The Lubricant Company Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2023

Company Number SC258167

Company Information

Director	Richard Donald McMichael
Company secretary	Reed Smith Corporate Services Limited
Registered number	SC258167
Registered office	Summit House 4-5 Mitchell Street Edinburgh Scotland EH6 7BD
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Content

Strategic Report for the Year ended 31 December 2023

The Director presents herewith his Strategic Report and Director's Report together with the audited financial statements of The Lubricant Company Limited (the "Company") for the year ended 31 December 2023.

Principal activities

The Company, limited by share capital and incorporated in Scotland in the United Kingdom, is a wholly owned subsidiary of WFS UK Holding Company II Limited, which is incorporated in England and Wales in the United Kingdom. The ultimate holding company is 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 Company's principal activity continues to be that of an investment holding company.

Business review and future outlook

The Company had net assets as at 31 December 2023 of $811,391k (2022: $816,556k) and reported a loss after tax for the financial year of $5,165k (2022: $4,647k). The Company's activities include acting as an investment holding company and any profits or losses are limited to the receipt of dividend income, interest income, or impairment losses recorded, net of the Company's finance costs on its debts.

As at 31 December 2023, management assessed the Company's investments for impairment and concluded that the carrying amount of the investment in Nordic Camp Supply B.V. was not fully recoverable as of the balance sheet date. As a result, the Company has recognised an impairment loss of $2,322k (2022: $176,651k) within administrative expenses within the statement of comprehensive income in the year ended 31 December 2023 to reduce the carrying value of the investment to the recoverable value of the subsidiary's net assets. We further note that the company received no dividend income during the year ended 31 December 2023 (2022: $185,000k).

Principal risks and uncertainties

The Company's principal risks and uncertainties are integrated with the principal risks of the World Kinect Corporation Group (further referred to as 'Group') and are not managed separately. World Kinect Corporation is the parent undertaking of the only group of undertakings to consolidate these financial statements. The principal risks and uncertainties of World Kinect Corporation, the Ultimate Parent Undertaking, are discussed from page 8 of the 2023 annual report on Form 10-K which does not form part of this report but is publicly available.

Key performance indicators ("KPIs")

The Company's Director monitors progress and strategy by reference to the following financial KPI:

	2023 $	2022 $	Change $	Change %
Net Assets	811,391	816,556	(5,165)	(0.6)%

Refer to the business review and future outlook above for an explanation of the movement in the KPI.

Strategic Report for the Year ended 31 December 2023

Section 172(1) statement

The Company's stakeholder engagement and decision making are integrated with the principles and activity of the Ultimate Parent Undertaking (note 13). The stakeholder engagements are not managed separately, and the Group regularly engages with the stakeholders to better understand their perspectives, including in 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 its key stakeholders. The key stakeholders relevant to the Company include other Group companies and regulators. The Company's key stakeholders are managed through the Group which engages with key stakeholders in a number of ways.

In line with the Director's duties, under section 172(1) of the Companies Act 2006, the Director 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 2023, whilst fulfilling his duties to promote the success of the Company, the Director considered the interests of key stakeholders, having regard, amongst other matters to:

a) The likely consequences of any decisions in the long term;
b) The need to foster business relationships;
c) The impact of the Company's operations on the community and the environment;
d) The desirability of the Company to maintain a reputation for high standards of business conduct; and
e) The need to act fairly between members of the Company.

The Director discharges his section 172 duty by taking these and other relevant factors into consideration when making decisions. The Director ensures key decisions are aligned with the strategy, vision and values of the Group, details of which can be found at: https://ir.worldkinect.com/corporate-responsibility.

The Director's duties and decisions made on behalf of the Company are supported by access to the Group and corporate governance policies and practices. Informed decisions have been made through engagement with key stakeholders to better understand their perspectives.

The Group believes that good corporate governance is critical to support its efforts to achieve performance goals, while delivering long-term value to 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.

There were no principal decisions made by the Director during 2023, and he is satisfied that the performance of the company is integrated with the strategic goals of the Group.

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 previously in the Strategic Report (page 1).

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

Richard Donald McMichael
Director

Date: 9 September 2024

Director's Report for the year ended 31 December 2023

Directors

The Directors who served during the year ended 31 December 2023 and up to the date of signing the financial statements is as follows:

Richard Donald McMichael
Paul Thomas Vian (Resigned 14 November 2023)

Director's 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 2023 and as at the date of approval of the Annual Report.

Dividends

The Company paid no interim dividend for the year ended 31 December 2023 (2022: $nil). No final dividend is proposed for the year ended 31 December 2023 (2022: $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 Kinect Corporation Group. The financial risk objectives, policies and exposures are described in the financial statements of the Ultimate Parent Undertaking in the 2023 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 exposure to exchange rate changes results from amounts due from related companies denominated in GBP. The Company mitigates the exchange risk through participation in a foreign currency hedge entered into by a related company. The purpose of the hedge is to mitigate risk across a number of the Group entities, the focus being on the foreign currency exposure of the Group as opposed to individual entities. The Company does not directly enter into hedging arrangements as this is performed by other Group undertakings.

Price risk

The Company has no exposure to price risk given the activities the Company performs.

Interest rate risk

The Company has exposure to interest rate risk due to its amounts due from Group undertakings, of which, interest is based on the rate equal to the interest received for outstanding time deposits by UK Monetary Financial Institutions as published by The Bank of England (note 9). A decrease in in the interest rate could mean a decrease in interest receivable. The Company has outstanding borrowings with a related Group company, World Fuel Services Europe, Ltd.. The current borrowings have a maturity date of 28 December 2024 and bear interest at a fixed rate of 6.2%. Since the interest rate on borrowings is fixed, the Company's exposure to interest rate risk on borrowings is considered to be minimal.

Director's Report for the year ended 31 December 2023

Credit risk

Credit risk arises from trade and other receivables. As at 31 December 2023, the Company has receivables due from Group undertakings of $9,327k (2022: $20,910k). The maximum exposure to credit risk at the reporting date is the carrying value of these receivables as presented on the Balance Sheet. The directors have received confirmation from World Kinect Corporation that no credit loss will be incurred if the receivables cannot be settled as they fall due. The Company does not hold any collateral as security.

Liquidity risk

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

Future developments

Refer to the Strategic Report (page 1) included previously in these financial statements for a description of future developments in the business.

Going concern

The Company's loss after tax for the financial year was $5,165k (2022: loss after tax of $4,647k) and as at 31 December 2023 the Company had net assets of $811,391k (2022: $816,556k).

World Kinect Corporation, the Ultimate Parent Undertaking of The Lubricant Company 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 financial statements for the year ended 31 December 2023, 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 2023, 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.

Disclosure of information to auditor

The Director at the time when this Director's Report is approved has confirmed that:

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

Auditor

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

Director's Report for the year ended 31 December 2023

Special provisions relating to small companies

This report has been prepared in accordance with the special provisions relating to small companies' subject to the small companies' regime within part 15 of the Companies Act 2006 'The Small companies' and Groups (Accounts and Directors Report) Regulations 2008'.

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

Richard Donald McMichael
Director

Date: 9 September 2024

Statement of Director's Responsibilities
For the Year Ended 31 December 2023

Statement of Director's Responsibilities

The Director is responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' . Under company law the Director 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 Statement of Comprehensive Income of the Company for that period.

In preparing these financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 Director is 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 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.

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 2023 and of its loss 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 The Lubricant Company Limited ("the Company") for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, 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 101 *Reduced Disclosure Framework* (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 Director's 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 Director with respect to going concern are described in the relevant sections of this report.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 Director’s report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director’s report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director’s 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 Director’s remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Director was not entitled to prepare the financial statements in accordance with the small companies’ regime and take advantage of the small companies’ exemptions in preparing the Director’s report.

Responsibilities of Directors

As explained more fully in the Statement of Director’s Responsibilities, the Director is 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 Director determines 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 Director is 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 Director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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,
- 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 Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice), UK tax legislation and the Companies Act 2006.

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.

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; and
- 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; and
- 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; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- 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 Management Override of 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; and
- Assessing significant estimates made by management for bias as disclosed within Note 3, and verifying assumptions made to supporting documentation; and
- Review of related party relationships for identification and to ensure sufficient disclosure of these transactions and relationships is included within these financial statements; and
- Verification and confirmation of transactions during the year, and balances outstanding as at the period end date with those identified related parties; and
- We used an engagement team with appropriate competence and experience.

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, UK
Date: 09 September 2024

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 2023

	Note	2023 $'000	2022 $'000
Administrative expenses		(2,852)	(176,750)
Operating loss	4	**(2,852)**	**(176,750)**
Finance expense	5	(2,516)	(12,897)
Finance income	6	203	—
Dividend income from fixed asset investments	8	—	185,000
Loss before taxation for the year		**(5,165)**	**(4,647)**
Income tax expense	7	—	—
Loss after taxation for the financial year and total comprehensive loss for the year		**(5,165)**	**(4,647)**

All amounts relate to continuing operations.

There was no other comprehensive income or loss during the year ended 31 December 2023, or the year ended 31 December 2022

The notes on pages 14 to 23 form part of these financial statements

Balance Sheet as at 31 December 2023

Registered number: SC258167

	Note	2023 $'000 USD	2022 $'000 USD
Non-current assets			
Investments	8	838,040	840,362
Trade and other receivables	9	9,327	20,910
Total non-current assets		**847,367**	**861,272**
Total assets		**847,367**	**861,272**
Current liabilities			
Borrowings	10	35,233	35,233
Trade and other payables	11	743	9,483
		35,976	**44,716**
Total liabilities		**35,976**	**44,716**
Net current (liabilities)		**(35,976)**	**(44,716)**
Net assets		**811,391**	**816,556**
Equity			
Share capital	12	—	—
Share premium		825,147	825,147
Retained losses		(11,749)	(6,584)
Translation reserve		(2,007)	(2,007)
Total shareholder's funds		**811,391**	**816,556**

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

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

Richard Donald McMichael
Director

Date: 9 September 2024

The notes on pages 14 to 23 form part of these financial statements

Statement of Changes in Equity for the year ended 31 December 2023

	Share capital	Share premium	Retained losses	Translation reserve	Total shareholder's funds
	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2022	**—**	**825,147**	**(1,937)**	**(2,007)**	**821,203**
Loss after taxation for the financial year and total comprehensive loss for the year	—	—	(4,647)	—	(4,647)
Balance at 31 December 2022	**—**	**825,147**	**(6,584)**	**(2,007)**	**816,556**
Loss after taxation for the financial year and total comprehensive loss for the year	—	—	(5,165)	—	(5,165)
Balance at 31 December 2023	**—**	**825,147**	**(11,749)**	**(2,007)**	**811,391**

The notes on pages 14 to 23 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2023

Note 1 – General Information

The Lubricant Company Limited ("the Company") is a private company, limited by share capital, and incorporated and domiciled in Scotland in the United Kingdom. The Company is a wholly-owned subsidiary of WFS UK Holding Company II Limited, which is incorporated in England and Wales in the United Kingdom. The ultimate holding company is World Kinect Corporation (the "Ultimate Parent Undertaking") incorporated in the State of Florida in the United States of America. On 15 June 2023, the Ultimate Parent Undertaking's shareholders approved an amendment to company's articles of Incorporation, as amended, changing the Ultimate Parent Undertaking's name from World Fuel Services Corporation to World Kinect Corporation.

The Company's principal activity is that of an investment holding company.

Note 2 – Accounting Policies

The following principal accounting policies have been applied in all periods presented:

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in applying the Company's accounting policies (note 3). The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of World Kinect Corporation, which are publicly available (note 13). The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures (key management compensation);
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group; and
- the requirements of paragraph 30 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Notes to the financial statements for the year ended 31 December 2023

2.3 Consolidated financial statements

The financial statements contain information about The Lubricant Company Limited as an individual company and do not contain consolidated financial information as the parent of the 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 Kinect Corporation, a company incorporated in the State of Florida in the United States of America, and whose financial statements are publicly available. The consolidated financial statements of World Kinect Corporation may be obtained from World Kinect Corporation, 9800 NW 41st Street, Suite 400, Miami, Florida USA 33178, or are readily available from the Investor Relation section of the World Kinect Corporation website.

2.4 Going concern

The Company's loss after tax for the financial year was $5,165k (2022: Loss after tax of $4,647k) and as at 31 December 2023 the Company had net assets of $811,391k (2022: $816,556k).

World Kinect Corporation, the Ultimate Parent Undertaking of The Lubricant Company 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 financial statements for the year ended 31 December 2023, 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 2023, 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.

2.5 Current and deferred income tax

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

Notes to the financial statements for the year ended 31 December 2023

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is United States Dollar ("USD").

Foreign currency transactions are translated into the functional currency using the average exchange rate during the period that the transaction occurs. 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 administrative expenses.

2.7 Investments in subsidiaries

Investments in subsidiary companies are held at cost less accumulated impairment losses.

2.8 Impairment of non-financial assets

For non-financial assets such as investments in subsidiaries, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount within administrative expenses within the statement of comprehensive income. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. If reversals are considered necessary, they are reversed in the same financial statement area where the impairment was originally recorded.

2.9 Financial Assets

Classification

The Company classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

(i) *Loans and receivables*

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.

(ii) 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.

Notes to the financial statements for the year ended 31 December 2023

(iii) Impairment of financial assets carried at amortised cost

The Company assesses at each Balance Sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2.10 Trade and Other Receivables

Amounts due from Group undertakings

Amounts due from Group undertakings are initially recognised at fair value net of any transaction costs directly attributable to the acquisition of the instrument. Such interest bearing assets are subsequently measured at amortised cost using the effective interest rate method.

The Company applies the IFRS 9 three stage expected credit loss model to measure expected credit losses. To measure the expected credit losses, the credit risk of amounts due from Group undertakings has been assessed. The director has concluded that given the strong repayment position of the Group, the amounts receivable from related Group companies are classified as stage 1 assets. Any expected credit losses for the foreseeable 12 months arising from these assets has been considered and concluded as being immaterial to the financial statements.

2.11 Trade and other payables

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

2.12 Borrowings

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.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are shown in equity as a deduction from the proceeds. Called up share capital represents the nominal value of the shares issued.

2.14 Share premium

The share premium account includes the premium on issue of equity shares, net of any issue costs.

2.15 Retained losses

Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

Notes to the financial statements for the year ended 31 December 2023

2.16 Translation reserve

Translation reserves represent the differences recognised on translation from the Company's presentational currency from GBP to USD.

2.17 Dividends

Dividend distributions to the Company's shareholders are recognised in the period in which the dividends are approved by the Company's shareholders.

Dividend income is recognised as income within the Statement of Comprehensive Income in the period in which the dividends are declared by the Company's subsidiaries.

Note 3 – Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the director is 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.

Judgement in applying accounting policies

The judgement 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.

Intercompany transactions

The Company determines whether transactions with other subsidiary undertakings of the Group have been conducted on an arms' length basis. These decisions involve the input of internal and external tax advisors to the Company, including analysis of comparable companies and groups who operate in similar markets to the Group.

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:

Impairment of investments in subsidiaries

The Company considers indicators of impairments annually. If indicators are present, management makes an estimate of the recoverable value of investments in subsidiaries. When assessing impairment of investments in subsidiaries, management considers factors including current market and industry conditions and historical experience

Notes to the financial statements for the year ended 31 December 2023

Amounts due from Group undertakings

The Company has entered into a line of credit agreement with a related party during the prior year. The Company considers a number of estimates when entering into these line of credit agreements to ensure that they are conducted on arms' length basis with interest being charged in line with relevant market conditions. When assessing whether line of credit agreements with other Group companies have been conducted on an arms' length basis, the Director notes 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 worldwide Group.

Intercompany payables

The Company has intercompany payables, which it expects will be settled without a reduction to the principal amount owed to the fellow World Kinect Corporation undertakings. In assessing the Company's ability to repay these amounts to the fellow World Kinect Corporation undertakings when called for, Management considers factors including current market and industry conditions, as well as historical experience of the Group's financing arrangements.

Note 4 – Operating loss and loss before taxation

Operating loss and loss before taxation is stated after charging:

	2023 $'000	2022 $'000
Impairment of investment in subsidiary (note 8)	2,322	176,751
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	31	56

Fees payable to the Company's auditor were settled by a Group company.

The Company had no employees during the years ended 31 December 2023 and 31 December 2022.

The Company's director received no remuneration for their services to the Company for the year ended 31 December 2023 (2022: $nil).

Note 5 – Finance expense

	2023 $'000	2022 $'000
Interest expense on loans payable to Group companies	2,516	12,897

The finance expense comprises of the interest charged on loan facilities entered into by the Company with various related Group companies. See note 10 for details.

Notes to the financial statements for the year ended 31 December 2023

Note 6 – Finance income

	2023 $'000	2022 $'000
Interest income on amounts due from Group undertakings	203	—

The finance income comprises of the interest earned on amounts due from Group undertakings via WFS UK Finance Limited. See note 9 for details.

Note 7 – Taxation

Taxation	**2023 $'000**	**2022 $'000**
Total current tax	—	—
Total tax for the year	—	—

The standard rate of tax applied to the reported loss on activities is 23.5% (2022: 19%).The differences between the total tax charge shown above and the amount calculated by applying the blended rate of UK Corporation tax to the loss before tax is as follows:

	2023 $'000	**2022 $'000**
Loss on ordinary activities before tax	(5,165)	(4,647)
Loss on ordinary activities multiplied by blended rate of corporation tax in the UK of 23.5% (2022 – Standard rate of 19%)	(1,214)	(883)
Effects of:		
Items not deductible	546	(1,657)
Group losses surrendered for nil consideration	668	2,540
Total tax charge for the year	—	—

Factors that may affect future tax charges

The main rate of corporation tax is 25% for the year 1 April 2023 (previously 19% in the year beginning 1 April 2022). For the year ended 31 December 2023, a blended rate of 23.5% has been used since the main rate changed part way during the financial year.

Notes to the financial statements for the year ended 31 December 2023

Note 8 – Investments

	Shares in subsidiary undertakings $'000
Cost	
As at 1 January 2023 and 31 December 2023	**1,214,700**
Accumulated impairment	
As at 1 January 2023	(374,338)
Impairment Charge	(2,322)
As at 31 December 2023	**(376,660)**
Net book value 31 December 2023	**838,040**
Net book value 31 December 2022	**840,362**

On 29 December, 2022 the Company received a $385,000k dividend from Nordic Camp Supply B.V (the Investee) that was used by the Company to partially repay its loan payable balance held with World Fuel Services Europe, Ltd.. The Company recorded $200,000k as a return of investment, since this was funded by the subsidiary's Share Premium reserve. The remaining $185,000k was recorded as dividend income. No dividends were received in 2023.

As at 31 December 2023, management assessed the investment in Nordic Camp Supply B.V. for impairment and concluded that the carrying amounts of the investment were not fully recoverable as of the balance sheet date. As a result, the Company has recognised an impairment loss of $2,322k (2022: $176,651k) within administrative expenses within the statement of comprehensive income in the year ended 31 December 2023 to reduce the carrying value of the investment to the recoverable value of the subsidiary's net assets.

The following entities are wholly owned subsidiary undertakings of the Company as at 31 December 2022. All shares in subsidiary undertakings relate to ordinary shares:

Subsidiary	*Principal business activity*	*Registered Address*	*Percentage of Ownership*
Nordic Camp Supply B.V.	Oil Trading	Weena 505, Office 17.14, Rotterdam, 3030 AL, Netherlands	100%
WFS Danish Holding Company I ApS	Holding Company	Torvebyen 8, 1th, 4600 Koge, Denmark	100%

Note 9 – Trade and other receivables

	2023 $'000	2022 $'000
Non-current		
Amounts due from Group undertakings	9,327	20,910

Notes to the financial statements for the year ended 31 December 2023

Effective 15 December 2022, the Company entered into a line of credit agreement 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. The agreement serves as a line of credit allowing the Company to lend funds through deposits or borrow funds, up to an aggregate principal amount of $10,000k. The line of credit allows the Company to borrow, repay and redraw, as necessary, during the term of the agreement and, if any, any payment must be first applied to any amount of interest accrued.

No interest has been applied on outstanding balances under this agreement between 15 December 2022 and 30 June 2023 due to this being the transitional period as agreed between both parties. Beginning 1 July 2023, the Company pays or receives interest from UK FINCO based on the outstanding net position at the end of the period. Net deposits bear interest at a rate equal to the interest received for outstanding time deposits by UK Monetary Financial Institutions as published by The Bank of England, and outstanding net borrowings bear interest at this rate plus 0.25%.

The Company had net deposits with UK FINCO of $9,327k at 31 December 2023 (2022: $20,910k), and recognised interest income of $203k on its net deposits during the year ended 31 December 2023 (2022: $nil).

Note 10 – Borrowings:

	Current $'000		
	Principal	**Accrued interest**	**TOTAL**
Balance at 1 January 2023	35,233	—	35,233
Interest expense	—	2,516	2,516
Repayments in year	—	(2,516)	(2,516)
Balance at 31 December 2023	35,233	—	35,233

The Company has outstanding borrowings with a related Group company, World Fuel Services Europe, Ltd.. The Company had originally entered into borrowings with a maturity date of 28 August 2023, however, this loan was extended during the year. The current borrowings have a maturity date of 28 December 2024 and bear interest at a rate of 6.2%. The outstanding balance relating to these borrowings is $35,233k (2022: $35,233k). The Company has incurred interest of $2,516k (2022: $12,897k) during the period which has been recorded within Finance Expenses in the Statement of Comprehensive Income. Principal and interest are due at the maturity date, however, $2,516k of interest was settled during the period.

Note 11 – Trade and other payables:

	2023 $'000	**2022 $'000**
Current liabilities		
Amounts due to Group undertakings	651	9,396
Accrued expenses	92	87
Total	743	9,483

The carrying values of trade and other payables approximate their fair values.

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

Notes to the financial statements for the year ended 31 December 2023

Note 12 – Share capital

	2023 $	2022 $
Authorised, allotted, called up and fully paid		
106 (2022: 106) ordinary shares of £1 each (US$1.80/£)	191	191

Note 13 – Controlling party

The immediate parent undertaking is WFS UK Holding Company II Limited, a company registered in England and Wales in the United Kingdom.

The Ultimate Parent Undertaking and controlling party is World Kinect Corporation, a company incorporated in the State of Florida 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, or are readily available from the Investor Relation section of the World Kinect Corporation website.