WFL (UK) Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2022

Company Number 00594001

Company Information

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

Contents

Strategic Report for the year ended 31 December 2022

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 2022.

Principal activities

The Company, incorporated in England and Wales in the United Kingdom ("UK"), is a wholly owned subsidiary of WFS UK Holding Company III Limited, also incorporated in England and Wales in the United Kingdom, which is a wholly-owned subsidiary of World Kinect Corporation (Formerly known as 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 continues to be the distribution and sale of fuel and lubricants in the land transportation market within the UK.

Business review and future outlook

For the year ended 31 December 2022, the financial statements show revenue of £1,870 million (2021: £1,260 million), profit before tax of £6.5 million (2021: £6.8 million) and net assets of £59.1 million (2021: £58.4 million).

The year ended 31 December 2022 was a positive year for the company. Revenue in the year ended 31 December 2022 grew compared to the year ended 31 December 2021 by 48%, this is primarily due to the increase in global oil prices, the impact of which persisted through much of 2022.

Operating profit be grew in the year ended 31 December 2022 by 2% compared to the year ended 31 December 2021. Following a strong performance in 2021, the results in 2022 were driven by the global market turbulence and reflects the company's on-going ability to protect the company assets during periods of volatility.

The current Directors are satisfied with the results for the financial year and are satisfied with performance in 2023 to date and the expected forecast for the remainder of the year. To the date of this report:

- The market volatility experienced in 2022 has reduced in 2023 and the Company remains able to adapt to future changing market conditions as they occur.
- The current Directors believe the Company is set up for the long term and there are no significant changes planned in the Company's operations in the foreseeable future.

Key performance indicators ("KPIs")

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

	2022 £'000	2021 £'000	Change £'000	Change %
Revenue	1,869,787	1,259,709	**610,078**	48 %
Operating profit	8,311	8,164	**147**	2 %
Profit before income tax	6,509	6,827	**(318)**	(5)%

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

Strategic Report for the year ended 31 December 2022

Streamlined Energy and Carbon Reporting

Under the new Streamlined Energy and Carbon Reporting (SECR) regulations, in line with the UK reporting guidelines, table below details the UK emissions and energy consumed for the year ended 31 December 2022.

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

The calculation methodologies followed the 2019 HM Government Environmental Reporting Guidelines and GHG Reporting Protocol - Corporate Standard. The 2021 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:

- Sub-metered energy consumption which has been provided by the landlord for both gas and electricity emissions;
- Transport usage was calculated using expense claims, on pence per mile for mileage claims. Vehicle fuel type was undefined and the mileage was split assuming 70% Diesel and 30% Petrol.

	Units	2022	2021
Emissions from combustion of gas (Scope 1)	tCO2e	14	24
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO2e	9,418	10,440
Emissions from purchased electricity (Scope 2)	tCO2e	312	241
Emissions from generation of electricity consumed in a transmission and distribution system for which the Company does not own or control (Scope 3)	tCO2e	29	21
Emissions from business travel in rental cars or employee-owned vehicles where the Company is responsible for purchasing the fuel (Scope 3)	tCO2e	90	52
Total gross emissions		**9,863**	**10,778**
Energy consumption used to calculate above emissions	kWh	41,119,222	45,566,246
Intensity measurement	$M Turnover	1,870	1,260
Intensity ratio	tCO2/$M	5.28	8.56

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 Kinect Corporation Group, is discussed from page 16 of the Sustainability Report, which does not form part of this report.

World Kinect Corporation 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.

The Group continues to improve 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.

Strategic Report for the year ended 31 December 2022

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.

Health and safety

The Company is committed to protecting the health and safety of our employees, contractors, customers, suppliers and the communities in which we operate. We are committed to playing a leading role in promoting best practices within the transportation industry and are closely involved in developing, setting, and maintaining health, safety and environment ("HSE") industry standards. We have established a set of "Rules to Live By" to help strengthen our existing Integrated Management System and drive appropriate safety behaviors and practices, which we believe are vital to preventing workplace incidents. These rules are designed to ensure the safety of our employees, contractors, customers, suppliers and communities in which we operate.

We have developed what we believe to be a comprehensive process designed to identify, assess and manage HSE risks in our operations. We set targets for performance improvements and regularly measure, audit and report on our performance both internally and in accordance with applicable laws. We also expect our contractors to manage HSE matters in line with our policies and strive to maintain an open dialogue with our stakeholders to better align our policies with the priorities within the communities where we operate.

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 2022, 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.

Strategic Report for the year ended 31 December 2022

In 2022, 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:

- Review of the Company's plan for the changes to Government legislation in 2022 on the permitted use of red diesel;
- Ongoing development of the company's energy transition strategy;
- Ongoing financial reviews and resource management in order to protect the company's financial position;
- Ensuring appropriate risk assessments and approvals were completed for the return to the office for office based employees and the on-going safety of drivers whilst adhering to government guidelines relating to the COVID-19 pandemic;
- Communication and ongoing review of health and safety guidelines;
- Ongoing review of the action plans and challenges related to the UK HGV driver shortage in late 2021.
- Continuous overview of compliance and decisions over general transportation matters.
- Approval and distribution of a dividend of £3 million.

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

- Our customers: were considered throughout to promote the goal that decisions were made properly balanced with 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 further below in the Directors' Report.

Going concern

The Company's profit after tax for the financial year was £4.1 million (2021: £5.8 million). At 31 December 2022 the Company had net current assets of £42.8 million (2021: £62.4 million) and net assets of £59.1 million (2021: £58.4 million).

Strategic Report for the year ended 31 December 2022

World Kinect 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 2022, 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 2022, 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. As a result of the support from the Ultimate Parent Undertaking, the director have a reasonable expectation 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.

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

C Bishop

Claire Jean Bishop
Director

Date: 28 September 2023

Directors' Report for the year ended 31 December 2022

Directors

The Directors who served during the financial year ended 31 December 2022 and up to the date of signing the financial statements are as follows:

Claire Bishop
Richard Leaman
Shaun Galvin
Colin Francis

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 2022 and as at the date of approval of the Annual Report.

Dividends

The Company paid an interim dividend of £6.27 per share, totalling £3.4 million (2021: £nil) during the year ended 31 December 2022. No further dividend is proposed for the year ended 31 December 2022 (2021: £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 2022 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.

Directors' Report for the year ended 31 December 2022

(ii) Fuel inventory

The Company is exposed to price risk to the extent that the Company maintains fuel inventory in the normal course of business. 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.

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 US LIBOR plus a fixed rate (note 16). An increase in US LIBOR could mean an increase in interest payable. A decrease in US 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.

Stakeholders' engagement statement

The Company's key stakeholder engagement and decision making are integrated with the principles of the Ultimate Parent Undertaking, World Kinect 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.

Directors' Report for the year ended 31 December 2022

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 the 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 future developments in the business.

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 Directors' are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Directors' have 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

The auditors, BDO LLP, will be re-appointed during the year in accordance with section 485 of the Companies Act 2006.

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

C Bishop

Claire Jean Bishop
Director

Date: 28 September 2023

Directors' Responsibilities Statement for the year ended 31 December 2022

The Directors are responsible for preparing the Strategic Report, the 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; 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 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.

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

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 2022 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 2022 which comprise the Statement of comprehensive income, the Balance sheet, the 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 are 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 Directors report and financial statements, 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.

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

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 course of 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.

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 the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the 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 or 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 Directors' Responsibilities Statement, 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.

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

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:

Non-compliance with laws and regulations
Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance, including legal counsel and Internal Audit;
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations

We considered the significant laws and regulations to be UK Tax legislation, adherence to Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice),

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Health and Safety at Work Act 1974, The Hydrocarbon Oil Duties Act 1979 and the Data Protection Act 2018.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit, where required; and a
- Review of legal expenditure accounts to understand the nature of expenditure incurred;

Fraud
We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and

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

- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be Revenue, Trade Receivables, Journal Entries and Related Party Transactions.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing any manual journal entries made to Revenue for reasonableness and agreeing to supporting documentation;
- A review of minutes held during the year to identify any suspected or known instances of fraud;
- Assessing significant estimates made by management for bias as disclosed in Note 4, and verifying assumptions made to supporting documentation;
- A review of Related Party relationships for identification and to ensure sufficient disclosure of these transactions and relationships is included within the financial statements;
- Verification of transactions and balances outstanding at the year end date with these identified related parties; and
- We used an engagement team with appropriate competence and capabilities.

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 is available on 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:
Joseph Aswani
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Joseph Aswani (*Senior Statutory Auditor*)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom
Date: 28 September 2023

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

Statement of Comprehensive Income for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	5	1,869,787	1,259,709
Cost of sales		(1,828,563)	(1,225,378)
Gross profit		**41,224**	**34,331**
Administrative expenses		(32,920)	(26,618)
Other operating income		7	451
Operating profit	6	**8,311**	**8,164**
Finance income	9	—	348
Finance expense	10	(1,802)	(1,685)
Profit before taxation		**6,509**	**6,827**
Income tax expense	11	(2,396)	(1,073)
Profit for the financial year after taxation and total comprehensive income for the year		**4,113**	**5,754**

All amounts presented for the year ended 31 December 2022 and 31 December 2021 relate to continuing operations.

There was no other comprehensive income or loss during the year ended 31 December 2022, or the year ended 31 December 2021.

The notes on pages 17 to 34 form part of these financial statements.

Balance Sheet as at 31 December 2022

Registered number: 00594001

	Note	2022 £'000	2021 £'000
Non-current assets			
Intangible assets	12	2,089	2,646
Property, plant and equipment	13	27,966	30,068
Trade and other receivables	15	25,564	—
		55,619	**32,714**
Current assets			
Inventories	14	16,896	11,127
Trade and other receivables	15	171,873	158,879
Cash and cash equivalents		450	1,390
		189,219	**171,396**
Total assets		**244,838**	**204,110**
Non-current liabilities			
Borrowings	16	37,659	36,205
Deferred tax liabilities	17	1,655	518
		39,314	**36,723**
Current liabilities			
Income tax payable		1,259	5,160
Borrowings	16	2,764	3,097
Trade and other payables	18	142,431	100,773
		146,454	**109,030**
Total liabilities		**185,768**	**145,753**
Net current assets		**42,765**	**62,366**
Net assets		**59,070**	**58,357**
Equity			
Called up share capital	20	542	542
Share premium		33,745	33,745
Revaluation reserve		2,144	2,144
Capital redemption reserve		437	437
Retained earnings		22,202	21,489
Total shareholder's funds		**59,070**	**58,357**

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

C Bishop

Claire Jean Bishop
Director

Date: 28 September 2023

The notes on pages 17 to 34 form part of these financial statements.

Statement of Changes in Equity for the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholder's funds £'000
Balance at 1 January 2021	**542**	**33,745**	**2,144**	**437**	**15,735**	**52,603**
Profit for the financial year after taxation and total comprehensive income for the year	**—**	**—**	**—**	**—**	**5,754**	**5,754**
Balance at 31 December 2021	**542**	**33,745**	**2,144**	**437**	**21,489**	**58,357**
Dividend distribution	**—**	**—**	**—**	**—**	**(3,400)**	**(3,400)**
Profit for the financial year after taxation and total comprehensive income for the year	**—**	**—**	**—**	**—**	**4,113**	**4,113**
Balance at 31 December 2022	**542**	**33,745**	**2,144**	**437**	**22,202**	**59,070**

The Company paid an interim dividend of £6.27 per share, totalling £3.4 million (2021: £nil) during the year ended 31 December 2022.

The notes on pages 17 to 34 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 December 2022

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 Kinect Corporation (Formerly known as World Fuel Services Corporation), (the “Ultimate Parent Undertaking”), incorporated in the state of Florida, in the United States of America. On June 15, 2023, the Ultimate Parent Undertaking's shareholders approved an amendment to the Company's Articles of Incorporation, as amended, changing the Ultimate Parent Undertaking's name from World Fuel Services Corporation to World Kinect Corporation

The principal activity of the Company continues to be 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 consistently in all periods presented:

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 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

Notes to the Financial Statements for the year ended 31 December 2022

This information is included in the consolidated financial statements of World Kinect Corporation as at 31 December 2022 and these financial statements may be obtained from World Kinect Corporation, 9800 NW 41st Street, Miami, Florida USA 33178.

3.3 Going concern

The Company's profit after tax for the financial year was £4.1 million (2021: £5.8 million). At 31 December 2022 the Company had net current assets of £42.8 million (2021: £62.4 million) and net assets of £59.1 million (2021: £58.4 million).

World Kinect 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 2022, 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 2022, 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. As a result of the support from the Ultimate Parent Undertaking, the director has a reasonable expectation 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.

3.4 Foreign currency translation

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).

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.

Notes to the Financial Statements for the year ended 31 December 2022

(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) 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.

3.6 Interest income

Interest income is recognised using the effective interest rate method.

3.7 Other operating income

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

3.8 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.

Notes to the Financial Statements for the year ended 31 December 2022

(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.

3.9 Current and deferred income tax

Tax is recognised in Income tax credit/(expense) in the Statement of Comprehensive Income, with the exception of changes attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity, which are recognised directly in other comprehensive income or 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:

a. 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
b. 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.

3.10 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 of the Company's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life, which as at the Balance Sheet date does not exceed 10 years. Goodwill is assessed for impairment annually and any impairment is charged to the Statement of Comprehensive Income.

Notes to the Financial Statements for the year ended 31 December 2022

3.11 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:

Concept	Years
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.

3.12 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:

Concept	Years
Freehold and leasehold buildings	10 to 50
Plant, machinery and office equipment	2 to 10
Motor vehicles	3 to 8

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 are not depreciated until they are 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 within ‘administrative expenses’.

3.13 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.

Notes to the Financial Statements for the year ended 31 December 2022

(i) 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.

(ii) Finance leases

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.

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 Inventories

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.

Notes to the Financial Statements for the year ended 31 December 2022

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.

3.16 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on 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.

3.17 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.

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 are within loan notes receivable in the Balance Sheet.

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.

Notes to the Financial Statements for the year ended 31 December 2022

(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.

3.18 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.

3.19 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.

3.20 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. Judgments 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.

Notes to the Financial Statements for the year ended 31 December 2022

(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 arms' 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.

The valuation of inventory

The Company's inventory consists of land fuel and lubricant products. In calculating the net realisable value of inventory, Management considers the nature and condition of the inventory, as well as applying assumptions around the saleability of inventory and the amount of related transportation costs to include within the valuation calculations.

Classification of leases

Determine of 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 debtors. 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, historical experience and World Kinect Corporation, the Ultimate Parent Undertaking, pledging to correct the financial position of the entities, so that no credit loss is incurred by the Company.

Notes to the Financial Statements for the year ended 31 December 2022

Loans receivable from related parties

The Company has entered into a loan agreement with a related party during the year. The Company considers a number of estimates when entering into these loan agreements to ensure that they are conducted on arms' length basis with interest being charged in line with relevant market conditions. When assessing whether loan agreements with other group companies have been conducted on an arms' 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 basic financial instruments between companies and groups who operate in similar markets to the worldwide Group.

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 3.12 above for the useful economic lives of each class of assets.

5. Revenue

An analysis of revenue by market is as follows:

	2022 £'000	2021 £'000
Lubricants	22,450	17,297
Land Fuel	1,847,337	1,242,412
Total	**1,869,787**	**1,259,709**

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

6. Operating profit

Operating profit is stated after charging/(crediting):

	2022 £'000	2021 £'000
Employee costs (Note 7)	18,607	15,272
Depreciation (Note 13)	5,498	4,718
Amortisation of intangible assets (Note 12)	557	556
Operating lease expense	2,526	1,861
Impairment of trade receivables	768	216
Profit on sale of property, plant and equipment	7	(447)
Fees payable to the Company's auditor:		
– For the audit of the Company's annual financial statements	91	130
– For the preparation of the financial statements	—	1

Fees payable to the Company's auditor for the year ended 31 December 2022 are settled by a Group Company.

Notes to the Financial Statements for the year ended 31 December 2022

7. Employee costs

Particulars of employee costs are as follows:

	2022 £'000	2021 £'000
Wages and salaries	16,119	13,211
Social security costs	1,687	1,301
Other pension costs	623	659
Share based payments	178	101
	18,607	**15,272**

The amounts above represent remuneration paid to employees, however during the year ended 31 December 2021 the Company received government grants of £13.4k in relation to the UK Government's Coronavirus Job Retention Scheme ("furlough"). This amount was presented within other operating income. No amounts were received in respect of this scheme during 2022.

The average monthly number of persons employed by the Company, including Directors, during the year ended 31 December 2022 and 31 December 2021 were as follows:

	2022 No.	2021 No.
Commercial	205	141
Corporate	132	185
Operations	272	249
	609	**575**

The 2021 figures above are inclusive of 3 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 2 months within 2021. No employees were placed on furlough leave during 2022

8. Directors' Remuneration

	2022 £'000	2021 £'000
Aggregate remuneration	767	543
Company contributions to defined contribution pension scheme	35	15
	802	558

The number of Directors who:

	2022 No.	2021 No.
Are members of a defined contribution pension scheme	4	2
Exercised share options	—	—
Had awards receivable in the form of shares under a long-term incentive scheme	4	2

Notes to the Financial Statements for the year ended 31 December 2022

The highest paid Director's emoluments were as follows:

	2022 £'000	2021 £'000
Aggregate remuneration	302	209
Company contributions to defined contribution pension scheme	11	5
	313	**214**

9. Finance income

	2022 £'000	2021 £'000
Foreign exchange gain	—	348
	—	**348**

10. Finance expense

	2022 £'000	2021 £'000
Finance leases and hire purchase contracts	500	533
Foreign exchange loss	469	—
Loan notes interest payable to group companies	833	1,152
	1,802	**1,685**

11. Income tax

	2022 £'000	2021 £'000
Current taxation:		
UK corporation tax on losses in the year	1,259	—
Adjustments in respect of previous years	—	1,114
Total current taxation	**1,259**	**1,114**
Deferred taxation:		
Originating and reversal of timing differences	(305)	(62)
Adjustments in respect of previous years	1,442	21
Total deferred taxation	**1,137**	**(41)**
Total tax expense on profit for the year	**2,396**	**1,073**

Notes to the Financial Statements for the year ended 31 December 2022

Factors affecting tax expense for the year

The tax charge is higher (2021: lower) than the standard UK Corporation tax of 19% (2021 - 19%) due to certain factors. The factors affecting the tax charge are reconciled below:

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	**6,509**	**6,827**
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	1,237	1,297
Effects of:		
Income not subject to tax	—	12
Group losses claimed for nil consideration	(209)	(1,370)
Timing difference	231	61
Adjustments to tax charge in respect of prior periods	—	1,114
Other differences	1,137	(41)
Total tax expense for the year	**2,396**	**1,073**

Factors affecting current and future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that from 1 April 2023, there is no longer a single Corporation Tax rate for non-ring fence profits. From 1 April 2023, the Corporation Tax main rate for non-ring fence profits will increase to 25% for profits above £250,000. For profits of £50,000 or less, a small profits rate of 19% will be applicable. A marginal relief scheme with a gradual increase in the effective Corporation Tax rate for profits in between these amounts will also be applicable

12. Intangible assets

The net book value of the Company's intangible assets as at 31 December 2022 is presented below:

	Cost £'000	Accumulated amortisation £'000	Net book value £'000
Goodwill			
At 1 January 2022	28,689	(26,556)	**2,133**
Amortisation	—	(474)	**(474)**
At 31 December 2022	**28,689**	**(27,030)**	**1,659**
Identified intangibles			
At 1 January 2022	629	(116)	**513**
Amortisation	—	(83)	**(83)**
At 31 December 2022	**629**	**(199)**	**430**
As at 31 December 2022	**29,318**	**(27,229)**	**2,089**
As at 31 December 2021	**29,318**	**(26,672)**	**2,646**

Notes to the Financial Statements for the year ended 31 December 2022

13. Property, plant and equipment

	Assets under construction £'000	Freehold land and buildings, and leasehold buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
Cost						
At 1 January 2022	**465**	**16,990**	**22,164**	**39,529**	**8,964**	**88,112**
Acquisitions	1,012	—	39	637	1,719	3,407
Disposals	—	—	—	—	(248)	(248)
Transfers	(597)	—	112	17	468	—
At 31 December 2022	**880**	**16,990**	**22,315**	**40,183**	**10,903**	**91,271**
Accumulated depreciation						
At 1 January 2022	—	**9,309**	**13,258**	**29,469**	**6,008**	**58,044**
Charge for the year	—	221	495	3,713	1,069	5,498
On disposals	—	—	—	—	(237)	(237)
At 31 December 2022	—	**9,530**	**13,753**	**33,182**	**6,840**	**63,305**
As at 31 December 2022	**880**	**7,460**	**8,562**	**7,001**	**4,063**	**27,966**
As at 31 December 2021	**465**	**7,681**	**8,906**	**10,060**	**2,956**	**30,068**

The net book value of Motor vehicles includes an amount of £7,001k (2021: £10,060k) in respect of assets held under finance leases and hire purchase contracts.

Notes to the Financial Statements for the year ended 31 December 2022

14. Inventories

	2022 £'000	2021 £'000
Land fuel	14,101	9,101
Lubricants	2,795	2,026
	16,896	**11,127**

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

15. Trade and other receivables

Current Trade and other receivables	2022 £'000	2021 £'000
Trade receivables	162,075	117,083
Less: provision for impairment of receivables	(1,457)	(936)
Trade receivables – net	**160,618**	**116,147**
Value added tax receivable	502	2,456
Amounts due from group undertakings	—	35,954
Other current assets	5,151	667
Prepayments and accrued income	5,602	3,655
	171,873	**158,879**

Amounts due from group undertakings are unsecured, non-interest bearing and are repayable on demand. All trade and other receivables presented above are due within one year.

Non-Current Trade and other receivables	2022 £'000	2021 £'000
Amounts due from group undertakings	25,564	—
	25,564	**—**

On 15 December 2022, as the effective date, the Company entered into an intercompany line of credit with a related company, WFS UK Finance Limited ("UK FINCO"), with an initial term ending on 30 June 2025 that will automatically renew for two periods of one year each.

This agreement is intended as a line of credit which allows the Company to lend funds through deposits, or, alternatively, borrow funds from UK FINCO up to an aggregate principal amount of USD $10 million (GBP £8.3 million), of which, either position must be maintained net as either debtor or creditor with UK FINCO at the end of each period. The line of credit allows the Company to borrow, repay and redraw, as necessary, during the term of the agreement up to the limit mentioned above.

The net deposit position with UK FINCO bears interest at a rate determined based on the interest received for outstanding time deposits by UK Monetary Financial Institutions as published by The Bank of England, and, for any borrowing position, the applicable interest rate will be this rate plus 0.25%, with the first interest period beginning on 1 July 2023. No interest has been applied, due or payable by either party on any balance position of either the Company or UK FINCO, during the transitional period which begins on the effective date and ends on 30 June 2023.

Notes to the Financial Statements for the year ended 31 December 2022

The Company has outstanding deposits with UK FINCO of USD $30.9 million (GBP £25.6 million) at 31 December 2022 (2021: $nil), and recognised zero interest income on its net borrowings position during the year ended 31 December 2022. As part of the agreement, no repayment date has been stipulated. As at 31 December 2022, it is not the Directors' intention to demand the repayment of the outstanding deposits within the subsequent 12 months of the Balance Sheet date and therefore this balance is presented as non-current as at the year end date.

16. Borrowings

	2022 £'000	2021 £'000
Non-current		
Loan facility with related companies	20,666	18,479
Interest payable to related companies	7,404	5,788
Financial lease obligation	9,589	11,938
	37,659	**36,205**
Current		
Finance lease obligation	**2,764**	**3,097**
Total borrowings	**40,423**	**39,302**

At 29 December 2015 the Company borrowed USD $25.0 million, equivalent to £20.3 million, at the date of issuance, from a related company, World Fuel Services Europe, Ltd. The loan has no fixed date of settlement. The loan bears interest at US LIBOR+3.5% per annum. As at 31 December 2022, the balance outstanding was £20,7m (2021: £18.5m). The Company recorded interest expense on the borrowings during the year of £0.8 million (2021: £0.7 million). Accumulated interest outstanding on this facility as at 31 December 2022 is £7.4 million (2021: 5.8 million). The principal and accumulated interest have been recognised as non-current since the Directors have received written 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:

	2022 £'000	2021 £'000
Not later than one year	2,940	3,570
Later than one year and not later than five years	8,582	10,447
Later than five years	2,160	2,638
Total finance lease liability	**13,682**	**16,655**
less:finance charges	(1,329)	(1,620)
Carrying amount of liability	**12,353**	**15,035**
Financial lease obligation - current	2,764	3,097
Financial lease obligation - non-current	9,589	11,938
Total financial lease obligation	**12,353**	**15,035**

Interest of £500k (2021: £533k) in relation to finance lease obligations has been recorded during the year ended 31 December 2022.

Notes to the Financial Statements for the year ended 31 December 2022

17. Deferred tax liabilities

The analysis of deferred tax liabilities is as follows:

	Capital allowances £'000	Intangible assets £'000	Other £'000	Total £'000
At 1 January 2021	(640)	7	74	(559)
Credited / (charged) to the Statement of Comprehensive Income	(306)	589	(242)	41
As at 31 December 2021	**(946)**	**596**	**(168)**	**(518)**
Credited / (charged) to the Statement of Comprehensive Income	(1,497)	253	107	(1,137)
As at 31 December 2022	**(2,443)**	**849**	**(61)**	**(1,655)**

18. Trade and other payables

	2022 £'000	2021 £'000
Trade payables	118,686	91,021
Amounts owed to group undertakings	8,429	—
Customer deposits	5,650	4,677
Accruals and deferred income	9,600	5,054
Other payables	66	21
	142,431	**100,773**

The amounts owed to group undertakings are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on demand. All amounts presented in both the current and prior year are repayable within one year.

19. Lease commitments

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

	2022 £'000	2021 £'000
Payments due:		
Not later than one year	871	1,088
Later than one year and not later than five years	3,686	3,460
Later than five years	2,044	1,994
	6,601	**6,542**

Notes to the Financial Statements for the year ended 31 December 2022

20. Share capital and reserves

	2022 £'000	2021 £'000
Authorised		
1,000,000 (2021: 1,000,000) Ordinary shares of £1 each	1,000	1,000
Allotted, called-up and fully paid		
542,030 (2021: 542,030) Ordinary shares of £1 each	542	542

21. Ultimate parent undertaking

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 Kinect Corporation, a company incorporated in the United States of America.

World Kinect Corporation is the parent undertaking of the only group of undertakings to consolidate these financial statements. The consolidated financial statements of World Kinect Corporation may be obtained from World Kinect 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 Kinect 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 2022, there is no outstanding amounts owed by the Foreign Borrowers under the Credit Agreement (2021: $41.6 million).