

**WFL (UK) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**Registered number: 00594001**

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**WFL (UK) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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## **WFL (UK) Limited**

### **STRATEGIC REPORT**

**For the Year Ended 31 December 2015**

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The directors present herewith their strategic report and directors' report together with the audited financial statements of WFL (UK) Limited (the "Company") for the year ended 31 December 2015.

#### **Principal activities**

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

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

#### **Business review and future outlook**

The profit for the year amounted to £7.9 million (2014: £16.5 million). The Company's net assets for the year ended 31 December 2015 were £3.1 million (2014: £53.1 million).

Due to the significant restructuring of the company and the shortened financial year of 2014, it is difficult to draw comparisons between the two trading years. However continued organic growth of the business has resulted in an increase of 9% in volume sold and a noticeable increase in activities in new and existing sectors of the market. Gross profit increased 33% compared to an annualised 2014 period.

Although revenues have declined due to the sharp fall in the global price of oil and a warmer than average winter period through October to December, which negatively affected trading conditions, continued volume growth within the business has assisted with overall results. The current directors are satisfied with the results achieved.

## WFL (UK) Limited

### STRATEGIC REPORT

For the Year Ended 31 December 2015

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#### Principal risks and uncertainties

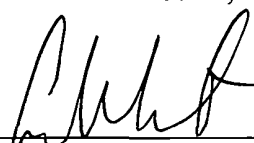
The Company's principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. World Fuel Services Corporation is the parent undertaking of the only group of undertakings to consolidate these financial statements. The principal risks and uncertainties of World Fuel Services Corporation, the ultimate parent undertaking, are discussed on page 5 of the 2015 annual report on Form 10-K which does not form part of this report.

#### Key performance indicators ("KPIs")

	2015	2014	Change	Change
	£000	£000	£000	%
Revenue	1,323,059	924,639	398,420	31%
Profit before income tax	9,587	17,607	(8,019)	-46%

Refer to the business review and outlook on page 1 for details explaining the reduction in turnover and decline in profit for the year.

On behalf of the board,



Christopher John White, Director

Company Number: 00594001  
One Fleet Place  
London  
EC4M 7WS

28 October 2016

## **WFL (UK) Limited**

### **DIRECTORS' REPORT**

**For the Year Ended 31 December 2015**

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#### **Directors**

The directors who served during the year ended 31 December 2015 and up to the date of signing the financial statements are as follows:

- Mr Christopher John White
- Mr Jonathan Robert Cole
- Mr Anthony Frederick James Watson (resigned 27 March 2015)
- Mr Stuart Morgan (appointed 27 March 2015)
- Mr Ronald Benson Crowell (resigned 28 August 2015)
- Ms Adrienne Beth Bolan (resigned 28 August 2015)
- Mr Guy Gobson Rutherford (resigned 28 August 2015)
- Mr Paul Thomas Vian (appointed 11 February 2016)
- Mr Wade Nicholas Declaris (resigned 19 February 2016)

#### **Directors' indemnities**

The ultimate parent company maintains liability insurance for its directors and officers and provides an indemnity for the directors of the Company, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. The qualifying third party indemnity was in place during the year ended 31 December 2015 and as at the date of approval of the Annual Report.

#### **Dividends**

The Company paid interim dividends of £59.4 million for the year ended 31 December 2015 (2014: £0.5 million). No final dividend is proposed for the year ended 31 December 2015.

On 29 December 2015, an interim dividend was proposed and paid in the amount of US \$40 million (£26.9 million). The declaration and payment of such dividend to Tramp Group Limited was partly from accumulated losses. Accordingly, the Company rectified this illegal dividend by establishing a receivable to reclaim the illegal portion of the original dividend declaration through a board resolution on 29 September 2016 amounting to £1.5 million.

#### **Financial risk management**

The financial risk management of the Company is handled by the ultimate parent undertaking as part of the operations of the World Fuel Services Corporation group. The financial risk objectives, policies and exposures are described in the financial statements of the ultimate parent company on page 5 of the 2015 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

## **WFL (UK) Limited**

### **DIRECTORS' REPORT**

**For the Year Ended 31 December 2015**

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#### **Financial risk management - continued**

subject to a significant level of currency risk exposure due to foreign exchange fluctuations.

##### **Price risk**

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

The Company is exposed to price risk to the extent that we enter into fixed price fuel purchase and/or sale commitment contracts. The Company will mitigate its price risk associated with these fixed price fuel commitment contracts through the use of offsetting fixed price fuel commitment contracts or commodity derivative contracts.

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

The Company is exposed to price risk to the extent that the Company may maintain fuel inventory for competitive reasons. The Company may not be able to sell inventory at market value or average cost reflected in the financial statements due to a decline in fuel price which may result in write-down of inventory cost. The Company mitigates its price risk associated with fuel inventory holdings through the use of commodity derivative contracts.

##### **Interest rate risk**

The Company has no significant exposure to interest rate risk.

##### **Credit risk**

The Company has exposure to credit risk through cash and cash equivalents and the extension of unsecured credit to customers in the normal course of business.

The Company reviews the banks and financial institutions holding deposits for acceptability given availability of banking institutions in each location.

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 or in the aviation, marine and land transportation industries, political instability, terrorist activities, military action 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.

## **WFL (UK) Limited**

### **DIRECTORS' REPORT**

**For the Year Ended 31 December 2015**

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#### **Financial risk management - continued**

##### **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.

#### **Future developments**

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

#### **Subsequent events**

On 23 June 2016 the UK electorate voted to leave the European Union. This decision commences a process that is likely to take a minimum of two years to complete, and during this time the UK remains a member of the European Union. There will be a resulting period of uncertainty for the UK economy, with increased volatility expected in financial markets. This does not impact the fair value of assets and liabilities reported at the balance sheet date of 31 December 2015.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102) 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 comprising FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS102 used in the preparation of the financial statements; and

## **WFL (UK) Limited**

### **DIRECTORS' REPORT**

**For the Year Ended 31 December 2015**

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#### **Statement of directors' responsibilities - continued**

- 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 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.

#### **Disclosure of information to auditors**

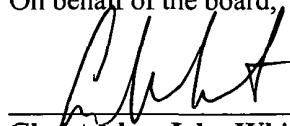
Each of the directors at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Company Number: 00594001  
One Fleet Place  
London  
EC4M 7WS  
28 October 2016

On behalf of the board,



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**Christopher John White, Director**



# **WFL (UK) Limited**

## **Independent auditors' report to the members of WFL (UK) Limited For the Year Ended 31 December 2015**

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### **Report on the financial statements**

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#### **Our opinion**

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

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.
- 

#### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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#### **Opinion on other matter prescribed by the Companies Act 2006**

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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 addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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#### **Other matters on which we are required to report by exception**

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#### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

## **WFL (UK) Limited**

### **Independent auditors' report to the members of WFL (UK) Limited For the Year Ended 31 December 2015**

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#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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#### **Responsibilities for the financial statements and the audit**

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##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 5 to 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing ("ISA (UK and Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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##### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Alison Baker (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
31 October 2016

# WFL (UK) Limited

## STATEMENT OF COMPREHENSIVE INCOME For the Year Ended 31 December 2015

	For the Year ended 31 December 2015 £000	Period from 1 May 2014 to 31 December 2014 £000
Revenue (Note 4)	1,323,059	924,639
Cost of sales	(1,287,617)	(906,913)
<b>Gross profit</b>	<b>35,442</b>	<b>17,726</b>
Administrative expenses	(25,089)	(19,373)
Other operating income	363	20,117
<b>Operating profit (Note 5)</b>	<b>10,716</b>	<b>18,470</b>
Finance income	44	8
Finance costs (Note 8)	(1,173)	(871)
<b>Profit for the year before income tax</b>	<b>9,587</b>	<b>17,607</b>
Income tax expense (Note 9)	(1,650)	(1,101)
<b>Profit for the financial year/period</b>	<b>7,937</b>	<b>16,506</b>
<b>Other comprehensive income/(expense):</b>		
Actuarial loss related to pension scheme	-	(9,483)
Current tax attributable to actuarial loss	-	1,870
Pension deficit not recognised	-	683
<b>Other comprehensive income/(expense), net of tax</b>	<b>-</b>	<b>(6,930)</b>
<b>Total comprehensive income for the year/period</b>	<b>7,937</b>	<b>9,576</b>

The notes to the financial statements on pages 12 to 32 form an integral part of these financial statements.

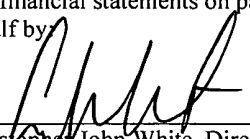
# WFL (UK) Limited

## BALANCE SHEET As at 31 December 2015

	2015 £000	2014 £000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets (Note 10)	8,161	10,305
Property, plant and equipment (Note 12)	34,792	33,913
Notes receivable	123	-
Deferred tax asset (Note 13)	1,784	981
Investments	100	100
<b>Total non-current assets</b>	<b>44,960</b>	<b>45,299</b>
<b>Current assets</b>		
Inventories (Note 14)	10,254	12,949
Derivative financial instruments	5,616	1,618
Trade and other receivables (Note 15)	118,582	132,798
Notes receivable	182	-
Income tax receivable	-	1,376
Cash and cash equivalents	16,817	12,155
<b>Total current assets</b>	<b>151,451</b>	<b>160,896</b>
<b>Total assets</b>	<b>196,411</b>	<b>206,195</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Called up share capital (Note 18)	357	357
Share premium account	99	99
Revaluation reserve	2,144	2,167
Capital redemption reserve	437	437
Retained earnings	97	49,997
<b>Total equity</b>	<b>3,135</b>	<b>53,057</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings (Note 17)	22,335	4,412
<b>Total non-current liabilities</b>	<b>22,335</b>	<b>4,412</b>
<b>Current liabilities</b>		
Income tax payable	1,078	-
Borrowings (Note 17)	34,614	1,741
Trade and other payables (Note 16)	135,249	146,985
<b>Total current liabilities</b>	<b>170,941</b>	<b>148,726</b>
<b>Total liabilities</b>	<b>193,276</b>	<b>153,138</b>
<b>Total liabilities and equity</b>	<b>196,411</b>	<b>206,195</b>

The notes to the financial statements on pages 12 to 32 form an integral part of these financial statements.

The financial statements on pages 9 to 32 were approved by the board on 28 October 2016 and were signed on its behalf by:

  
 Christopher John White, Director  
 Company Number: 00594001

## WFL (UK) Limited

### STATEMENT OF CHANGES IN EQUITY For the Year Ended 31 December 2015

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Retained earnings	Total
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 May 2014</b>	357	99	437	2,182	40,406	43,481
Profit for the financial period	-	-	-	-	16,506	16,506
Other comprehensive income	-	-	-	-	(6,930)	(6,930)
Transfer between revaluation reserve and retained earnings	-	-	-	(15)	15	-
<b>Balance at 31 December 2014</b>	357	99	437	2,167	49,997	53,057
Profit for the year and total comprehensive income for the year	-	-	-	-	7,937	7,937
Dividends	-	-	-	-	(59,360)	(59,360)
Dividend reclamation receivable	-	-	-	-	1,500	1,500
Transfer between revaluation reserve and retained earnings	-	-	-	(23)	23	-
<b>Balance at 31 December 2015</b>	357	99	437	2,144	97	3,135

The notes to the financial statements on pages 12 to 32 form an integral part of these financial statements.

## **WFL (UK) Limited**

### **Notes to the financial statements For the Year Ended 31 December 2015**

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#### **(1) GENERAL INFORMATION**

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

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

#### **(2) STATEMENT OF COMPLIANCE**

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

#### **(3) SIGNIFICANT ACCOUNTING POLICIES**

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

##### **3.1 Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.18.

##### **3.2 Transition to FRS 102**

The financial statements for the year ended 31 December 2015 represent the first annual financial statements of the company prepared in accordance with FRS 102. Previously, the financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP"). The date of transition to FRS 102 was 1 May 2014.

On transition to FRS 102, the Company has early adopted the amendments to FRS 100 "Application of Financial Reporting Requirements" and the company law changes of SI 2015/980. Early adoption has only impacted the presentation of the Statement of comprehensive income and the Balance sheet.

## **WFL (UK) Limited**

### **Notes to the financial statements For the Year Ended 31 December 2015**

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#### **(3) SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **3.2 Transition to FRS 102 - continued**

On transition to FRS102, the Company has elected to use previously determined fair values under UK GAAP for certain items of property, plant and equipment as the deemed cost on the date of transition to FRS 102.

The accounting policies described in note 3 have been applied in preparing the financial statements for the year ended 31 December 2015, and the comparative information for the period ended 31 December 2014. Adoption of FRS 102 had no impact on amounts reported previously by the Company in its financial statements prepared under UK GAAP.

##### **3.3 Exemptions for qualifying entities under FRS 102**

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

- (i) from preparing a statement of cash flows;
- (ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and paragraphs 12.26 12.27, 12.29(a), 12.29(b), and 12.29A;
- (iii) from disclosing share based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- (iv) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.
- (v) from disclosing transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

##### **3.4 Consolidated financial statements**

The financial statements contain information about WFL (UK) Limited, as an individual company and do not contain consolidated financial information as the parent of 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 Fuel Services Corporation, a company incorporated in the United States of America, and whose financial statements are publicly available.

##### **3.5 Foreign currency**

- (i) Functional and presentation currency

The company's functional and presentation currency is the Pound Sterling.

## **WFL (UK) Limited**

### **Notes to the financial statements For the Year Ended 31 December 2015**

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#### **(3) SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **3.5 Foreign currency - continued**

###### **(ii) Transactions and balances**

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

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

Foreign exchange gains and losses resulting from 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 profit and loss except when deferred in other comprehensive income as qualifying cash flow hedges.

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

##### **3.6 Revenue recognition**

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

###### **(i) Sale of fuel**

Revenue from the sale of 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) Interest income**

Interest income is recognised using the effective interest rate method.

###### **(iii) Dividend income**

Dividend income is recognised when the right to receive payment is established.



## **WFL (UK) Limited**

### **Notes to the financial statements For the Year Ended 31 December 2015**

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#### **(3) SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **3.7 Employee benefits**

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

##### **(i) Short term benefits**

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

##### **(ii) Defined contribution pension plans**

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

##### **(iii) Annual bonus plan**

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

##### **(iv) Share-based payments**

World Fuel Services Corporation, the ultimate parent undertaking has established several share-based payment plans under which it makes share-based awards to certain of its employees as well as employees of its subsidiaries.

The Company records expenses for the share-based payments based on a direct charge from World Fuel Services Corporation. This charge is based on the fair value of the awards made to employees of the Company under the share award schemes.

Cash-settled share options are measured at fair value at the balance sheet date. The Company recognises a liability at the balance sheet date based on these fair values, taking into account the estimated number of options that will actually vest and the current proportion of the vesting period. Changes in the value of this liability are recognised in profit and loss.'

##### **(v) Defined benefit pension plan**

The Company previously operated a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

## **WFL (UK) Limited**

### **Notes to the financial statements For the Year Ended 31 December 2015**

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#### **(3) SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **3.7 Employee benefits - continued**

The scheme closed to new entrants on 29 April 2005 and ceased to accrue benefits on 31 August 2007. As part of the agreement for the sale of shares in the Company to World Fuel Services Corporation in 2014, it was stated that the liabilities in the scheme would be secured with an insurer. The initial stage of the process was completed on 19 November 2014 when the trustees of the scheme purchased a buy-in policy from Pension Insurance Corporation (PIC) that covered all of the benefits payable in the Scheme. The purchase of the buy-in policy was funded with the existing defined benefit assets and an additional contribution of £8,800,000 from the Company. On 19 November 2014, the Company entered into a buy-out arrangement to transfer the defined benefit liability to PIC after which the Company no longer retained any responsibilities or obligations to the members of the scheme.

The liability recognised in the balance sheet in respect of the defined benefit plan was the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions were charged or credited to other comprehensive income.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, comprised:  
(a) the increase in pension benefit liability arising from employee service during the period; and  
(b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost was calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost was recognised in profit or loss as 'Finance costs'.

##### **3.8 Taxation**

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

Current or deferred taxation assets and liabilities are not discounted.

## **WFL (UK) Limited**

### **Notes to the financial statements For the Year Ended 31 December 2015**

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#### **(3) SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **3.8 Taxation - continued**

###### **(i) Current tax**

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

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

###### **(ii) Deferred tax**

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

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

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

##### **3.9 Business combinations and goodwill**

Business combinations are accounted for by applying the purchase method.

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

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

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

Goodwill is amortised over its expected useful life of 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to profit and loss.

## **WFL (UK) Limited**

### **Notes to the financial statements For the Year Ended 31 December 2015**

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#### **(3) SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **3.10 Property, plant and equipment**

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

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

Freehold and leasehold buildings	10 to 50 years
Plant & machinery	2 to 10 years
Motor vehicles	3 to 8 years

Freehold land is not depreciated.

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

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

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

##### **3.11 Leased assets**

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

###### **(i) Finance leased assets**

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

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

## **WFL (UK) Limited**

### **Notes to the financial statements For the Year Ended 31 December 2015**

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#### **(3) SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **3.11 Leased assets - continued**

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

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

##### **(ii) Operating leased assets**

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

##### **3.12 Inventory**

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

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

##### **3.13 Impairment of non-financial assets**

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

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

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

## **WFL (UK) Limited**

### **Notes to the financial statements For the Year Ended 31 December 2015**

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#### **(3) SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **3.13 Impairment of non-financial assets - continued**

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 profit and loss.

##### **3.14 Cash and cash equivalents**

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

##### **3.15 Financial instruments**

The Company has chosen to apply the recognition and measurement provisions of IAS 39 (as adopted for use in the EU) and the disclosure requirements of FRS 102 in respect of financial instruments.

###### **(i) Financial assets**

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

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

Loans and receivables are non-derivative financial assets from related and non-related parties with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. The Company's loans and receivables comprise "trade and other receivables" in the balance sheet.

## **WFL (UK) Limited**

### **Notes to the financial statements For the Year Ended 31 December 2015**

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#### **(3) SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **3.15 Financial instruments - continued**

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

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

##### **(ii) Financial liabilities**

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

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

##### **(iii) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or 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.

##### **(iv) Derivative financial instruments and hedging arrangements**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- (a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- (b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

## **WFL (UK) Limited**

### **Notes to the financial statements For the Year Ended 31 December 2015**

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#### **(3) SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **3.15 Financial instruments - continued**

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

##### **(a) Fair value hedge**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Company applies fair value hedge accounting for derivatives entered into in order to hedge price risk associated with inventory and certain firm commitments relating to fixed price purchase and sale contracts. The gain or loss relating to the effective portion of fair value hedges is recognised in the income statement within 'Revenue' or 'Cost of sales' (based on the underlying transaction type). The gain or loss relating to the ineffective portion is recognised in the income statement.

##### **(b) Cash flow hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). When the hedged forecast transaction results in the recognition of a non-financial asset such as inventory, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.



## **WFL (UK) Limited**

### **Notes to the financial statements For the Year Ended 31 December 2015**

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#### **(3) SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **3.16 Share capital**

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

##### **3.17 Distributions to equity holders**

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

##### **3.18 Critical accounting judgements and estimation uncertainty**

###### **Impairment of intangible assets**

The Company considers whether goodwill is impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

#### **(4) REVENUE**

All revenue arose within the United Kingdom.

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

## WFL (UK) Limited

### Notes to the financial statements For the Year Ended 31 December 2015

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#### (5) OPERATING PROFIT

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

	For the Year ended 31 December 2015	Period from 1 May 2014 to 31 December 2014
	£000	£000
Inventory recognised as an expense	1,234,677	878,422
Employee costs (Note 6)	16,549	17,582
Depreciation (Note 12)	5,583	3,220
Operating lease charges	2,107	970
Provision for doubtful debts (Note 15)	38	124
Impairment of tangible assets	-	5,004
Forgiveness of amounts owed to parent undertaking	-	(20,000)
Loss/(profit) on sale of property, plant and equipment	33	(92)
Rental income	-	(111)
Audit fees	94	-

#### (6) EMPLOYEE COSTS

Particulars of employee costs are as follows:

	Year ended 31 December 2015	Period from 1 May 2014 to 31 December 2014
	£000	£000
Wages and salaries	15,304	13,368
Social security costs	207	2,749
Other pension costs	885	1,341
Share-based payments	153	124
	<u>16,549</u>	<u>17,582</u>

The average monthly number of employees, including the directors who were employed by the Company, during the period was as follows:

## WFL (UK) Limited

### Notes to the financial statements For the Year Ended 31 December 2015

#### (6) EMPLOYEE COSTS - CONTINUED

	For the year ended 31 December 2015	Period from 1 May 2014 to 31 December 2014
	No.	No.
Operational staff	719	578
Administrative staff	79	144
Directors	1	1
	<u>799</u>	<u>723</u>

#### (7) DIRECTORS' REMUNERATION

	Year ended 31 December 2015	Period from 1 May 2014 to 31 December 2014
	£000	£000
Remuneration	<u>504</u>	<u>479</u>
Company pension contributions to defined contribution pension schemes	<u>15</u>	<u>9</u>

Three of the Company's directors received remuneration as employees of the Company for the year ended 31 December 2015 (period ended 31 December 2014: 2). The highest paid director received remuneration of £195,526 (period ended 31 December 2014: £342,307). The remaining directors were employed by related companies and compensated in those capacities.

During the year retirement benefits were accruing to 3 directors (period ended 31 December 2014: 3) in respect of defined contribution pension schemes.

#### (8) FINANCE COSTS

	Year ended 31 December 2015	Period from 1 May 2014 to 31 December 2014
	£000	£000
On bank loans and overdrafts	566	276
On finance leases and hire purchase contracts	260	140
Foreign exchange loss	328	238
Notes payable	19	-
Letters of credit expenses	-	217
	<u>1,173</u>	<u>871</u>

## WFL (UK) Limited

### Notes to the financial statements For the Year Ended 31 December 2015

#### (9) INCOME TAX EXPENSE

Analysis of tax charge in the year	Year ended 31 December 2015 £000	Period from 1 May 2014 to 31 December 2014 £000
<b>Current tax</b>		
UK corporation tax charge on profit for the year	2,127	1,870
Adjustments in respect of prior periods	326	265
<b>Total current tax</b>	<b>2,453</b>	<b>2,135</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(253)	(1,034)
Adjustments in respect of prior periods	(550)	-
<b>Total deferred tax (see note 13)</b>	<b>(803)</b>	<b>(1,034)</b>
<b>Income tax expense</b>	<b>1,650</b>	<b>1,101</b>

The tax charge for the year ended 31 December 2015 differs from the standard UK corporation tax rate of 20.25% (2014: 21%) due to certain factors. The factors affecting the tax charge are reconciled below:

	For the year ended 31 December 2015 £000	Period from 1 May 2014 to 31 December 2014 £000
Profit on ordinary activities before income tax	9,588	17,607
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (Period ended 31 December 2014 - 21%)	1,942	3,697
<b>Effects of:</b>		
Income not subject to tax	(79)	(4,200)
Expenses not deductible for tax purposes	11	1,339
Adjustments in respect of prior periods	(224)	265
<b>Total tax charge for the year</b>	<b>1,650</b>	<b>1,101</b>

#### *Factors affecting current and future tax (credits)/ charges*

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly the Company's profits for this year are taxed at a composite rate of 20.25%.

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to

## WFL (UK) Limited

### Notes to the financial statements For the Year Ended 31 December 2015

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#### (9) INCOME TAX EXPENSE – CONTINUED

reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

#### (10) INTANGIBLE ASSETS

	<u>Goodwill</u> £000
<b>Cost</b>	
At 1 January 2015 and 31 December 2015	<u>25,845</u>
<b>Accumulated amortisation</b>	
At 1 January 2015	15,540
Charge for the period	<u>2,144</u>
At 31 December 2015	<u>17,684</u>
<b>Net book value</b>	
At 31 December 2015	<u>8,161</u>
At 31 December 2014	<u>10,305</u>

#### (11) INVESTMENTS

	<u>Investments in subsidiary companies</u> £000
<b>Cost or valuation</b>	
At 1 January 2015 and 31 December 2015	100
<b>Net book value</b>	
Net book value at 1 January 2015 and 31 December 2015	<u>100</u>

## WFL (UK) Limited

### Notes to the financial statements For the Year Ended 31 December 2015

#### (11) INVESTMENTS - CONTINUED

The following entities are wholly owned by the Company:

<i>Company name</i>	<i>Addresses</i>	<i>Nature of business</i>	<i>Percentage of ordinary shares held</i>
Minster Fuels Limited*	Lindum House Causeway End, Brinkworth, Chippenham, Wiltshire, SN15 5DN	Non trading	100

\*dissolved 12 January 2016

#### (12) PROPERTY, PLANT AND EQUIPMENT

	Land Buildings & Improvements	Plant & machinery	Motor vehicles	Office Equipment	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 1 January 2015	21,931	14,424	35,723	3,229	75,307
Acquisitions	-	5,721	192	582	6,495
Disposals	-	-	(1,736)	-	(1,736)
At 31 December 2015	21,931	20,145	34,179	3,811	80,066
<b>Accumulated depreciation</b>					
At 1 January 2015	8,581	10,919	19,098	2,796	41,394
Charge for the period	356	920	3,998	309	5,583
On disposals	-	-	(1,703)	-	(1,703)
At 31 December 2015	8,937	11,839	21,393	3,105	45,274
<b>Net book value</b>					
At 31 December 2015	12,994	8,306	12,786	706	34,792
At 31 December 2014	13,350	3,505	16,625	433	33,913

## WFL (UK) Limited

### Notes to the financial statements For the Year Ended 31 December 2015

#### (13) DEFERRED TAX ASSET

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

	Capital allowances	Intangible assets	Other	Loss carryforward	Total
	£000	£000		£000	£000
As at 1 May 2014	-	-	(53)	-	(53)
Credited to the income statement	-	-	96	938	1,034
As at 1 January 2015 and 31 December 2014	-	-	43	938	981
Credited/(charged) to the income statement	669	854	218	(938)	803
As at 31 December 2015	669	854	261	-	1,784

#### (14) INVENTORIES

	2015 £000	2014 £000
Land fuel	4,406	12,949
Lubricants	5,848	-
	10,254	12,949

The replacement value of the stocks is not materially different from the balance sheet value.

#### (15) TRADE AND OTHER RECEIVABLES

	2015 £000	2014 £000
Trade receivables	113,807	120,942
Less: allowance for doubtful debtors	(351)	(397)
Trade receivables, net	113,456	120,545
Value added tax recoverable	1,264	5,571
Dividend reclamation receivable	1,500	-
Other receivables	341	1,114
Prepayments and accrued income	2,021	5,568
	118,582	132,798

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

## WFL (UK) Limited

### Notes to the financial statements For the Year Ended 31 December 2015

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#### (16) TRADE AND OTHER PAYABLES

	2015	2014
	£000	£000
Accounts payable	110,522	112,983
Amounts owed to group undertakings	5,188	16,591
Customer deposits	16,696	13,422
Taxation and social security	-	832
Accruals and deferred income	2,843	3,157
	<u>135,249</u>	<u>146,985</u>

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

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

#### (17) BORROWINGS

The Company's borrowings are as follows:

	2015	2014
	£000	£000
<b>Non-current</b>		
Loans payable to related companies	16,963	-
Financial lease obligation	5,372	1,741
<b>Total borrowings</b>	<u>22,335</u>	<u>1,741</u>
<b>Current</b>		
Loans payable to related companies	32,569	-
Financial lease obligation	2,045	4,412
<b>Total borrowings</b>	<u>34,614</u>	<u>4,412</u>

#### **Finance lease obligations**

The future minimum finance lease payments are as follows:



## WFL (UK) Limited

### Notes to the financial statements For the Year Ended 31 December 2015

#### (17) BORROWINGS - CONTINUED

	2015	2014
	£000	£000
Not later than one year	2,269	1,883
Later than one year and not later than five years	5,039	4,894
later than five years	1,035	135
total gross payments	8,343	6,913
less: finance charges	(926)	(760)
Carrying amount of liability	7,417	6,153
Financial lease obligation-current	2,045	4,412
Financial lease obligation-noncurrent	5,372	1,741
Financial lease obligation	7,417	6,153

At 29 December 2015, the Company borrowed US\$25 million, equivalent to GBP 16.96 million from a related company, WFS Europe Limited, having no date of settlement of either party into the foreseeable future and bearing interest at Libor + 3.5% per annum. The \$25,000,000 book value of the loan note at 31 December 2015 is above its fair value of \$23,101,855.36.

At 29 December 2015, the Company borrowed US\$48 million, equivalent to GBP 32.6 million from its parent company, WFS UK Holding Company III, having no date of settlement of either party into the foreseeable future and bearing interest at Libor + 3.5% per annum. Subsequently, the loan was contributed on 31 March 2016 for additional shares issued to WFS UK Holding Company III. The \$48,000,000 book value of the loan note at 31 December 2015 is above its fair value of \$44,355,562.3.

#### (18) CALLED UP SHARE CAPITAL

	2015	2014
	£000	£000
<b>Authorised</b>		
1,000,000(2014:1,000,000)- Ordinary shares of £1 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
357,160(2014: 357,160)- Ordinary shares of £1 each	357	357

## WFL (UK) Limited

### Notes to the financial statements For the Year Ended 31 December 2015

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#### (19) LEASE COMMITMENTS

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

	2015	2014
	£000	£000
<b>Payments due</b>		
Not later than one year	200	120
Later than one year and not later than five years	660	573
Later than five years	305	305
	<u>1,165</u>	<u>998</u>

#### (20) ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is WFS UK Holding Company III, Limited.

The ultimate parent undertaking and controlling party is World Fuel Services Corporation, a company incorporated in the United States.

World Fuel Services Corporation is the parent undertaking of the only group of undertakings to consolidate these financial statements. The consolidated financial statements of World Fuel Services Corporation may be obtained from World Fuel Services Corporation, 9800 NW 41st Street, Suite 400, Miami, Florida USA 33178.

#### (21) SUBSEQUENT EVENTS

On 23 June 2016 the UK electorate voted to leave the European Union. This decision commences a process that is likely to take a minimum of two years to complete, and during this time the UK remains a member of the European Union. There will be a resulting period of uncertainty for the UK economy, with increased volatility expected in financial markets. This does not impact the fair value of assets and liabilities reported at the balance sheet date of 31 December 2015.

On 29 December 2015, an interim dividend was proposed and paid in the amount of US\$40mm. The declaration and payment of such dividend to WFS UK Holding Company III was partly from accumulated losses. Accordingly, the Company rectified this illegal dividend by reversing the original dividend declaration through a board resolution on 29 September 2016 amounting to £1,500,000.