Company registration no. 8903805

WEX Europe Services (UK) Limited

Annual report and financial statements
for the year ended 31 December 2017

Annual report and financial statements 2017

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Strategic report

The directors, in preparing this Strategic report have complied with section 414c of the Companies Act 2006.

Review of the business

Revenue for the year has increased from £335.1m in 2016 to £397.7m in 2017. Gross profit has increased from £3,834,000 in 2016 to £6,395,000 which is principally due to an increased volume of fuel purchased on our cards and favourable movements in the fuel market. Consequently the gross margin has increased from 1.14% to 1.61%. The result before tax has improved from a loss of £115,000 in 2016 to a profit of £210,000 in 2017. The loss in the prior year was principally due to foreign exchange losses of £308,000 on the Euro denominated intercompany loans which were not rechargeable under the group wide transfer pricing policy. These losses are attributable to the loss in value of Sterling against the Euro following the Brexit vote and consequently have not been repeated in 2017.

The net assets of the company have increased from £7.4m in 2016 to £7.6m in 2017.

No dividend has been paid or declared (2016: £nil).

Key performance indicators

Key performance indicators are primarily financial and operational in nature as follows:

- Volume of fuel sold (litres)
- Gross margin on fuel sales (pence per litre)
- Operating expenses
- Applications received and applications approved
- Days sales outstanding

The directors are satisfied as to the performance in the year of each of the key performance indicators.

Principal risks and uncertainties

WEX Europe Services (UK) Limited has an active and robust corporate governance programme designed to manage strategic and tactical risks which could impact the business. Risks are clearly identified and monitored on a regular basis.

The key risks and uncertainties currently facing the company are the ability to manage operational risks effectively.

Operational risks

Managing the company's businesses is dependent upon the ability to process a large number of transactions efficiently and accurately. Operational risks and losses can result from fraud, employee errors, failure to properly document transactions or to obtain proper internal authorisation, failure to comply with regulatory requirements and business principles, resource shortages, equipment failures, natural disasters or the failure of external systems. Although the company has implemented risk controls and loss mitigation actions, and resources are devoted to developing efficient procedures and to staff training, it is only possible to be reasonably, but not absolutely, certain that such procedures will be effective in controlling the operational risks faced by the company.

Additionally the company operates under a licence from the parent company WEX Europe Services Limited ('WES') and is therefore reliant on the ability of the parent company to manage its principal risks and uncertainties effectively. Further details of how WES manages these risks are included in the parent company's financial statements.

Strategic report (continued)

Future developments

The directors believe the company's future prospects to be satisfactory. The company continues to face challenges to ensure it delivers against contractual commitments made to ExxonMobil specifically regarding volume throughput.

On 29 March 2017 the UK Government officially started the process to exit the EU on 29 March 2019, commonly known as Brexit. The directors are continuing to monitor the negotiation process and its likely impact on the company and the WEX Europe Services Limited group. Once a position is finalised, the directors will respond accordingly.

Signed on behalf of the board of directors on 31 May 2018

William Holmes
Director

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Principal activity

The principal activity of the company is the provision of fuel card payment solutions in the United Kingdom.

Going concern

As described in note 3 to the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors of the company that served during the year and to the date of this report, unless otherwise stated, are:

William Holmes
Hilary Rapkin
Roberto Simon Rabanal

Dividends

No dividend has been paid or declared (2016: £nil).

Future developments

Details of future developments can be found in the Strategic Report on page 3 and form part of this report by cross-reference.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is 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.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Signed on behalf of the board of directors on 31 May 2018

William Holmes
Director

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law 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 year. In preparing these financial statements, the directors are required to:

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

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

Independent auditor's report to the members of WEX Europe Services (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2017 and of the company's profit for the year then ended;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of WEX Europe Services (UK) Limited which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 18.

The financial reporting framework that has been applied in the preparation of the company's financial statements 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 are independent of the group and the parent 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

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

Independent auditor's report to the members of WEX Europe Services (UK) Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Independent auditor's report to the members of WEX Europe Services (UK) Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Anthony Farnworth (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
31 May 2018

Profit and loss account
For the year ended 31 December 2017

	Note	2017 £000s	2016 £000s
Revenue	5	397,712	335,083
Cost of sales		(391,317)	(331,249)
Gross profit		6,395	3,834
Other operating expenses		(5,228)	(2,830)
Administrative expenses		(728)	(676)
Operating profit		439	328
Interest payable and similar charges - net	8	(229)	(443)
Profit/(loss) before tax	6	210	(115)
Tax	9	-	(8)
Profit/(loss) for the year		210	(123)

The company has no other items of comprehensive income or loss for the current or prior year other than the result above and therefore no separate statement of comprehensive income is included. The operating profit in the current and prior year is derived from continuing operations.

Balance sheet
As at 31 December 2017

	Note	2017 £000s	2016 £000s
Non-current assets			
Goodwill	10	140	140
Intangible assets	11	1,457	1,668
Property, plant and equipment	12	73	41
		1,670	1,849
Current assets			
Trade and other receivables	13	33,579	37,226
Cash and bank balances		17	64
Current tax assets		-	9
		33,596	37,299
Total assets		35,266	39,148
Current liabilities			
Trade and other payables	14	(27,629)	(31,721)
Deferred tax liabilities	15	(9)	(9)
Total liabilities		(27,638)	(31,730)
NET ASSETS		7,628	7,418
Issued capital and reserves			
Share capital	16	7,125	7,125
Retained earnings		503	293
TOTAL EQUITY		7,628	7,418

The financial statements of WEX Europe Services (UK) Limited, registered number 8903805, were approved by the Board of Directors and authorised for issue on 31 May 2018.

William Holmes
Director

Statement of changes in equity
For the year ended 31 December 2017

	Note	Share capital £000s	Retained earnings £000s	Total £000s
At 1 January 2016		-	416	416
Loss for the year and total comprehensive loss		-	(123)	(123)
Issue of share capital		7,125	-	7,125
At 31 December 2016		7,125	293	7,418
Profit for the year and total comprehensive income		-	210	210
At 31 December 2017		7,125	503	7,628

Notes to the financial statements
For the year ended 31 December 2017

1. Company information

WEX Europe Services (UK) Limited (the company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales.

The address of the registered office is:

Emperor Court
Emperor Way
Crewe Business Park
Crewe
Cheshire
CW1 6BD
United Kingdom

The nature of the company's operations and its principal activities are set out in the directors' report on page 5.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

2. Adoption of new and revised standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 7 *Disclosure Initiative*	As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash-flow statement and associated disclosures. Consequently the company has not adopted the amendments to IAS 7 for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. Where relevant, equivalent disclosures have been given in the group accounts of WEX Europe Services Limited.
Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	The company has adopted the amendments to IAS 12 for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference. The application of these amendments has had no impact on the company's financial statements as the company already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.
Annual Improvements to IFRSs 2014-2016 Cycle	The company has adopted the amendments to IFRS 12 included in the *Annual Improvements to IFRSs 2014-2016 Cycle* for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the company. IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

Notes to the financial statements (continued)
For the year ended 31 December 2017

3. Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of WEX Europe Services Limited. The group accounts of WEX Europe Services Limited are available to the public and can be obtained as set out in note 18.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The financial statements have been prepared in accordance with applicable law and United Kingdom accounting standards. The principal accounting policies, which have been applied consistently in the current prior year, are set out below.

Going concern

In carrying out their duties in respect of going concern, the directors have carried out a review of the company's financial position for a period of 12 months from the date of signing these financial statements.

The principal activity of the company is that of fuel card payment solutions in the United Kingdom under a licence agreement with WEX Europe Services Limited ('WES'). Additionally the company has £28.3m of amounts owed to group undertakings which are repayable on demand either to WES or the immediate parent company WEX Europe Services Holdings Limited.

Consequently the company is reliant on support from the parent company WES to ensure that it is able to meet its liabilities as they fall due.

Therefore the directors have sought and received assurances from WEX Europe Services Limited that it will provide support to the company for a period of at least 12 months from the date of signing of these financial statements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of WEX Europe Services Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Notes to the financial statements (continued)
For the year ended 31 December 2017

3. Significant accounting policies (continued)

Foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Property, plant and equipment

Plant and machinery are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Plant and machinery 33% per annum

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Amortisation is recognised so as to write off the cost of intangible assets over their useful lives, using the straight-line method, on the following bases:

Fuel card service agreement: 10% per annum

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Notes to the financial statements (continued)
For the year ended 31 December 2017

3. Significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Operating profit

Operating profit is stated before investment income and finance costs.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Notes to the financial statements (continued)
For the year ended 31 December 2017

3. Significant accounting policies (continued)

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

All the company's financial assets are classified 'loans and receivables' reflecting the nature and purpose of the financial assets at the time of initial recognition.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial liabilities

All the company's financial liabilities are classified as 'other financial liabilities'.

Notes to the financial statements (continued)
For the year ended 31 December 2017

3. Significant accounting policies (continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 to be 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.

Critical judgements in applying the company's accounting policies

The directors have considered whether there are any critical judgements, apart from those involving estimations (which are dealt with separately below), that are necessary in the process of applying the company's accounting policies and have the most significant effect on the amounts recognised in financial statements. They have concluded that there are no critical judgements relevant to the company.

Key sources of estimation uncertainty

The directors have considered whether there are any key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. They have concluded that there are no key assumptions relevant to the company.

5. Revenue

	2017	**2016**
	£000s	**£000s**
Sale of goods	397,712	335,083

All revenue is derived from fuel card payment solutions sales in the United Kingdom.

Notes to the financial statements (continued)
For the year ended 31 December 2017

6. Profit/(loss) for the financial year

Profit/(loss) for the financial year has been arrived at after charging:

	2017 £000s	2016 £000s
Foreign exchange losses	111	308
Amortisation of other intangible assets	211	211
Depreciation of property, plant and equipment	20	7

Auditor's remuneration for the audit of the financial statements of £23,700 (2016: £23,300) was borne by WEX Europe Services Limited with no recharge made. No other services were provided by the auditor in either the current year or the prior year.

7. Staff costs

For the year ended 31 December 2017 directors emoluments were paid by a fellow group undertaking and were not recharged to the company (2016: same). Directors received no benefits for their services to the company.

The company has no employees (2016: same).

8. Interest payable and similar charges - net

	2017 £000s	2016 £000s
Interest payable to fellow group undertakings	(420)	(649)
Interest receivable from fellow group undertakings	191	206
	(229)	(443)

Notes to the financial statements (continued)
For the year ended 31 December 2017

9. Tax

	2017 £000s	2016 £000s
Deferred tax charge (see note 14)		
Current year	-	9
Effect of changes in tax rate	-	(1)
	-	8

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	2017 £000s	2016 £000s
Profit/(loss) before tax	210	(115)
Tax at the UK corporation tax rate of 19.25% (2016: 20%)	40	(23)
Expenses that are not deductible	68	130
Effect of changes in tax rate	-	(1)
Group relief not paid for	(108)	(97)
Tax expense for the year	-	8

The Finance Act 2016, which was substantively enacted in September 2016, included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020, and Finance Act 2015 (No.2), included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017. Accordingly, un-recognised deferred tax assets relating to the UK based entities have been disclosed at the lower rate of 17% with no impact on the income statement or balance sheet.

10. Goodwill

	£000s
Cost	
At 1 January 2016, 31 December 2016 and at 31 December 2017	140

Impairment of goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination.

The only CGU identified is that of fuel card payment solutions. The carrying amount of goodwill has been allocated as follows:

Group of CGUs	**£000s**
Fuel card payment solutions	140
Total goodwill	140

As required by IAS 36 Impairment of Assets the directors will test goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

Notes to the financial statements (continued)
For the year ended 31 December 2017

11. Other intangible assets

	Fuel card service agreement £000s
Cost	
At 1 January 2017 and at 31 December 2017	2,107
Amortisation	
At 1 January 2017	(439)
Charge for the year	(211)
At 31 December 2017	(650)
Net book value	
At 31 December 2017	1,457
At 1 January 2017	1,668

12. Property, plant and equipment

	Plant and machinery £000s
Cost	
At 1 January 2017	48
Additions	73
Disposals	(27)
At 31 December 2017	94
Depreciation	
At 1 January 2017	(7)
Charge for the year	(20)
Disposals	6
At 31 December 2017	(21)
Net book value	
At 31 December 2017	73
At 1 January 2017	41

Notes to the financial statements (continued)
For the year ended 31 December 2017

13. Trade and other receivables

	2017 £000s	2016 £000s
Trade receivables	26,927	23,173
Allowance for doubtful debts	(268)	(97)
	26,659	23,076
Amounts owed by fellow group undertakings	5,209	12,680
Other debtors	1,711	1,470
	33,579	37,226

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. The average credit period taken on sale of goods is 25 days (2016: 25 days). No interest is charged on the receivables. The directors consider that the carrying value of trade and other receivables is approximately equal to their fair value.

The amounts owed by fellow group undertakings relate to a group cash pooling arrangement which is repayable on demand and interest is payable at 2% above Bank of England base rates (2016: same).

14. Trade and other payables

	2017 £000s	2016 £000s
Trade payables and accruals	3,969	2,811
Other payables	651	650
Amounts owed to fellow group undertakings	23,009	28,260
	27,629	31,721

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 4 days (2016: 3 days). For most suppliers no interest is charged on the trade payables. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade payables approximates to their fair value.

The amounts owed to fellow group undertakings relate to loan notes which are repayable on demand and interest is payable at 2% above Bank of England base rates (2016: same).

Notes to the financial statements (continued)
For the year ended 31 December 2017

15. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Short term timing differences £000s
At 1 January 2016	(1)
Charge to income statement	(8)
At 31 December 2016	(9)
Charge to income statement	-
At 31 December 2017	(9)

16. Called up share capital

	Authorised, issued and fully paid	
	2017 £	2016 £
7,125,000 ordinary shares of £1 each	7,125,000	7,125,000

17. Contractual obligations: minimum volume commitments

The company is required to purchase a minimum amount of fuel from their suppliers on an annual basis. If the minimum requirement is not fulfilled, the company is subject to penalties based on the amount of spend below the minimum annual volume commitment. Starting in 2020, annual volume commitments reset based on prior year volume purchased. The table below represents the company's annual penalty at the balance sheet date assuming that no fuel is purchased under these commitments.

	2017 £000s	2016 £000s
Within one year	16,936	15,726
In the second to fifth years inclusive	16,936	31,452
	33,872	47,178

Notes to the financial statements (continued)
For the year ended 31 December 2017

18. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of WEX Europe Services Holdings Limited which is itself a wholly owned subsidiary of WEX Europe Services Limited.

WEX Europe Services Limited is a 75% owned subsidiary of Wright Express International Holdings Limited and 25% owned by Radius Payment Solutions Limited. The ultimate controlling party is WEX Inc., a company incorporated in Delaware, USA.

The group of which WEX Inc. is the parent organisation forms the largest group preparing consolidated financial statements which include WEX Europe Services (UK) Limited.

Copies of these consolidated financial statements can be downloaded from the corporate website or requested from WEX Inc.'s registered office at 97 Darling Avenue, South Portland, Maine 04106, USA.

WEX Europe Services Limited forms the smallest group preparing consolidated accounts. Copies of these financial statements can be requested from WEX Europe Services Limited's registered office at Emperor Court, Emperor Way, Crewe Business Park, Crewe, CW1 6BD, United Kingdom.