation;
- Changes to Government legislation on the permitted use of red diesel will come into place in 2022 and the Company has developed a plan to address this.

# WFL (UK) Limited

## Strategic Report (continued) For the Year Ended 31 December 2020

### Principal risks and uncertainties

The Company's principal risks and uncertainties are integrated with the principal risks of the World Fuel Services Group (further referred to as 'Group') and are not managed separately. World Fuel Services Corporation is the Ultimate Parent Undertaking of the only group of undertakings to consolidate these financial statements. The principal risks and uncertainties of World Fuel Services Corporation, the Ultimate Parent Undertaking, are discussed from page 8 of the 2020 annual report on Form 10-K which does not form part of this report but is publicly available. Principal risks and uncertainties have been discussed further in the Directors' Report.

### Key performance indicators ("KPIs")

The Company's Directors monitor progress and strategy by reference to the following KPIs:

	2020	2019	Change	Change
	£'000	£'000	£'000	%
Revenue	1,137,222	1,508,077	(370,855)	(25%)
Operating profit	13,350	999	12,351	1,236%
Profit before income tax	11,831	1,167	10,664	914%

Refer to the business review and future outlook on page 1 for details explaining the operating results for the year.

### The United Kingdom's (UK) withdrawal from the European Union (EU)

On 23 June 2016, the UK held a referendum in which British voters approved an exit from the EU, commonly referred to as "Brexit". On 31 January 2020, the UK finally exited the EU pursuant to the terms of a withdrawal agreement concluded between the UK government and the EU Council (the "Withdrawal Agreement"). The Withdrawal Agreement allows for a transition period through 31 December 2020, during which the UK's trading relationship with the EU will remain largely unchanged and the UK and the EU will continue to negotiate the terms of their ongoing relationship.

After an 11-month transition period, in December 2020, the UK and the EU announced a new bilateral trade and cooperation deal which has been applied provisionally since 1 January 2021 but is subject to formal approval by the European Parliament and the Council of the European Union before it comes into effect. However, we continue to face risks associated with the unavoidable uncertainties related to Brexit and the new relationship between the UK and EU, including potential disruption of our supply chains and the free movement of goods, services and people between the UK and the EU. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations, including with respect to tax regulations and certain licenses or other rights granted to us under EU laws. Further, uncertainty around these and related issues could lead to adverse effects on the economy of the UK and the other economies in which we operate. There can be no assurance that any or all of these events will not have a material adverse effect on our business operations, results of operations and financial condition.

### Health and Safety

The Company's policy is to conduct its business in a manner that protects the safety of those involved in its operations, customers and the public. The Company strives to prevent all accidents, injuries and occupational illnesses through its Operations Integrity Management System. This is embedded into everyday work processes at all levels of the organisation and addresses all aspects of managing safety and health, as well as security, environmental and social risks at our facilities. The Company is committed to continuous efforts to identify, eliminate or manage health and safety risks associated with its activities.

# WFL (UK) Limited

## Strategic Report (continued) For the Year Ended 31 December 2020

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### Section 172(1) statement

In line with the Directors' duties, under section 172(1) of the Companies Act 2006, the Directors must act in a way that is considered in good faith and would most likely promote the success of the Company, for the benefit of its members, as a whole. In 2020, whilst fulfilling their duties to promote the success of the Company, the Directors considered the interests of key stakeholders, having regard, amongst other matters to:

- a) The likely consequences of any decision in the long term;
- b) The interest of the Company's employees;
- c) The need to foster the Company's business relationships with suppliers, customers and others;
- d) The impact of the Company's operations on the community and the environment;
- e) The desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) The need to act fairly between members of the Company.

The Directors discharge their section 172 duty by taking these and other relevant factors into consideration when making decisions. The Directors ensure key decisions are aligned with the strategy, vision and values of the Group, details of which can be found at: <https://ir.wfscorp.com/corporate-responsibility>.

The Directors' duties and decisions made on behalf of the Company, are supported by access to the Group and corporate governance policies and practices. The Group believes that good corporate governance is critical to support its efforts to achieve performance goals, while delivering long-term value to its shareholders, employees, customers, suppliers, communities and other stakeholders. Further, the Group collectively believes that successful stewardship of the environment and natural resources, as well as positive engagement with the communities in which the Group operates, will translate to long-term value for society and ultimately define the Company's success.

In 2020, the Directors discussed new opportunities and projects within various areas, taking into consideration the benefits and impacts to key stakeholders. The principal decisions made by the Directors in the financial year included the following:

- The acquisition relating to the Land segment from a related company within the Group with the aim of consolidating the Group's UK Land businesses under one business team, leading to increased operations and long-term growth;
- The use of the UK Government's Coronavirus Job Retention Scheme;
- Conducting continuous reviews of the safety of our employees and the subsequent timing and process for returning to office for office based employees;
- Continuous overview and decisions over general transportation matters;
- Communication and ongoing review of health and safety guidelines.

The impact of the key decisions included the following stakeholder considerations:

- Our customers: were considered throughout to promote the goal that decisions made properly balanced a desire to avoid adverse impact on the high standards and/or reliability of the services provided;
- Our people: appropriate consultations were held to consider the wellbeing and safety of our employees;
- Our community and regulators: were considered through continuous review of new and existing regulations in relation to the Company's impact on the environment and local community, to promote the goal that decisions made by the Company were in compliance with the relevant laws and regulations.

Principal risks and uncertainties that could impact the Company's long-term performance are integrated with the principal risks of the Group, which are discussed above in the Strategic Report (page 2).

# WFL (UK) Limited

## Strategic Report (continued) For the Year Ended 31 December 2020

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### Going Concern

The Company's profit after tax for the financial year was £7.6 million (2019: loss of £0.7million). At 31 December 2020 the Company had net current assets of £55.9 million (2019: £47.1 million) and net assets of £52.6 million (2019: £45.0 million).

World Fuel Services Corporation, the Ultimate Parent Undertaking of WFL (UK) Limited, has agreed to provide adequate financial support for a period of at least twelve months following the date of the Independent Auditor's Report for the Company's year ended 31 December 2020, to the extent necessary to enable the Company to meet its continuing operating liabilities, as well as any known liabilities on the Company's Balance Sheet as at 31 December 2020, as and when they fall due, and further confirms that no credit loss will be incurred by the Company in respect of the amounts owed to it by fellow group undertakings for the periods presented within these financial statements. The directors have further satisfied themselves that the impacts of COVID-19 does not change the availability of this support. As a result of the support from the Ultimate Parent Undertaking, the directors have reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Company has adopted the going concern basis in preparing the financial statements.

Whilst COVID-19 has had an effect on the World Fuel Services Corporation Group, due to initiatives taken relating to cost reduction, liquidity and operating efficiencies, it has not affected the parent's ability to provide adequate financial support for at least 12 months from the date of the Audit Report.

### Streamline Energy and Carbon Reporting

In line with the UK reporting guidelines, under the new Streamlined Energy and Carbon Reporting (SECR) regulations, in the table below the Company details the UK emissions and energy consumed for the year ended 31 December 2020.

The calculation methodologies followed the 2019 HM Government Environmental Reporting Guidelines and GHG Reporting Protocol - Corporate Standard. The 2020 UK Government's Conversion Factors for Company Reporting have been used as well as an operational approach to define boundary and scope. Reasonable estimates and assumptions consistent with such guidance have been used where necessary.

The primary data source includes:

- Consumption data and supplier invoices for both gas and electricity emissions;
- Fuel card data and expense claims for transport emissions.

Where the supplier data does not align with the reporting year the data has been prorated. In the instance of consumption data being unavailable an estimated consumption was used, based on average consumption across all other sites. The data calculated from expense claims is calculated using a rate of 45p per mile with a fuel type ratio fuel type split 30% petrol, 70% diesel.

The SECR reporting covers only the sites operating within the UK.

# WFL (UK) Limited

## Strategic Report (continued) For the Year Ended 31 December 2020

### Streamline Energy and Carbon Reporting (continued)

	Units	2020
Emissions from combustion of gas (Scope 1)	tCO <sub>2</sub> e	31
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO <sub>2</sub> e	9,164
Emissions from purchased electricity (Scope 2)	tCO <sub>2</sub> e	317
Emissions from generation of electricity consumed in a transmission and distribution system for which the Company does not own or control (Scope 3)	tCO <sub>2</sub> e	27
Emissions from business travel in rental cars or employee-owned vehicles where the Company is responsible for purchasing the fuel (Scope 3)	tCO <sub>2</sub> e	57
Total gross emissions		<u>9,596</u>
Energy consumption used to calculate above emissions	kWh	39,857,015
Intensity measurement	\$M Turnover	1,137
Intensity ratio	tCO <sub>2</sub> e/\$M Turnover	8.4374

The Company's energy usage and carbon footprint are integrated with the sustainability reporting of the Group and are not managed separately. The environmental commentary of World Fuel Services Corporation Group, is discussed from page 20 of the Sustainability Report, which does not form part of this report.

World Fuel Services Group believes that environmental stewardship is at the core of our business. As such, we must continuously seek to identify opportunities to make a positive contribution to protect our environment and reduce the impact of our global operations. We are committed to doing our part by reducing emissions in our operations.

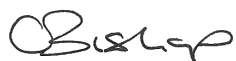
During 2020 the Group has improved fuel economy by reducing the overall age profile of our truck fleet through the procurement of newer, more fuel-efficient vehicles, whilst concurrently increasing the use of automation tools to optimise our delivery routes, enabling us to serve more customers per mile travelled.

In response to the challenges arising from the COVID-19 pandemic, the Group took swift action to ensure the safety of our employees and other stakeholders by implementing our business continuity and emergency response plans and maximizing remote work throughout our global offices. Since the first quarter of 2020, many of our employees have been collaborating virtually with our customers, suppliers and each other using the information-sharing tools and technology that we have invested in over the last several years. While we expect that a number of our offices will reopen in the latter half of 2021, we believe that remote work will continue to be an integral part of our response plan as we monitor and assess public health developments and make appropriate adjustments to support the well-being of our employees. Together with the transitioning our data centres to the cloud, these initiatives are expected to reduce office energy consumption, along with lessening the requirement for Heating, Ventilation and Air Conditioning (HVAC).

Further to reducing energy consumption, we currently source 100% renewable power for all our UK operations and have offset all residual emissions associated with our transport fleet since 2019 and will continue to do so each year.

This report was approved by the board and signed on its behalf by:

**Claire Bishop**



Director

Date: 30 September 2021



# WFL (UK) Limited

## Directors' Report For the Year Ended 31 December 2020

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### Directors

The Directors who served during the year ended 31 December 2020 and up to the date of signing the financial statements are as follows:

Claire Bishop	
Richard Leaman	(Appointed on 1 May 2021)
Shaun Galvin	(Appointed on 1 May 2021)
Robert Taylor	(Resigned on 31 May 2021)
Grant Roberts	(Resigned on 14 July 2021)
Colin Francis	(Appointed on 14 July 2021)

### Directors' indemnities

The Company provides an indemnity for the Directors of the Company, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. In addition, the Ultimate Parent Undertaking maintains liability insurance for its directors and officers. The qualifying third party indemnity was in place during the year ended 31 December 2020 and as at the date of approval of the Annual Report.

### Dividends

The Company did not pay an interim dividend during the year ended 31 December 2020 (2019: £nil). No final dividend is proposed for the year ended 31 December 2020 (2019: £nil).

### Financial risk management

The financial risk management of the Company is handled by the Ultimate Parent Undertaking as part of the operations of the Group. The financial risk objectives, policies and exposures are described in the financial statements of the Ultimate Parent Undertaking from page 8 of the 2020 annual report on Form 10-K which does not form part of this report.

The Company is exposed to the following risks arising in the normal course of business:

#### *Currency risk*

The Company's cash flows are largely denominated in Sterling. As such, the Company is not subject to a significant level of currency risk exposure due to foreign exchange fluctuations.

#### *Price risk*

##### *(i) Fixed price purchases and sales*

The Company is exposed to price risk to the extent that it enters into fixed price fuel purchase and/or sale commitment contracts. The Company will mitigate its price risk associated with these fixed price fuel commitment contracts through the use of offsetting fixed price fuel commitment contracts or commodity derivative contracts for fuel purchases. The Company does not enter into these derivative contracts for fuel purchases directly, as the wider Group manages this through specified group undertakings.

##### *(ii) Fuel inventory*

The Company is exposed to price risk to the extent that the Company may maintain fuel inventory for competitive reasons. The Company may not be able to sell inventory at market value or average cost reflected in the financial statements due to a decline in fuel price which may result in a write-down of inventory cost. The Company mitigates its price risk associated with fuel inventory holdings through the use of commodity derivative contracts. The Company does not enter into these derivative contracts directly, as the wider Group manages this through specified group undertakings.

# WFL (UK) Limited

## Directors' Report (continued) For the Year Ended 31 December 2020

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### Financial risk management (continued)

#### *Interest rate risk*

The Company has exposure to interest rate risk due to a loan with a related Group company where the interest is based on LIBOR plus a fixed rate (note 17). An increase in LIBOR could mean an increase in interest payable. A decrease in LIBOR could mean a decrease in interest payable.

#### *Credit risk*

The Company has exposure to credit risk through the extension of unsecured credit to most of our customers in the normal course of business. The Company's exposure to credit losses will depend on the financial condition of customers and other factors beyond the control of the Company, such as deteriorating conditions in the world economy, political instability, terrorist activities and natural disasters in our market areas.

In addition, as part of our price risk management services, the Company offers customers various pricing structures on future purchases of fuel, as well as derivative products designed to assist customers in hedging their exposure to fluctuations in fuel prices. If there is a significant fluctuation in the price of fuel there is a risk customers could decide to, or be forced to, default under their obligations to the Company.

The Company has credit standards and performs credit evaluations of customers and suppliers, which are based in part on the credit history with the applicable party.

#### *Liquidity risk*

The Company relies on credit arrangements with suppliers as a significant source of liquidity. Tightening of the global credit markets could adversely affect the Company's ability to obtain credit as and when needed on commercially reasonable terms. Management believes that the Company can obtain financing from either third parties or related companies with terms acceptable to the Company as the need arises.

### Impact of COVID-19

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. As a result, beginning in the first quarter of 2020, the industry and generally the global economic conditions have been significantly impacted by the pandemic. In response to these developments, we took swift action to ensure the safety of employees and other stakeholders and initiated a number of initiatives relating to cost reduction, liquidity and operating efficiencies.

We experienced a decline in demand, as large sectors of the global economy were adversely impacted by the crisis. However, profitability improved due to the overall product mix moving towards more profitable products. Any subsequent recovery in sales will be dependent on, among other things, the actions taken by governments and businesses to contain and combat the virus, the speed and effectiveness of vaccine development and distribution, as well as how quickly, and to what extent, normal economic and operating conditions can resume on a sustainable basis.

### Stakeholders engagement statement

The Company's key stakeholder engagement and decision making are integrated with the principles of the Ultimate Parent Undertaking, World Fuel Services Corporation (note 21). The Company does not manage key stakeholder engagement separately. The Group regularly engages with key stakeholders to better understand their perspectives, including areas such as our business strategies, financial performance and matters of corporate governance. This dialogue has helped inform the Group's decision-making processes and ensure interests remain well-aligned with those of its key stakeholders.

# WFL (UK) Limited

## Directors' Report (continued) For the Year Ended 31 December 2020

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### Stakeholders engagement statement (continued)

The Group assessed the importance of a variety of stakeholders and the potential impact of the Group's operations and actions on those stakeholders in determining its key stakeholders. The key stakeholders to the Company include other Group companies, our customers and suppliers, our people, and the communities in which we operate. The Group engages with key stakeholders in a number of ways. Stakeholder engagement includes, but is not limited to, regular communication with customers, suppliers and members of the communities in which the Company operates on matters that of importance to such stakeholders, regular employee town hall meetings, quarterly and year-end performance presentations and investing back into its communities through supporting charities and other initiatives.

### Employee involvement and employment of disabled persons

The employees of the Company are systematically provided with information on matters which concern them as employees. Employees or their representation are regularly consulted when decisions are taken which are likely to affect their interests. The Directors continue to provide information to the employees in order to achieve employee awareness of financial and economic factors affecting the Company. The Company maintains a policy of giving fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. In the event of an employee becoming disabled, the Company uses its best endeavours to ensure continued employment.

### Future developments

Refer to the Strategic Report (page 1) for a description of any future developments in the business.

### Subsequent events

At the time of signing the financial statements for the year ended 31 December 2020, there is significant media coverage over HGV driver shortages and related retail fuel panic buying. A prolonged shortage of HGV drivers could impact the Company's ability to deliver to customers and generate revenues, however the directors do not currently have the expectation that there will be a long term impact to the current driver shortage. As the events are unfolding the impact to the Company is not yet clear, but the situation is being closely monitored and reviewed by the Directors' on an ongoing basis.

### Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

BDO were appointed as auditors during the financial year and have expressed their willingness to continue in office in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on and signed on its behalf by:



**Claire Jean Bishop**  
Director

Date: 30 September 2021

# WFL (UK) Limited

## Directors' Responsibilities Statement For the Year Ended 31 December 2020

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### Directors' responsibilities statement

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

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

In preparing these financial statements, the Directors are required to:

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

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

# WFL (UK) Limited

## Independent Auditor's Report to the members of WFL (UK) Limited

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### Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of WFL (UK) Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, 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.

# WFL (UK) Limited

## Independent Auditor's Report to the members of WFL (UK) Limited (continued)

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### Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

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

- 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.

### Responsibilities of directors

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

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

### Auditor's responsibilities for the audit of the financial statements

Our 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

# WFL (UK) Limited

## Independent Auditor's Report to the members of WFL (UK) Limited (continued)

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### Auditor's responsibilities for the audit of the financial statements (continued)

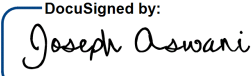
- We obtained an understanding of the legal and regulatory frameworks applicable to the entity and determined that the most significant which are directly relevant to the specific assertions in the financial statements are those related to the reporting framework (Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006);
- We determined how the entity is complying with those legal and regulatory frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance procedures, corroborating our enquiries through our review of board minutes;
- We used an engagement team with appropriate competence and capabilities to identify non-compliance with laws and regulations; and
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management from various parts of the business to understand where it is considered there was a susceptibility to fraud. We also considered the processes and controls that the entity has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitors those process controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

### Use of our report

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

DocuSigned by:  
  
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Joseph Aswani (*Senior Statutory Auditor*)  
For and on behalf of BDO LLP, Statutory Auditor  
London  
United Kingdom

Date: 30 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# WFL (UK) Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 £000	2019 £000
Revenue	6	1,137,222	1,508,077
Cost of sales		(1,097,476)	(1,479,623)
<b>Gross profit</b>		<b>39,746</b>	28,454
Administrative expenses		(28,852)	(28,056)
Other operating income		2,456	601
<b>Operating profit</b>	7	<b>13,350</b>	999
Finance income	10	65	2,086
Finance expenses	10	(1,584)	(1,918)
<b>Profit for the financial year before taxation</b>		<b>11,831</b>	1,167
Income tax expense	11	(4,207)	(1,835)
<b>Profit/(loss) after taxation and total comprehensive income/(loss) for the year</b>		<b>7,624</b>	(668)

All amounts above relate to continuing activities.

There was no other comprehensive income or loss during the year ended 31 December 2020, or the year ended 31 December 2019.

The notes on pages 16 to 33 form part of these financial statements.



# WFL (UK) Limited

Registered number: 00594001

## Balance Sheet As at 31 December 2020

	Note	2020 £000	2019 £000
<b>Non-current assets</b>			
Intangible assets	12	3,202	-
Property, plant and equipment	13	27,694	29,574
Deferred tax assets	14	-	1,654
		<u>30,896</u>	<u>31,228</u>
<b>Current assets</b>			
Inventories	15	8,561	12,251
Trade and other receivables	16	142,654	158,604
Cash and cash equivalents		3,870	4,722
		<u>155,085</u>	<u>175,577</u>
<b>Total assets</b>		<u>185,981</u>	<u>206,805</u>
<b>Non-current liabilities</b>			
Borrowings	17	33,678	33,376
Deferred tax liabilities	14	559	-
		<u>34,237</u>	<u>33,376</u>
<b>Current liabilities</b>			
Income tax payable	18	6,812	4,817
Borrowings	17	2,526	2,397
Trade and other payables	18	89,803	121,236
		<u>99,141</u>	<u>128,450</u>
<b>Total liabilities</b>		<u>133,378</u>	<u>161,826</u>
<b>Net current assets</b>		<u>55,944</u>	<u>47,127</u>
<b>Net assets</b>		<u>52,603</u>	<u>44,979</u>
<b>Equity</b>			
Called up share capital	19	542	542
Share premium		33,745	33,745
Revaluation reserve		2,144	2,144
Capital redemption reserve		437	437
Retained earnings		15,735	8,111
<b>Total equity</b>		<u>52,603</u>	<u>44,979</u>

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



**Claire Jean Bishop**  
Director

Date: 30 September 2021

The notes on pages 16 to 33 form part of these financial statements.

## WFL (UK) Limited

### Statement of Changes in Equity For the Year Ended 31 December 2020

	Share capital £000	Share premium £000	Revaluation reserve £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
<b>Balance at 1 January 2019</b>	542	33,745	2,144	437	8,779	45,647
Loss for the financial year after taxation and total comprehensive loss for the year	-	-	-	-	(668)	(668)
<b>Balance at 31 December 2019</b>	<u>542</u>	<u>33,745</u>	<u>2,144</u>	<u>437</u>	<u>8,111</u>	<u>44,979</u>
Profit for the financial year after taxation and total comprehensive income for the year	-	-	-	-	7,624	7,624
<b>Balance at 31 December 2020</b>	<u><u>542</u></u>	<u><u>33,745</u></u>	<u><u>2,144</u></u>	<u><u>437</u></u>	<u><u>15,735</u></u>	<u><u>52,603</u></u>

The notes on pages 16 to 33 form part of these financial statements.

# WFL (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 1. General information

WFL (UK) Limited (the "Company") is a private company limited by shares, incorporated and domiciled in England and Wales in the United Kingdom ("UK"). The Company is a wholly-owned subsidiary of WFS UK Holding Company III Limited, incorporated in England and Wales in the United Kingdom, which is a wholly owned subsidiary of World Fuel Services Corporation, (the "Ultimate Parent Undertaking"), incorporated in the state of Florida, in the United States of America.

The principal activity of the Company is the distribution and sale of fuel and lubricants in the land transportation market within the UK.

### 2. Statement of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 3. Accounting policies

#### 3.1 Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (note 4).

The following principal accounting policies have been applied:

#### 3.2 Financial reporting standard 102 – reduced disclosure exemptions

As a qualifying entity, the Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 'Statement of Financial Position' paragraph 4.12(a)(iv);
- the requirements of Section 7 'Statement of Cash Flows';
- the requirements of Section 3 'Financial Statement Presentation' paragraph 3.17(d);
- the requirements of Section 11 'Financial Instruments' paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 'Other Financial Instruments' paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 'Share-based Payment' paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- the requirements of Section 33 'Related Party Disclosures' paragraph 33.7.

This information is included in the consolidated financial statements of World Fuel Services Corporation as at 31 December 2020 and these financial statements may be obtained from World Fuel Services Corporation, 9800 NW 41st Street, Miami, Florida USA 33178.

# WFL (UK) Limited

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

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### 3. Accounting policies (continued)

#### 3.3 Going concern

The Company's profit after tax for the financial year was £7.6 million (2019: loss of £0.7 million). At 31 December 2020 the Company had net assets of £52.6 million (2019: £45.0 million).

World Fuel Services Corporation, the Ultimate Parent Undertaking of WFL (UK) Limited, has agreed to provide adequate financial support for a period of at least twelve months following the date of the Independent Auditor's Report for the Company's year ended 31 December 2020, to the extent necessary to enable the Company to meet its continuing operating liabilities, as well as any known liabilities on the Company's Balance Sheet as at 31 December 2020, as and when they fall due, and further confirms that no credit loss will be incurred by the Company in respect of the amounts owed to it by fellow group undertakings for the periods presented within these financial statements. The directors have further satisfied themselves that the impacts of COVID-19 does not change the availability of this support. As a result of the support from the Ultimate Parent Undertaking, the directors have reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Company has adopted the going concern basis in preparing the financial statements.

Whilst COVID-19 has had an effect on the World Fuel Services Corporation Group, due to initiatives taken relating to cost reduction, liquidity and operating efficiencies, it has not affected the parent's ability to provide adequate financial support for at least 12 months from the date of the audit report.

#### 3.4 Foreign currency

##### Functional and presentation currency

The Company's functional and presentation currency is the Pound Sterling (GBP). All amounts in the financial statements have been rounded to the nearest thousand (£'000).

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the average rate during the period in which the transaction occurred.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of 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 within finance income / (expenses).

# WFL (UK) Limited

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

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### 3. Accounting policies (continued)

#### 3.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, and discounts allowed by the Company and value added taxes and other sales taxes.

(i) Sale of land fuel

The Company supplies fuel to the commercial sector, concentrating on gas oil and road diesel deliveries. In addition, the Company also delivers home heating oil, gas oil and road diesel to individual customers throughout the UK. Revenue from the sale of land fuel is recognised when the Company has delivered fuel to the customer; the customer has accepted the fuel, the amount of revenue can be reliably measured; and it is probable that future economic benefits will flow to the Company.

(ii) Sale of lubricants

The Company stocks and delivers industrial lubricants from a wide range of brands which have been manufactured and approved to suit applications within the agriculture, automotive, commercial, industrial and other sectors. Revenue from the sale of lubricants is recognised when the Company has transferred the risks and rewards of the lubricant to the customer; the customer has accepted the lubricant, the amount of revenue can be reliably measured; and it is probable that future economic benefits will flow to the Company.

(iii) Interest income

Interest income is recognised using the effective interest rate method.

(v) Deferred income

For certain products or services and customer types, we require payment before the products or services are delivered to the customer. We defer revenue recognition on such payments until the products or services are delivered to the customer.

(vi) Other operating income

Other operating income is recognised when the right to receive payment is established.

#### 3.6 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations: The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

# WFL (UK) Limited

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

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### 3. Accounting policies (continued)

#### 3.6 Employee benefits (continued)

##### (iii) Annual bonus plan

The Company operates an annual bonus plan for employees. An expense is recognised in the Statement of Comprehensive Income when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

#### 3.7 Current and deferred income tax

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax is not discounted.

#### 3.8 Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Company's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life of 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the Statement of Comprehensive Income.

# WFL (UK) Limited

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

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### 3. Accounting policies (continued)

#### 3.9 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

	<u>Years</u>
Customer relationships	3 to 10

Amortisation is charged to administrative expenses in the Statement of Comprehensive Income. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired. Impairments are charged to the Statement of Comprehensive Income as they are required. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

#### 3.10 Property, plant and equipment

Property, plant and equipment are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is calculated using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

	<u>Years</u>
Freehold and leasehold buildings	10 to 50 years
Plant and machinery; office equipment	2 to 10 years
Motor vehicles	3 to 8 years

Freehold land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Assets under construction is not depreciated until it is placed into service.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Comprehensive Income and included in 'Other operating income'.

# WFL (UK) Limited

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

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### 3. Accounting policies (continued)

#### 3.11 Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

##### (i) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset.

Assets are assessed for indicators of impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

##### (ii) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

#### 3.12 Inventory

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined using the average cost method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

#### 3.13 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Statement of Comprehensive Income within other operating income in the same period as the related expenditure. This balance relates to the UK Government's Coronavirus Job Retention Scheme ("furlough"). The Company has not directly benefited from any other forms of government assistance.



# WFL (UK) Limited

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

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### 3. Accounting policies (continued)

#### 3.14 Impairment of non-financial assets

At each Balance Sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

#### 3.15 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 3.16 Financial instruments

The Company has chosen to apply the recognition and measurement provisions of Section 11 of FRS 102.

##### (i) Financial assets

The Company classifies its financial assets in the following categories: financial assets held for trading and loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Loans and receivables are non-derivative financial assets from related and non-related parties with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the Balance Sheet date which are classified as non-current assets.

# WFL (UK) Limited

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

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### 3. Accounting policies (continued)

#### 3.16 Financial instruments (continued)

(i) Financial assets (continued)

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(ii) Financial liabilities

Trade payables represent obligations to pay for goods and services provided to the Company in the ordinary course of business. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

#### 3.17 Share capital and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

The Company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- Share premium represents the amounts received in excess of the value of each individual ordinary share in issue.
- The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings which were revalued to fair value, between 1988 and 1990. Freehold land and buildings are held at deemed cost from the point of transition to FRS 102.
- The capital redemption reserve is a non-distributable reserve that represents paid up share capital.
- Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

# WFL (UK) Limited

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

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### 3. Accounting policies (continued)

#### 3.18 Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the Statement of Changes in Equity.

### 4. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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 revision affects both current and future periods.

#### i) Judgements in applying accounting policies

The judgements in applying accounting policies at the Balance Sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### *Transfer pricing*

The Company enters into a number of transactions with related Group companies. The Company considers a number of estimates when entering these transactions to ensure that they are conducted on an arm's length basis. When assessing whether transactions with other group companies have been conducted on an arm's length basis, the Directors note that these decisions involve the input of internal and external tax advisers to the Company, including an analysis of comparable companies and groups who operate in similar markets to the worldwide Group.

##### *Classification of leases*

Determine whether leases entered into by the Company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

#### ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the Balance Sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### *Carrying value of trade receivables*

The Company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including current market and industry conditions and historical experience.

##### *Carrying value of amounts due from group undertakings*

The Company makes an estimate of the recoverable value of amounts due from group undertakings. When assessing impairment of amounts due from group undertakings, management considers factors including current market and industry conditions and historical experience.

# WFL (UK) Limited

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

### 4. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

#### ii) Key sources of estimation uncertainty (continued)

##### *Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually, and they are amended where necessary to reflect current estimates. See note 13 for the carrying amount of Property, Plant and Equipment and see note 3.10 above for the useful economic lives of each class of assets.

### 5. Reclassification of comparative 2019 amounts in 2020 financial statements

Amounts presented within 'Trade and other payables' as "Amounts owed to group undertakings" of £5,693k have been reclassified to net against "Amounts owed from group undertakings" included within 'Trade and other receivables' on the Balance Sheet as at 31 December 2019. This was completed to better reflect the nature of the underlying transactions and the legal right of offset that the wider Group has in place. There is no impact to the Company's net assets or the results reported in any financial period.

### 6. Revenue

An analysis of revenue by market is as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Lubricants	<b>16,372</b>	19,903
Land fuel	<b>1,120,850</b>	1,488,174
	<b><u>1,137,222</u></b>	<b><u>1,508,077</u></b>

The Company generates all revenue in the United Kingdom and revenue is from the Company's principal activities as disclosed above.

### 7. Operating profit

The operating profit is stated after charging/(crediting):

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Employee costs (note 8)	<b>16,480</b>	16,999
Amortisation of intangible assets (note 12)	<b>271</b>	1,728
Depreciation (note 13)	<b>4,758</b>	5,403
Operating lease expense	<b>2,169</b>	2,219
Impairment of trade receivables	<b>1,512</b>	708
Profit on sale of property, plant and equipment	<b>(1,149)</b>	(591)
Fees payable to the Company's auditor:		
- For the audit of the Company's annual financial statements	<b>80</b>	195
- For the preparation of the financial statements	<b><u>1</u></b>	<b><u>-</u></b>

Fees payable to the Company's auditor for the year ended 31 December 2020 are settled by a Group Company.

# WFL (UK) Limited

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

### 8. Employee costs

Particulars of employee costs are as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	14,325	14,636
Social security costs	1,439	1,613
Other pension costs	681	721
Share based payments	35	29
	<b>16,480</b>	<b>16,999</b>

The amounts above represent remuneration paid to employees, however during the year the Company received government grants of £1,390k (2019: £nil) in relation to the UK Government's Coronavirus Job Retention Scheme ("furlough"). This amount is presented within other operating income.

The average monthly number of persons employed by the Company, including Directors, during the years ended 31 December 2020 and 2019 were as follows:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Operational staff	627	730
Administrative staff	40	50
	<b>667</b>	<b>780</b>

The figures above are inclusive of 176 (2019: nil) employees who were placed on furlough under the UK Government's Coronavirus Job Retention Scheme. Those employees were placed on furlough for an average of 3 months during the year ended 31 December 2020.

### 9. Directors' remuneration

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate remuneration	692	450
Company contributions to defined contribution pension schemes	15	14
	<b>707</b>	<b>464</b>

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>

The number of Directors who:

Are members of a defined contribution pension scheme	2	2
Exercised share options	-	-
Had awards receivable in the form of shares under a long-term incentive scheme	<b>2</b>	<b>2</b>

The highest paid Director's emoluments were as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate remuneration	515	267
Company contributions to defined contribution pension scheme	2	2
	<b>517</b>	<b>269</b>

# WFL (UK) Limited

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

### 9. Directors' remuneration (continued)

Two of the Company's directors that served during the year were employed by a related company and were compensated in such capacity. The directors received no remuneration for their services to the Company for the year ended 31 December 2020 (2019: £nil). No share options were exercised (2019: nil) nor were any shares received by the directors in relation to their services to the Company during the year (2019: nil).

### 10. Finance income and expenses

#### Finance income

	2020 £'000	2019 £'000
Foreign exchange gain	65	2,086
	<b>65</b>	<b>2,086</b>

#### Finance expenses

	2020 £'000	2019 £'000
Bank loans and overdrafts	26	49
Finance leases and hire purchase contracts	406	331
Loan notes interest payable to group companies	1,152	1,538
	<b>1,584</b>	<b>1,918</b>

### 11. Income tax expense

	2020 £'000	2019 £'000
<b>Current tax</b>		
UK corporation tax charge on profit for the year	2,339	252
Adjustment in respect of prior periods	(345)	(1,319)
<b>Total current tax charge/(credit)</b>	<b>1,994</b>	<b>(1,067)</b>
<b>Deferred tax</b>		
Originating and reversal of timing differences	(38)	(16)
Adjustment in respect of prior period	2,251	2,918
<b>Total deferred tax (note 14)</b>	<b>2,213</b>	<b>2,902</b>
<b>Income tax charge for the year</b>	<b>4,207</b>	<b>1,835</b>

#### Factors affecting tax charge for the year

The tax charge is higher (2019: higher) from the standard UK corporation tax rate of 19% (2019: 19%) due to certain factors. The factors affecting the tax charge are reconciled below:

# WFL (UK) Limited

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

### 11. Income tax expense (continued)

	2020 £'000	2019 £'000
Profit on ordinary activities before tax	<u>11,831</u>	<u>1,167</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (31 December 2019: 19%)	2,248	222
<b>Effects of:</b>		
Income not subject to tax	15	13
Timing differences	38	(25)
Adjustments in respect of prior periods	1,906	1,625
<b>Total tax charge for the year</b>	<u><b>4,207</b></u>	<u><b>1,835</b></u>

### Factors that may affect future tax charges

On 12 March 2020, The Chancellor of the Exchequer announced that instead of the main rate of corporation tax reducing to 17% from 1 April 2020 as planned, it would remain at 19% for the foreseeable future. At the UK Budget in 2021, it was announced that legislation will be introduced in Finance Bill 2021 to set the main rate at 25% for financial years beginning 1 April 2023.

### 12. Intangible assets

On 1st August 2020, the Company completed the acquisition of the Henty Land Business from Henty Oil Limited, a related group company for consideration of GBP £3,473k, being the fair value of the acquired trade of the Henty Land Business. The Company has recognised identifiable intangible assets of GBP £629k (USD \$1,007k) relating to customer relationships, which will be amortised over 7 years. The Company has recognised goodwill of GBP £2,844k (USD \$3,538k), which will be amortised over a period of 10 years.

	Cost £'000	Accumulated amortisation £'000	Net book value £'000
<b>Goodwill</b>			
At 1 January 2020	25,845	(25,845)	-
Additions	2,844	-	2,844
Amortisation	-	(237)	(237)
<b>At 31 December 2020</b>	<u>28,689</u>	<u>(26,082)</u>	<u>2,607</u>
<b>Customer relationships</b>			
At 1 January 2020	-	-	-
Additions	629	-	629
Amortisation	-	(34)	(34)
<b>At 31 December 2020</b>	<u>629</u>	<u>(34)</u>	<u>595</u>
<b>As at 31 December 2020</b>	<u><b>29,318</b></u>	<u><b>(26,116)</b></u>	<u><b>3,202</b></u>
As at 31 December 2019	<u>25,845</u>	<u>(25,845)</u>	<u>-</u>

## WFL (UK) Limited

### Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

#### 13. Property, plant and equipment

	Assets under construction	Freehold land, freehold and leasehold building	Plant and machinery	Motor vehicles	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 January 2020	1,277	19,643	20,633	38,247	6,234	86,034
Acquisitions	352	347	409	3,030	337	4,475
Disposals	-	(1,280)	(261)	(6,441)	(60)	(8,042)
<b>At 31 December 2020</b>	<b>1,629</b>	<b>18,710</b>	<b>20,781</b>	<b>34,836</b>	<b>6,511</b>	<b>82,467</b>
<b>Accumulated depreciation</b>						
At 1 January 2020	-	9,531	13,281	28,105	5,543	56,460
Charge for the year	-	290	260	3,665	543	4,758
On disposals	-	(294)	(252)	(5,837)	(62)	(6,445)
<b>At 31 December 2020</b>	<b>-</b>	<b>9,527</b>	<b>13,289</b>	<b>25,933</b>	<b>6,024</b>	<b>54,773</b>
<b>Net book value</b>						
<b>At 31 December 2020</b>	<b>1,629</b>	<b>9,183</b>	<b>7,492</b>	<b>8,903</b>	<b>487</b>	<b>27,694</b>
At 31 December 2019	1,277	10,112	7,352	10,142	691	29,574



# WFL (UK) Limited

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

### 14. Deferred tax assets / (liabilities)

The analysis of deferred tax assets / (liabilities) is as follows:

	Capital allowances £'000	Intangible assets £'000	Other £'000	Total £'000
1 January 2019	3,415	880	261	4,556
Credited / (charged) to the Statement of Comprehensive Income	(2,968)	227	(161)	(2,902)
<b>31 December 2019</b>	<b>447</b>	<b>1,107</b>	<b>100</b>	<b>1,654</b>
Credited / (charged) to the Statement of Comprehensive Income	(1,087)	(1,100)	(26)	(2,213)
<b>31 December 2020</b>	<b>(640)</b>	<b>7</b>	<b>74</b>	<b>(559)</b>

### 15. Inventories

	2020 £'000	2019 £'000
Land fuel	7,019	9,854
Lubricants	1,542	2,397
	<b>8,561</b>	<b>12,251</b>

There is no material difference between the replacement cost of inventories and the amounts stated above.

### 16. Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	99,684	143,855
Less: provision for impairment of receivables	(1,325)	(336)
Trade receivables - net	<b>98,359</b>	<b>143,519</b>
Value added tax receivable	-	4,853
Amounts owed by group undertakings	39,948	3,883
Other receivables	1,936	1,886
Prepayments and accrued income	2,411	4,463
	<b>142,654</b>	<b>158,604</b>

The amounts owned by group undertakings are unsecured, non-interest bearing and are repayable on demand.

All amounts are due within one year.

# WFL (UK) Limited

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

### 17. Borrowings

	2020 £'000	2019 £'000
<b>Non-current</b>		
Loans payable to related companies	18,284	18,855
Interest payable to related companies	5,007	4,131
Financial lease obligation	10,387	10,390
<b>Total borrowings</b>	<b>33,678</b>	<b>33,376</b>
<b>Current</b>		
Finance lease obligation	2,526	2,397

At 29 December 2015 the Company borrowed USD \$25.0 million, equivalent to GBP £20.3 million from a related company, World Fuel Services Europe, Ltd. The loan has no fixed date of settlement. The loan bears interest at LIBOR + 3.5% per annum. At 31 December 2020, the balance outstanding was £18.3 million (2019: £18.9 million), the Company recorded interest expense on the borrowings during the year of £1.2 million (2019: £1.5 million). Accumulated interest outstanding as at 31 December 2020 is £5.0 million (2019: £4.1 million). It has been recognised as non-current since the Directors have received confirmation from World Fuel Services Europe, Ltd. that they will not seek repayment within 12 months of the Balance Sheet date.

#### Finance lease obligations

The Company has finance lease obligations in relation to leasing arrangement for motor vehicles used during the ordinary course of business. The future minimum finance lease payments are as follows:

	2020 £'000	2019 £'000
Not later than one year	2,874	2,723
Later than one year and not later than five years	8,678	8,435
later than five years	2,769	2,971
<b>Total finance lease liability</b>	<b>14,321</b>	14,129
less: finance charges	<b>(1,408)</b>	(1,342)
<b>Carrying amount of liability</b>	<b>12,913</b>	12,787
Financial lease obligation-current	2,526	2,397
Financial lease obligation-noncurrent	10,387	10,390
<b>Total financial lease obligation</b>	<b>12,913</b>	12,787

# WFL (UK) Limited

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

### 18. Trade and other payables

	2020 £'000	2019 £'000
<b>Current</b>		
Trade payables	75,396	105,969
Customer deposits	6,095	5,044
Accruals and deferred income	5,184	10,058
Other payables	16	165
Value added tax payable	3,112	-
	<b>89,803</b>	<b>121,236</b>

#### *Income Tax Payable*

	2020 £'000	2019 £'000
<b>Current</b>		
Income tax payables	<b>6,812</b>	<b>4,817</b>

### 19. Share capital and reserves

The Company's called up share capital are as follows:

	2020 £'000	2019 £'000
<b>Authorised</b>		
1,000,000 (2019: 1,000,000) Ordinary shares of £1 each	<b>1,000</b>	<b>1,000</b>
<b>Allotted, called-up and fully paid:</b>		
542,030 (2019: 542,030) Ordinary shares of £1 each	<b>542</b>	<b>542</b>

### 20. Lease commitments

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2020 £'000	2019 £'000
<i>Payments due:</i>		
No later than one year	979	979
Later than one year and not later than five years	3,267	2,616
Later than five years	1,771	1,045
	<b>6,017</b>	<b>4,640</b>

# WFL (UK) Limited

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

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### 21. Ultimate parent undertakings

The immediate parent undertaking is WFS UK Holding Company III Limited, a company incorporated in England and Wales in the United Kingdom. The Ultimate Parent Undertaking and controlling party is World Fuel Services Corporation, a company incorporated in the United States.

World Fuel Services Corporation is the parent undertaking of the only group of undertakings to consolidate these financial statements. The consolidated financial statements of World Fuel Services Corporation may be obtained from World Fuel Services Corporation, 9800 NW 41st Street, Miami, Florida USA 33178.

### 22. Guarantees

The Company participates in the senior credit agreement by and among the Company's ultimate parent, World Fuel Services Corporation, and certain of its subsidiaries, as borrowers, Bank of America, N.A., as administrative agent, and the financial institutions named therein as lenders (the "Credit Agreement"). The Company is a guarantor for two of the borrowers under the Credit Agreement, World Fuel Services Europe Ltd. and World Fuel Services Singapore Pte. Ltd. (collectively, the "Foreign Borrowers"). As of 31 December 2020, the outstanding amounts owed by the Foreign Borrowers were \$43.3 million under the Credit Agreement (2019: \$44.4 million).

### 23. Subsequent events

At the time of signing the financial statements for the year ended 31 December 2020, there is significant media coverage over HGV driver shortages and related retail fuel panic buying. A prolonged shortage of HGV drivers could impact the Company's ability to deliver to customers and generate revenues, however the directors do not currently have the expectation that there will be a long term impact to the current driver shortage. As the events are unfolding the impact to the Company is not yet clear, but the situation is being closely monitored and reviewed by the Directors' on an ongoing basis.