WFL (UK) Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Company Number: 00594001

WFL (UK) LIMITED
COMPANY INFORMATION
For the year ended 31 December 2019

Directors	Robert Taylor Claire Jean Bishop Grant Scott Roberts
Company secretary	Reed Smith Corporate Services Limited
Company number	00594001
Registered office	The Broadgate Tower Third Floor 20 Primrose Street London England and Wales EC2A 2RS United Kingdom
Independent auditors	PricewaterhouseCoopers LLP

WFL (UK) LIMITED
TABLE OF CONTENTS
For the year ended 31 December 2019

WFL (UK) LIMITED
STRATEGIC REPORT
For the year ended 31 December 2019

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 2019.

Principal activities

The Company, incorporated in the United Kingdom ("UK"), is a wholly owned subsidiary of World Fuel Services UK Holding Company III Limited, incorporated 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 (note 19).

The principal activity of the Company was the distribution of fuel and lubricants in the UK.

Business review and Future developments

The post tax loss for the financial year ended 31 December 2019 was £ 0.7 million (2018: profit £ 2.7 million). The Company's net assets as at 31 December 2019 were £ 45.0 million (2018: £ 45.6 million).

The 2019 weather patterns were not as favourable versus the prior year, which included the "Beast from the East". As an example Heating degree days in Q119, which are used to measure the products associated with heating were 15% below the 2018 levels with general commentary in the press associated with 2019 being one of the warmest on record. This depressed overall volume and the product mix sold shifted towards lower margin products impacting the overall profitability, leading to lower profitability in 2019 compared to the prior year.

A positive swing of £ 3.4 million vs the prior year in foreign exchange (note 8) mainly related to the $ 25 million borrowed from WFS Europe Limited. The loan resulted in £ 0.7 million remeasurement gain in the financial year ended 31 December 2019 vs £ 1.1 million remeasurement loss in financial year ended 31 December 2018. The Directors are satisfied with the results for the financial year.

The Directors of the Company are satisfied with performance in 2020 to date and the expected forecast for the remainder of the year. To the date of this report:

- Brexit has not impacted the operations of the Company or performance.
- The Company has traded successfully during the Covid-19 lock down.
- The Company has utilized the following government schemes, the job retention scheme, the deferral of the payment of VAT and government grants for the reduction of rates payable on smaller properties.
- The wholesale integration completed in 2019 continues to progress as expected.
- The Henty Oil Limited integration commenced on 1 August 2020 (note 21).

At the time of this report the UK outlook remains uncertain from both an economic outlook and future Covid-19 possible impacts. It is expected that in 2021 the UK economy will be a difficult environment but the Directors believe the Company is in a good position to respond to the challenges and that trading levels will resume to more standard conditions later in 2021.

Principal risks and uncertainties

The Company's principal risks and uncertainties are integrated with the principal risks of the World Fuel Services Corporation and are not managed separately. World Fuel Services Corporation is the parent undertaking of the only group of undertakings to consolidate these financial statements. The principal risks and uncertainties of World Fuel Services Corporation, are discussed from page 6 of the 2019 annual report on Form 10-K which does not form part of this report.

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

On June 23, 2016, the UK held a referendum in which British voters approved an exit from the EU, commonly referred to as "Brexit". On January 31, 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 December 31, 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. Accordingly, uncertainty remains over the UK's future relationship with the EU after 2020.

We face risks associated with the potential uncertainty and consequences that may follow Brexit, including potential disruption of our supply chains and the free movement of goods, services and people between the UK and the EU and adverse changes to tax benefits or liabilities in these or other jurisdictions. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations, including with respect to certain licenses or other rights granted to us under EU laws, as the UK determines which EU laws to replace or replicate.

Finally, concern over the implications of Brexit have caused, and may continue to cause, volatility in global stock markets, currency exchange rate fluctuations and global economic uncertainty. Any of these effects of Brexit, among others, could have a material adverse impact on our results of operations, financial condition and cash flows.

Key performance indicators ("KPIs")

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

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000	Change £000	Change %
Revenue	1,508,077	1,520,488	(12,411)	-1%
Operating profit	999	7,642	(6,643)	-87%
Profit before income tax	1,167	4,053	(2,886)	-71%

Refer to business review (page 3) for details explaining the operating results for the year.

Going Concern

The Company's loss after tax for the financial period was £ 0.7m (2018: profit £2.7m) and at 31 December 2019 the Company had net assets of £ 45.0m (2018: £45.6m).

The Directors have received confirmation from World Fuel Services Corporation, the ultimate parent company, 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 December 31, 2019, 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 December 31, 2019, as and when they fall due.

As a result of the support from the ultimate parent company, the Directors believe it is appropriate for the Company to continue to adopt the going concern basis of preparation for these financial statements.

Section 172(1) statement

In line with the Directors duties, under section 172(1) of the Companies Act 2006, the Directors 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. In 2019, whilst fulfilling their duties to promote the success of the Company, the Directors considered the interests of key stakeholders, having regard to the following matters:

a) The likely consequences of any decisions in the long term.
b) The interest of the Company's employees.
c) The need to foster business relationships with supplier, customers and other.
d) The impact of the Company's operations on the community and the environment.
e) The desire to maintain a reputation for high standards of business conduct.
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 will ensure key decisions are in line with the Company strategy, vision and values. The key stakeholders are; our customers, our people, our communities and regulators.

The Directors duties and decisions made on behalf of the Company, are supported by access to the World Fuel Services Corporation network and corporate governance policies and practices. Informed decisions have been made through engagement with key stakeholders to better understand their perspectives, please refer to the Directors report (page 9), for further details on stakeholder engagement and the Company's impact on these stakeholders.

Section 172(1) statement (continued)

In 2019, the Directors discussed new opportunities and projects within various areas. During these consultations the Directors also considered the benefits and impacts to key stakeholders. The principal decisions made by the Directors in the financial year included the following:

- Communication and ongoing review of health & safety guidelines.
- The transfer of assets relating to the Land segment from related entities within the World Fuel Services Group, with the likely consequence leading to increased operations and long-term growth.
- Ongoing review of financing agreements to ensure the continuance of reasonable terms.
- Continuing overview and decisions over general transportation matters.

Principal risks and uncertainties that could impact the Company's long-term performance are integrated with the principal risks of World Fuel Services Corporation, these are discussed above in the Strategic Report.

Company Number: 00594001
The Broadgate Tower
Third Floor
20 Primrose Street
London, England and Wales, EC2A 2RS
United Kingdom

On behalf of the Board,

Claire Jean Bishop, Director
Date: 27 August 2020

Directors

The Directors who served during the year ended 31 December 2019 and up to the date of signing the financial statements are as follows:

Robert Taylor
Paul Thomas Vian (resigned 18 April 2019)
Claire Jean Bishop
Grant Scott Roberts

Directors' indemnities

World Fuel Services Corporation maintains liability insurance for its directors and officers and 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. The qualifying third party indemnity was in place during the year ended 31 December 2019 and as at the date of approval of the Annual Report.

Dividends

The Company did not pay an interim dividend during the years ended 31 December 2019 and 31 December 2018. No final dividend is proposed for the year ended 31 December 2019 (2018: £ 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 World Fuel Services Corporation group. The financial risk objectives, policies and exposures are described in the financial statements of the ultimate parent company from page 6 of the 2019 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 we enter 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.

Financial risk management (continued)

Currency risk (continued)

(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 write-down of inventory cost. The Company mitigates its price risk associated with fuel inventory holdings through the use of commodity derivative contracts.

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 16). 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 cash and cash equivalents and the extension of unsecured credit to 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 economy, land transportation industries, political instability, terrorist activities and natural disasters.

In addition, as part of our price risk management services, the Company offers customers various pricing structures on future purchases of fuel. 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 a rigorous credit policy in place and performs credit evaluations of customers, which are based in part on the credit history with the applicable party as well as external information and alerts from credit agencies. The Company utilises credit insurance for a proportion of the customer ledger.

Liquidity risk

The Company relies on unsecured credit from related companies as a significant source of liquidity. Management believes that the Company can obtain financing from related Group companies with terms acceptable to the Company as the need arises.

Stakeholders engagement statement

The Company's stakeholder engagement and decision making are integrated with the principles of the ultimate parent World Fuel Services Corporation (note 19). The stakeholder engagements are not managed separately, and the Group regularly engages with the stakeholders to better understand their perspectives on areas such as; our business strategies, financial performance, and matters of corporate governance. This dialogue has helped inform the Group's decision-making and ensure interests remain well-aligned with those of the key stakeholders.

The Company continues to build long lasting relationships with our customers, our people, our communities and regulators within the UK regions where it operates. The Company notes that its activities impact a large variety of stakeholders including both individuals and organizations. As part of the everyday business the Company listens to the differing viewpoints of stakeholders and uses their contributions to inform aligned decisions.

In addition; the World Fuel Services Group, on behalf of the Company participates in actively engaging the key stakeholders'. Examples of stakeholder engagement include; regular employee town hall meetings, employee surveys, quarterly and year-end performance presentations, investing back into local communities through supporting charities and other local initiatives.

In 2019, the Directors continued to implement the Company's key objectives and decisions made by the Directors were intended to build sustainable long-term growth whilst aligning with the Companies principle activities (page 3). In the pursuit of the Company's purpose the interest of all stakeholders was considered.

Employees classed as disabled for the purposes of the Equality Act

The Company is an equal opportunities employer and gives full consideration to applications for employment from disabled persons without discrimination where the candidate's particular aptitudes and abilities are consistent with the requirements of the role. Opportunities are available to disabled employees for training, career development and promotion and the Company is committed to treating all employees equally. Where existing employees become disabled, it is the Company's policy to provide continuing employment by making reasonable adjustments where practicable.

Employee involvement

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.

Future developments

Refer to the Strategic Report for a description of any future developments in the business.

Subsequent events

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread. COVID-19 has been considered a non-adjusting post balance sheet event, please refer to note 21 (page 39), for a description of this and other subsequent events impacting the business.

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

WFL (UK) LIMITED
DIRECTORS' REPORT (continued)
For the year ended 31 December 2019

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Independent auditors

In accordance with section 485 of the Companies Act 2006, the auditors, PricewaterCoopers LLP, will be deemed re-appointed during the year and therefore continue in office.

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

Claire Jean Bishop, Director

Date: 27 August 2020

Company Number: 00594001
The Broadgate Tower, Third Floor
20 Primrose Street
London, England and Wales, EC2A 2RS
United Kingdom

Independent auditors' report to the members of WFL (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, WFL (UK) Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2019; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year ended 31 December 2019; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 10, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

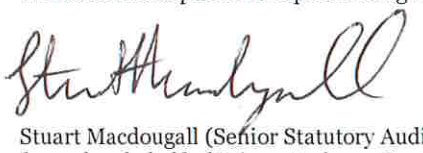
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Stuart Macdougall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 August 2020

WFL (UK) Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Revenue	4	1,508,077	1,520,488
Cost of sales		(1,479,623)	(1,486,374)
Gross profit		**28,454**	**34,114**
Administrative expenses		(28,056)	(26,529)
Other operating income		601	57
Operating profit	5	**999**	**7,642**
Finance income	8	2,086	9
Finance costs	8	(1,918)	(3,598)
Profit before income tax		**1,167**	**4,053**
Income tax expense	9	(1,835)	(1,322)
Total comprehensive (loss) / profit after tax for the year		**(668)**	**2,731**

The (loss) / profit for the current and prior years is derived from continuing operations.

The accompanying notes to the financial statements on pages 17 to 39 form an integral part of these financial statements.

The Company has no recognised gains and losses other than those shown above and therefore no separate statement of other comprehensive income has been presented.

WFL (UK) Limited

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 £'000	2018 £'000
Non-current assets			
Intangible assets	10	-	1,728
Property, plant and equipment	11	29,574	26,618
Deferred tax assets	12	1,654	4,556
Loan note receivable		49	67
		31,277	**32,969**
Current assets			
Inventories	13	12,251	10,296
Loan note receivable		69	113
Trade and other receivables	14	164,179	180,076
Cash and cash equivalents		4,722	9,640
		181,221	**200,125**
Total assets		**212,498**	**233,094**
Non-current liabilities			
Borrowings	16	33,376	29,599
		33,376	**29,599**
Current liabilities			
Income tax payable	15	4,817	5,886
Borrowings	16	2,397	1,773
Trade and other payables	15	126,929	150,189
		134,143	**157,848**
Total liabilities		**167,519**	**187,447**
Net assets		**44,979**	**45,647**
Equity			
Called up share capital	17	542	542
Share premium account	17	33,745	33,745
Revaluation reserve	17	2,144	2,144
Capital redemption reserve	17	437	437
Retained earnings	17	8,111	8,779
Total equity		**44,979**	**45,647**

The accompanying notes to the financial statements on pages 17 to 39 form an integral part of these financial statements.

The financial statements on pages 14 to 16, including the notes were approved by the Board of Directors on 27 August 2020 and were signed on its behalf by:

Claire Jean Bishop, Director

WFL (UK) Limited

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2019

	Called up share capital	Share premium account	Capital redemption	Revaluation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2018	**542**	**33,745**	**437**	**2,144**	**6,048**	**42,916**
Total comprehensive income for the year	-	-	-	-	2,731	2,731
Balance at 31 December 2018	**542**	**33,745**	**437**	**2,144**	**8,779**	**45,647**
Total comprehensive income for the year	-	-	-	-	(668)	(668)
Balance at 31 December 2019	**542**	**33,745**	**437**	**2,144**	**8,111**	**44,979**

The accompanying notes to the financial statements on pages 17 to 39 form an integral part of these financial statements.

1. GENERAL INFORMATION

WFL (UK) Limited (the "Company") is a private company limited by shares, incorporated and domiciled in the United Kingdom ("UK") under the Companies Act 2006 and is registered in England and Wales. The Company is a wholly-owned subsidiary of World Fuel Services UK Holding Company III Limited, incorporated 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 (note 19).

The principal activity of the Company is the distribution of fuel and lubricants.

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. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently for all years presented are as follows:

3.1 Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. The period the financial statements relate to is the financial year 1 January – 31 December 2019.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.19.

3.2 Going concern

The Directors have received confirmation from World Fuel Services Corporation, the ultimate parent company, 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 December 31, 2019, 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 December 31, 2019, as and when they fall due. As a result of the support from the ultimate parent company, the Directors believe it is appropriate for the Company to continue to adopt the going concern basis of preparation for these financial statements.

3.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders. The Company has taken advantage of the following exemptions:

(i) from preparing a statement of cash flows (section 7);

(ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 1 1.48(a)(iii), 11 .48(a)(iv), 11.48(b) and 11.48(c) and paragraphs 12.26 12.27, 12.29(a), 12.29(b), and 12.29A (other financial instruments);

(iii) from disclosing share based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;

(iv) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7 (related party disclosure); and

(v) from disclosing transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

3.4 Consolidated financial statements

The financial statements contain information about WFL (UK) Limited, as an individual Company and do not contain consolidated financial information as the parent of a group. The Company has taken the exemption under Section 401 of the Companies Act 2006 from the requirement to prepare, for the current year, consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated statements of its ultimate parent undertaking, World Fuel Services Corporation, a company incorporated in the United States of America, and whose financial statements are publicly available (note 19).

3.5 Foreign currency

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

3.5 Foreign currency (continued)

(ii) Transactions and balances (continued)

At each year 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 and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from settlement of transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit and loss within 'finance (expense) / income'. All other foreign exchange gains and losses are presented in profit and loss.

3.6 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.

(i) Sale of land fuel

The Company supplies fuel to the commercial sector, concentrating on gas oil and road diesel deliveries. In addition, WFL 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.

3.6 Revenue recognition (continued)

(iv) 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.

(v) Other operating income

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

3.7 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. The Company recorded other pension costs of £721,000 (2018: £ 689,000) (note 6).

(iii) Annual bonus plan

The Company operates an annual bonus plan for employees. An expense is recognised in profit and loss 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.

3.8 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

3.9 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.

3.9 Business combinations and goodwill (continued)

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 profit and loss.

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:

Freehold and leasehold buildings	10 to 50 years
Plant & 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.

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 profit or loss and included in 'Other operating income / expenses'.

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.

3.11 Leased assets (continued)

(i) Finance leased assets (continued)

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 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 profit and loss 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 based on 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 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.

3.13 Impairment of non-financial assets (continued)

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 profit and loss.

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. Any reversal of impairment losses are recognised in profit and loss.

3.14 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.

3.15 Financial instruments

The Company has chosen to apply the recognition and measurement provisions of IFRS 9 and the disclosure requirements of FRS 102 in respect of financial instruments.

(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. The Company's loans and receivables comprise "trade and other receivables" in the Balance Sheet.

3.15 Financial instruments (continued)

(i) Financial assets (continued)

Regular purchases and sales of financial assets are recognised on the trade date. This is 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 profit and loss. Financial assets are derecognised when the rights to receive cash flows from the investments 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 profit and loss 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 realize 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.

3.16 Derivative financial instruments

The Company's derivatives are recognised at estimated fair market value. If the derivative does not qualify as a hedge under FRS 102 or is not designated as a hedge, changes in the fair market value of the derivative are recognised as a component of turnover or cost of sales (based on the underlying transaction type) in the profit and loss account. Derivatives which qualify for hedge accounting may be designated as either a fair value or cash flow hedge. For our fair value hedges, changes in the fair market value of the hedge instrument and the hedged item are recognised in the same line item as a component of either turnover or cost of sales (based on the underlying transaction type) in the profit and loss account.

3.17 Share capital

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.

3.18 Distributions to equity holders

Dividends and other distributions to 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.

3.19 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity are set out below and in more detail in the related notes

Critical accounting judgements

In the opinion of the directors there are no critical judgements, apart from those involving estimations (which are dealt with separately below), that they have made in the process of applying the Company's accounting policies and that would have a significant effect on the amounts recognized in the financial statements.

Key sources of estimation uncertainty

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

Impairment of intangible assets
The Company assesses the carrying value of goodwill for impairment when impairment indicators exist. Where an indication of impairment is identified, the carrying value of goodwill is calculated with reference to the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

3.19 Critical accounting judgements and estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Impairment allowances for receivables
Management continuously monitors collections and payments from customers. Any specific customer collection issues due to financial difficulties of a debtor, default or significant delay in payments are considered objective evidence that a receivable is impaired. Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical experience with customers and current market and industry conditions affecting customers. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

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 11 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.

4. REVENUE

All revenues arose within the United Kingdom.

	2019 £'000	2018 £'000
Lubricants	19,903	21,301
Land fuel	1,488,174	1,499,187
	1,508,077	1,520,488

Revenue and profit before taxation is attributable to the supply of fuel, lubricants and associated services for industrial, commercial and domestic purposes.

5. OPERATING PROFIT

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

	2019 £'000	2018 £'000
Employee costs (note 6)	16,999	16,515
Depreciation (note 11)	5,403	4,666
Amortisation of intangible assets (note 10)	1,728	2,145
Operating lease charges	2,219	2,171
Impairment of trade receivables	708	332
Profit on sale of property, plant and equipment	(591)	(18)
Audit fees	195	150

There were no other non-audit fees in the financial year end 31 December 2019 (2018: £ nil).

6. EMPLOYEE COSTS

Particulars of employee costs are as follows:

	2019 £'000	2018 £'000
Wages and salaries	14,636	14,489
Social security costs	1,613	1,340
Other pension costs	721	689
Share based payments	29	(3)
	16,999	16,515

The average monthly number of employees, including the Directors who were employed by the Company, during the years ended 31 December 2019 and 2018 were as follows:

	2019 No.	2018 No.
Operational staff	726	721
Administrative staff	50	50
Directors	4	4
	780	775

7. DIRECTORS' REMUNERATION

	2019 £'000	2018 £'000
Remuneration	450	526
Company pension contributions to defined contribution pension schemes	14	19

Two of the Company's directors received remuneration as employees of the Company for the year ended 31 December 2019 (2018: two). The highest paid director received remuneration of £267,200 (2018: £362,622). The remaining directors were employed by related companies and compensated in those capacities.

The remuneration of the Director not paid within the Company is related subsidiary within the Group, there is no recharge to the company. The Director, is a director of a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of his remuneration in respect of each of the subsidiaries. Accordingly, the above details include no remuneration in this respect. The total remuneration of the Director is included in the aggregate of directors' remuneration disclosed in the financial statements of the subsidiary company.

During the year retirement benefits were accruing to two directors (year ended 31 December 2018: two) in respect of defined contribution pension schemes.

8. FINANCE INCOME AND EXPENSES

Finance Income

	2019 £'000	2018 £'000
Interest income on cash at bank	-	9
Foreign exchange gain	2,086	-
	2,086	**9**

Finance Expenses

	2019 £'000	2018 £'000
Bank loans and overdrafts	49	141
Finance leases and hire purchase contracts	331	286
Foreign exchange loss	-	1,958
Loan notes payable	1,538	1,213
	1,918	**3,598**

8. FINANCE INCOME AND EXPENSES (continued)

Finance Expenses (continued)

At 31 December 2016, the Company borrowed US$25 million, equivalent to £20.3 million from a related company, WFS Europe Limited, the loan having no date of settlement of either party into the foreseeable future and bearing interest at Libor + 3.5% per annum. It has been recognised as non-current as the Directors have received confirmation from WFS Europe Limited that they will not seek repayment within 12 months of the Balance Sheet date (note 16).

9. INCOME TAX EXPENSE

	2019 £000	2018 £000
Current tax		
UK corporation tax charge on profit for the year	252	1,678
Adjustments in respect of prior periods	(1,319)	116
Total current tax (credit) / charge	**(1,067)**	**1,794**
Deferred tax		
Origination and reversal of timing differences	(16)	(472)
Adjustment in respect of prior period	2,918	-
Total deferred tax (see note 12)	2,902	(472)
Income tax charge for the year	**1,835**	**1,322**

9. INCOME TAX EXPENSE (continued)

The tax charge is higher (2018: differs) from the standard UK corporation tax rate of 19 % (2018: 19%) due to certain factors. The factors affecting the tax charge are reconciled below:

	2019 £000	2018 £000
Profit before tax	**1,167**	**4,053**
Profit before tax multiplied by the standard rate in the UK of 19% (2018: 19%)	222	770
Effects of:		
Income not subject to tax	13	14
Timing difference	(25)	524
Adjustments in respect of prior periods	1,625	14
Tax charge for the year	**1,835**	**1,322**

Factors affecting current and future tax (credits) / charges

Changes in the UK tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016).

On 12 March 2020, the Chancellor of the Exchequer announced that instead of the rate reducing to 17% from 1 April 2020, the main rate would remain at 19% for the foreseeable future.

10. INTANGIBLE ASSETS

	Goodwill £'000
Cost	
At 1 January 2019 and 31 December 2019	25,845
Accumulated amortisation	
At 1 January 2019	24,117
Charge for the year	1,728
At 31 December 2019	25,845
Net book value	
At 31 December 2018	1,728
At 31 December 2019	-

11. PROPERTY, PLANT AND EQUIPMENT

	Assets under construction	Freehold land, freehold and leasehold building	Plant & machinery	Motor vehicles	Office equipment	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 January 2019	796	19,783	20,549	35,366	5,705	82,199
Acquisitions	481	19	724	6,814	534	8,572
Disposals	-	(159)	(640)	(3,933)	(5)	(4,737)
At 31 December 2019	**1,277**	**19,643**	**20,633**	**38,247**	**6,234**	**86,034**
Accumulated depreciation						
At 1 January 2019	-	9,366	13,563	27,736	4,916	55,581
Charge for the year	-	224	354	4,193	632	5,403
On disposals	-	(59)	(636)	(3,824)	(5)	(4,524)
At 31 December 2019	**-**	**9,531**	**13,281**	**28,105**	**5,543**	**56,460**
Net book value						
At 31 December 2019	**1,277**	**10,112**	**7,352**	**10,142**	**691**	**29,574**
At 31 December 2018	**796**	**10,417**	**6,986**	**7,630**	**789**	**26,618**

12. DEFERRED TAX ASSETS

The analysis of deferred tax assets is as follows:

	Capital allowances	Intangible assets	Other	Total
	£000	£000	£000	£000
1 January 2018	2,926	984	174	**4,084**
Credited / (charged) to the profit or loss	489	(104)	87	**472**
31 December 2018	**3,415**	**880**	**261**	**4,556**
Credited / (charged) to the profit or loss	(2,968)	227	(161)	**(2,902)**
31 December 2019	**447**	**1,107**	**100**	**1,654**

Factors affecting current and future tax charges

Changes in the UK tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate from 19% in 2018 to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporation tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. On 12 March 2020, the Chancellor of the Exchequer announced that instead of the rate reducing to 17% from 1 April 2020, the main rate would remain at 19% for the foreseeable future. The deferred tax impact arising from recognising deferred tax at 17% rather than 19% is immaterial.

13. INVENTORIES

	2019 £000	2018 £000
Land fuel	9,854	7,096
Lubricants	2,397	3,200
	12,251	**10,296**

The replacement cost of the inventory is not materially different from the Balance Sheet carrying value.

14. TRADE AND OTHER RECEIVABLES

	2019 £000	2018 £000
Trade receivables	143,855	135,246
Less: provision for impairment of receivables	(336)	(351)
Trade receivables - net	**143,519**	**134,895**
Value added tax receivable	4,853	5,620
Amounts owed by group undertakings	9,576	34,102
Derivative receivable	856	2,560
Other receivables	912	519
Prepayments and accrued income	4,463	2,380
	164,179	**180,076**

The amounts owned by group undertakings are unsecured, non-interest bearing and have no fixed date of repayment.

15. TRADE AND OTHER PAYABLES

Trade and other payables	2019 £000	2018 £000
Current		
Trade payables	105,969	138,453
Amounts owed to group undertakings	5,693	-
Customer deposits	5,044	6,567
Deferred remuneration	7	9
Accruals and deferred income	10,058	5,160
Other payables	158	-
	126,929	**150,189**

The amounts owed to group undertakings are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on demand.

Income Tax Payable

	2019 £000	2018 £000
Current		
Income tax payables	4,817	5,886
	4,817	**5,886**

16. BORROWINGS

The Company's borrowings are as follows:

	2019 £000	2018 £000
Non-current		
Loans payable to related companies	18,855	19,597
Interest payable to related companies	4,131	3,018
Financial lease obligation	10,390	6,984
Total borrowings	33,376	29,599
Current		
Financial lease obligation	2,397	1,773
Total borrowings	2,397	1,773

16. BORROWINGS (continued)

At 31 December 2016, the Company borrowed US$25 million, equivalent to £20.3 million from a related company, WFS Europe Limited, the loan having no date of settlement of either party into the foreseeable future and bearing interest at Libor + 3.5% per annum.

Finance lease obligations

The future minimum finance lease payments are as follows:

	2019 £000	2018 £000
Not later than one year	2,723	2,056
Later than one year and not later than five years	8,435	6,474
later than five years	2,971	1,363
Total finance lease liability	**14,129**	**9,893**
less: finance charges	(1,342)	(1,136)
Carrying amount of liability	**12,787**	**8,757**
Financial lease obligation-current	2,397	1,773
Financial lease obligation-noncurrent	10,390	6,984
Total financial lease obligation	**12,787**	**8,757**

17. SHARE CAPITAL AND RESERVES

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

	2019 £000	2018 £000
Authorised:		
1,000,000 (2018:1,000,000)- Ordinary shares of £1 each	1,000	1,000
Allotted fully paid:		
542,030 (2018: 542,030)- Ordinary shares of £1 each	542	542

17. SHARE CAPITAL AND RESERVES (continued)

The Company's other reserves are as follows:

- The share premium account represents the value of equity above the cost of the ordinary shares.
- The revaluation reserve represents the cumulative effect of revaluations if freehold land and buildings which have been revalued to fair value at the reporting date.
- The capital redemption reserve is a non-distributable reserve that represents paid up share capital.
- The retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

18. LEASE COMMITMENTS

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

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Payments due		
No later than one year	979	1,254
Later than one year and not later than five years	2,616	2,836
Later than five years	1,045	1,126
	4,640	**5,216**

19. ULTIMATE PARENT UNDERTAKINGS

The immediate parent undertaking is World Fuel Services UK Holding Company III Limited.

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, Suite 400, Miami, Florida USA 33178. World Fuel Services Corporation is the only company that consolidates the Company's results.

20. CONTINGENT LIABILITIES

Our equity shares have been pledged by our Parent Company to Bank of America, N.A., acting as Administrative Agent, Swing Line Lender and L/C-BA Issuer, and Bank of America, N.A., Singapore Branch, as Singapore Agent, in guarantee of the syndicated financing of the Group pursuant to which certain of the syndicated lenders have made available to our Parent Company and its subsidiaries a revolving credit facility with a swing line sublimit and a letter of credit sublimit. In the event our Parent Company would fail to repay this credit as prescribed by the Credit Agreement, the Administrative Agent could enforce this guarantee, which might affect subsidiaries, including potentially WFL (UK) Limited. We do not envision such default of our Parent Company within the foreseeable future, the likelihood of such default is remote.

21. SUBSEQUENT EVENTS

Business Integration

Subsequent to the year end, on 1 August 2020, the Company entered into a business integration with a Group related company, Henty Oil Limited. The business integration related to the transfer of assets and liabilities relating to the Land segment.

Coronavirus

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, have been significantly disrupted by the pandemic.

While the COVID-19 pandemic and associated impacts on economic activity had no effect on our results of operations and financial condition as of December 31, 2019 and limited adverse effect to the first quarter of 2020, the Group have seen since then a decline in demand and related sales as large sectors of the global economy have been adversely impacted by the COVID-19 crisis. Accordingly, the Group revenue during the second quarter of 2020 was significantly impacted due to the effects of the pandemic. As a result, during the second quarter of 2020, the Group took additional steps and expanded the restructuring operations to include the rationalization of our global office footprint, including the transition of select offices to smaller or more cost-effective locations.

The Company has traded successfully during the COVID-19 lock down and has utilized the following government schemes in 2020; the job retention scheme, the deferral of the payment of VAT and government grants for the reduction of rates payable on smaller properties. At the time of this report the UK outlook remains uncertain from both an economic outlook and future Covid-19 possible impacts. It is expected that in 2021 the UK economy will be a difficult environment but the Directors believe that the Company is in a good place to respond to the challenges and that trading levels will resume to more standard conditions later in 2021.

World Fuel Services Corporation, the ultimate parent company, 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 December 31, 2019, 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 December 31, 2019, as and when they fall due.

The above subsequent events have been considered to be non-adjusting post balance sheet events and there are no other subsequent event to be disclosed within these financial statements.