COMPANY REGISTRATION NUMBER: 10485907

WEX Europe UK Limited

Annual Report and Financial Statements

31 December 2019

WEX Europe UK Limited

Financial Statements

Year ended 31 December 2019

Contents | **Page**

WEX Europe UK Limited

Strategic Report

Year ended 31 December 2019

The Strategic Report has been prepared in terms of Section 414C of the Companies Act 2006.

Review of the business

The principal activities of WEX Europe UK Limited (the "Company") during the year were issuing virtual Business to Business (B2B) cards through principal memberships with schemes. The company was granted a license by the Financial Conduct Authority ("FCA") licence to operate as an e-money institution in 2017.

Following the UK leaving the European Union ("Brexit"), The Company would no longer be able to provide services from the UK to the European Economic Area ("EEA") under the Payment Services Directive (Directive (EU) 2015/2356, "PSD2"). PSD2 is a directive of the EU European Commission to regulate payment services and payment service providers throughout the EEA.

Consequently in November 2019, the Company transferred its rights and obligations with EEA clients to WEX Europe (Netherlands) B.V. for the provision of payment and related services, including the issuance of payment instruments for use by its clients in making payments to their suppliers.

Turnover for the period was £23.7m (Restated 2018: £15.5m). The Company reported profits before tax of £1.3m (2018: £1.2m). The business has net assets of £1.6m (2018 £0.5m) which have increased due to the profits noted above.

Section 172 statement

The director's approach

The directors ensure they have suitable access to information to allow them to make informed business decisions and the directors consider whether they possess sufficient information regarding the stakeholder interests, which are affected by their actions. In instances when the directors do not have all the information relevant to a decision, it is important to consider the expertise of others and care is taken to assess the source, quality and quantity of all information available.

Maintaining our licence to operate

The directors have a duty to promote the success of the Company, which is a key consideration when determining the company's strategy. The board maintains its licence to operate through consideration of:

a) *The likely consequences of any decision in the long term:*

The board annually approves the five-year strategic plan (2020-2024) and monitors its implementation throughout the year using detailed reports on operational and financial performance and monthly business unit reviews of the key geographical markets. This includes monitoring progress against the key performance indicators (both short-term and long-term) as well as considering investment required to support the rolling five year-business plan. Additional corporate oversight is provided by the review of detailed monthly management information by the parent WEX Inc.

The board has agreed a set of targets for the acceptable level of financial resilience and liquidity and reviews the group's forecast funding requirements, debt capacity and financing options that are required to deliver the desired resilience targets.

In approving the strategy, the directors also consider external factors such as competitor behaviour, the performance of the travel industry across Europe, as well as the evolving economic, political and market conditions such as the impact of Brexit and COVID-19.

WEX Europe UK Limited
Strategic Report
Year ended 31 December 2019

Section 172 statement (continued)

b) *The interests of the company's employees:*

The directors understand the importance of the company's employees to the long-term success of the business. The health and safety of the company's employees (and other stakeholders) remain its main priority and the directors review the performance in this area on a regular basis.

The company regularly communicates to its employees through presentations, internal group-wide emails and newsletters. Training and development of employees is a key focus of management and employees have access to a wide variety of training courses available online as well as regular "lunch and learn" business focused sessions. All-hands meetings are held monthly where feedback is welcomed and discussed. Employees can also submit anonymous questions and feedback to the directors via a webform.

Workplace health and mental wellbeing continue to be priorities with all employees able to access free support both in the office and whilst home working which is funded by the business.

c) *The need to foster the company's business relationships with suppliers, customers and others:*

The board regularly reviews how the group maintains positive relationships with all of its stakeholders, including suppliers, customers and others.

The company's principal risks and uncertainties set out risks that can impact the long-term success of the group and how these risks interact with our stakeholders. The directors will continue to promote a culture which considers the interests of stakeholders. The directors need to foster the Company's business relationships with suppliers, customers, HM Revenue and Customers (HMRC) and the Financial Conduct Authority (FCA) which includes committing to partnership's that share the Company's dedication to conducting business in a legal, ethical and socially responsible manner, to deliver the best possible value for the Company and mitigate the risk to the Company. The directors build these relationships through regular meetings with customers and regulators and keep them updated on key business issues.

The directors actively seek information on the interaction with stakeholders to ensure that they have sufficient information to reach appropriate conclusions about the risks faced by the group and how these are reflected within the long-term plans. These risk assessments have been incorporated in all decisions made by the company including those described below.

WEX Europe UK Limited
Strategic Report
Year ended 31 December 2019

Section 172 statement (continued)

d) *The impact of the company's operations on the community and the environment:*

The company's values underpin everything we do and the way we do it. Our values are:

- Community – We are a positive force in the world and our actions open possibilities for others.
- Execution - We are satisfied only when we deliver great results. We are tenacious in achieving high expectations.
- Innovation - We innovate and are relentless in the service to our customers. We are curious and are energized when asked, "Is there a better way?"
- Integrity - We are proud of how our authenticity, honesty, and transparency earn each other's trust and the trust of our customers.
- Relationships - Because we care about our customers, partners, and coworkers, we are able to anticipate their needs and surpass their expectations.

Core to WEX's mission is acting as an engaged and responsible corporate citizen. Our commitment to community goes beyond our intrinsic values, intersecting with our investment in the overall health and well-being of our employees. At WEX, we believe that it is both an opportunity and a responsibility to give back.

At WEX, giving back is accomplished in two ways: philanthropic support and employee volunteerism. To maximize the impact of our corporate grants, we direct our philanthropic support to benefit the arts, financial stability, education, and wellbeing. These giving categories support a holistic community approach to making a positive impact.

In terms of employee engagement, WEXers are passionate community volunteers, offering both time and service to many organizations across the world

e) *The desirability of the company maintaining a reputation for high standards of business conduct:*

The directors take the reputation of the group seriously, which is not limited to only operational and financial performance. The directors and employees of the group are therefore expected to make due consideration to all applicable legal and regulatory obligations, but also consider the business' reputation, corporate and social responsibilities. The directors aim to attract and retain talented employees from diverse backgrounds and industries by building a world-class culture based on integrity, respect and inclusion.

f) *The need to act fairly as between members of the company:*

The directors of the company consist of employees from several departments (Sales, operations and Finance) and there is also oversight from WEX Inc. through regular business reviews ensuring that the interests of the Company and its Parent are fairly represented.

Key decisions in the year:

In 2019, the directors made the following key decisions:

- Transfer of rights and obligations with EEA clients to WEX Europe (Netherlands) B.V. to mitigate the risk of Brexit.
- Change in funding structure (new loan from Wright Express International Holdings Limited to repay the loans with Wex Europe Limited)

WEX Europe UK Limited
Strategic Report
Year ended 31 December 2019

Key performance indicators

The company considers its key performance indicators to be the volume of B2B payments facilitated through the issuance of virtual cards. The total transacted volume ("TTV") during 2019 was £2.2BN in 2019 (2018: £1.5BN). The directors are satisfied as to the performance in the year of the key performance indicator.

Any additional indicators, including non-financial, are in line with those of Wex Inc. of which this company is an indirect subsidiary. The performance of the Wex Inc. Group is discussed in Wex Inc. Report and Annual Accounts 2019, which does not form part of this report.

Future developments

A novel strain of coronavirus (COVID-19) was first identified in Wuhan, China in January 2020, and subsequently declared a global pandemic by the World Health Organisation on March 11, 2020.

Global health concerns relating to the COVID-19 outbreak and related government actions taken to reduce the spread of the virus have significantly increased economic uncertainty and reduced economic activity. The outbreak has resulted in transformational change in business and consumer behaviour, as well as authorities implementing numerous measures aimed at containing the virus, such as travel bans and restrictions, quarantines, shelter in place orders, and business shutdowns, among others. These factors have not only negatively impacted business and consumer spending habits, they have also adversely impacted and may further impact our workforce and operations and the operations of our customers, suppliers and business partners.

The spread of COVID-19 has caused us to modify our business practices (including restricting employee business travel, developing social distancing and remote working plans for our employees and cancelling physical participation in meetings, events and conferences), and we may take further actions as may be required. There is no certainty that such measures will be sufficient to mitigate the risks posed by the virus or will otherwise be satisfactory to government authorities.

In response to COVID-19 uncertainty, the Company and its parent WEX Inc. has implemented actions to reduce discretionary capital and operating expenditures, adjust its cost structure and preserve its financial flexibility and strong liquidity position.

Volumes saw the most severe decline in early April down to 10% of pre-COVID-19 levels. With the recent easing of restrictions, volumes have started to recover slowly, however there is significant uncertainty around how long it will take volumes to return to normal.

We are closely tracking and assessing the rapidly evolving effect of the outbreak and are actively managing our responses in collaboration with our employees, customers and suppliers. This is further described in note 3 to the financial statements.

Brexit – On January 31, 2020, the UK exited the European Union and under the Withdrawal agreement, the UK is subject to an eleven-month transition period by which to leave the single market and customers union. The uncertainty concerning the UK's legal, political and economic relationship with the EU after the Transition Period could contribute to instability in global financial and foreign exchange markets, including volatility in the value of the British Pound sterling and Euro's, which in turn could adversely affect us or our customers and companies that do business with us. The Company continues to monitor any potential detrimental impact of the UKs departure from the EU and has taken action to mitigate. The directors feel confident of the long-term profitability resulting from a combination of its Brexit business readiness plans and the limited exposure to EEA customers following the transfer of EEA clients to WEX Europe (Netherlands) B.V.

WEX Europe UK Limited
Strategic Report
Year ended 31 December 2019

Principal risks and uncertainties

Management continues to review risks proactively to ensure the Company is operating at an acceptable level of overall business risk. In light of the impact to the business of outbreak of COVID-19, the business has carried out an in-depth assessment of the principal risks facing the Company, which are outlined below:

On-going viability of its key customers, suppliers and partners – the company ensures continuous engagement with its key external stakeholders to assess the financial health and viability of their businesses. The travel sector has been one of the hardest hit by COVID-19 and the subsequent economic downturn so additional focus has been applied on risk assessing our key customers to ensure that we hold the appropriate level of risk.

Credit risk – the company provides credit to its customers and lack of adequate credit controls may lead to credit loss events. Strict credit policies and frequent reviews of customers is undertaken to manage the risk. In response to the increased risk resulting from the outbreak of COVID-19, the company has actively reduced its credit exposures by terminating high risk customers, reducing payment terms and limiting the credit lines offered to customers.

Regulation and compliance risk – The Company operates in a strictly regulated industry and is therefore subject to compliance risk with respect to a number of laws and regulations. The breaching of any applicable laws or regulations could result in an inability to operate. The Legal and Compliance functions in the business support the Directors with monitoring developments and appropriate measures are taken should any particular risk change significantly.

Capital Management – the company's business activities are reliant on continued inter-group trading and financial support of its parent company. The Company is currently funded by its Parent (Wright Express international Holdings Limited) under an intercompany loan agreement and the directors have a reasonable expectation that the company will continue to operate under these circumstances for the foreseeable future from the date of signing of these financial statements.

Foreign exchange risk – customers have a choice of multiple settlement currencies to facilitate B2B payments and material swings in foreign exchange movements may affect receivables. The company mitigates the risk associated with FX by matching borrowings to receivables in major operating currencies (GBP, EUR and USD) to minimise impact.

Business Continuity risk – the outbreak of COVID-19 has resulted in the Company deploying business continuity plans to maintain stability across the business. The Company has moved to a formal working from home policy for non-critical employees ensuring continued delivery of service and no issues noted in the period up to signing these financial statements.

Operational risk – operational risk is defined as the risk aiding from within the Company from inadequate or failed internal processes, inadequately designed or maintained systems and inadequate staffing resources. Operational risk exposures are identified, managed and controlled by the business. Internal controls include a segregated operations structure and the delegation of authority within authorised limits. This is designed to manage, rather than eliminate the risk of failure to achieve business objectives.

Approved by the Board and signed on its behalf by:

Paddock

Mr Steven Stuart Paddock
Director
23 December 2020

Registered office:
4th Floor East Building, 1 London Bridge, London SE1 9BG

WEX Europe UK Limited
Directors' Report
Year ended 31 December 2019

The directors present their Annual report, the Strategic Report containing future developments and principal risk and uncertainties and the financial statements of the company for the period ended 31 December 2019.

Directors
The directors who served the company during the year and up to date of this report are as follows:

Mr Anant Ramanbhai Patel	
Mr Steven John Hardy	(Appointed 30 April 2019)
Mr Steven Stuart Paddock	(Appointed 15 August 2019)
Mr Bruce Selwyn Underwood	(Resigned 30 April 2019)

Dividends
The directors do not propose the payment of a dividend (2018: nil).

Directors' indemnities
The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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 S418 of the Companies Act 2006. Deloitte LLP have expressed their willingness to resume office as auditors and appropriate arrangements have been put in place for them to be deemed appointed as auditors in the absence of an Annual General meeting.

Financial risk management

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk

Cash flow risk
The Company's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The company mitigates the risk associated with FX by matching payables to receivables in major operating currencies (GBP, EUR and USD) to minimise impact. Interest bearing assets and liabilities are held at fixed rates to ensure certainty of cash flows.

Credit risk
The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Liquidity risk

The company monitors cash levels on a regular basis, including forecasting future cash flows. The Company's objective to managing liquidity is to ensure that, as far as possible, it will always have sufficient liquidity to meet the liabilities when they become due. In order to mitigate short-term liquidity risk the Company has an intercompany loan facility in place with Wright Express Holdings Limited, from which the Group has made drawdowns and repayments throughout the year. The balance drawn on the loan on 31 December 2019 was £76m.

WEX Europe UK Limited
Directors' Report
Year ended 31 December 2019

Going Concern

As described in note 3 to the financial statements, the directors have considered the company's profits in the year, the net assets, future profits projected, COVID-19, the company's ongoing cash requirements, the recoverable amounts of both trade receivables and amounts owed to group undertakings.

As a result of the review, the directors are confident the company has adequate resources to continue in operations for the foreseeable future from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Events after the balance sheet date

Details of future developments and events that have occurred after the reporting period can be found in the strategic reports on page 1-5 and in Note 23 and form part of this report by cross reference.

Other Items

There have been no R&D activities and no political contributions in 2019. The Company does not have any branches outside the UK. Directors continue to monitor any financial risks for the business as identified in the Strategic Report.

Approved by the Board and signed on its behalf by:

Paddock

Mr Steven Stuart Paddock

Director

23 December 2020

Registered office:
4th Floor East Building, 1 London Bridge, London SE1 9BG

WEX Europe UK Limited
Directors' Responsibilities Statement
Year ended 31 December 2019

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 FRS102 The Financial Report Standard applicable in the UK and Republic of Ireland. 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 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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.

Approved by the Board and signed on its behalf by:

S Paddock

Mr Steven Stuart Paddock
Director

23 December 2020

Registered office:

4th Floor East Building, 1 London Bridge, London SE1 9BG

WEX Europe UK Limited

Independent Auditor's Report to the Members of WEX Europe UK Limited

Year ended 31 December 2019

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of WEX Europe UK Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the profit and loss account
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 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.

WEX Europe UK Limited

Independent Auditor's Report to the Members of WEX Europe UK Limited

Year ended 31 December 2019

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.

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 period 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.

WEX Europe UK Limited

Independent Auditor's Report to the Members of WEX Europe UK Limited

Year ended 31 December 2019

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

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

We have nothing to report in respect of these matters.

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.

Atif Yusuf FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory auditor
London, United Kingdom

23 December 2020

WEX Europe UK Limited

Profit and Loss

Year ended 31 December 2019

	Notes	2019	Restated* 2018
Turnover	5	**23,720,259**	**15,448,938**
Cost of sales		(958,650)	(1,195,322)
Gross profit		**22,761,609**	**14,253,616**
Administrative expenses	6	(5,881,884)	(3,393,971)
Expenses to Group Undertakings	7	(15,706,488)	(9,811,642)
Other operating income	12	203,833	118,430
Operating Profit	8	**1,377,070**	**1,166,433**
Interest receivable and similar income	13	13,609	14,046
Interest payable and similar expenses	14	(58,059)	-
Profit before taxation		**1,332,620**	**1,180,479**
Tax on profit	15	(230,187)	(275,858)
Profit for the year		**1,102,433**	**904,621**

**** During the year, the directors of the company recognized that income from the provision of services to a group undertaking were incorrectly mapped to 'Expenses to group undertakings' in prior year accounts. The comparative information has been restated to reflect the reclassification adjustment made in the turnover balance and expenses to group undertaking balance. Please refer Note 4 for details of changes made in the comparative.***

All of the activities of the company are from continuing operations and there are no other gains or losses and therefore no statement of comprehensive income is prepared.

WEX Europe UK Limited

Balance Sheet

As at 31 December 2019

	Notes	2019	2018
Current assets			
Debtors	16	80,075,990	87,486,706
Cash at bank		23,483,985	8,211,711
		103,559,975	**95,698,417**
Creditors: amounts falling due within one year	17	(25,894,523)	(95,174,689)
Net current assets		77,665,452	523,728
Total assets less current liabilities		**77,665,452**	**523,728**
Creditors: amounts falling due after more than one year	18	76,039,292	-
Net assets		**1,626,160**	**523,728**
Capital and reserves			
Called up share capital	20	1	1
Profit and loss account		1,626,159	523,727
Shareholders' surplus/(deficit)		**1,626,160**	**523,728**

Approved by the Board and signed on its behalf by:

Paddock

Mr Steven Stuart Paddock
Director

23 December 2020

Company Registration Number 10485907

WEX Europe UK Limited

Statement of Changes in Equity

Year ended 31 December 2019

	Called-Up Share Capital	Profit and Loss account	Total
	£	£	£
At 1 January 2018	**1**	**(380,894)**	**(380,893)**
Profit for the year	-	904,620	904,620
Total comprehensive income for the year	**-**	**904,620**	**904,620**
At 31 December 2018	**1**	**523,726**	**523,727**
Profit for the year	-	1,102,433	1,102,433
Total comprehensive income for the year	**-**	**1,102,433**	**1,102,433**
At 31 December 2019	**1**	**1,626,159**	**1,626,160**

WEX Europe UK Limited

Notes to the Financial Statements

Year ended 31 December 2019

1. **General information**

The company is a private company limited by shares, registered in England and Wales and incorporated in the United Kingdom under the Companies Act 2006. The company's principal activity is the issuance of virtual B2B cards through principal memberships with schemes. Its registered office is 4th floor East Building, 1 London Bridge, London, SE1 9BG.

2. **Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the requirement of the Companies Act 2006.

3. **Accounting policies**

Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in pound sterling, which is the functional currency of the entity.

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 at least 24 months from the date of signing these financial statements.

The directors have prepared detailed cash flow forecasts for the period to 31 December 2022, i.e. a period of 24 months from the signing of the financial statements and, recognising the uncertain economic backdrop in light of the COVID-19 pandemic, have stress-tested by subjecting those cash flow forecasts to a range of reasonably possible but pessimistic scenarios.

These scenarios have been derived with reference to the actual trading performance in the post balance sheet period, wider economic forecasts in the territories in which the company operates, consideration of the timing of withdrawal of government support packages and early experience of a second wave of the pandemic.

In the base case scenario, the directors have assumed that current health measures and safety precautions such as quarantines, closures and other restriction measures introduced by many governments around Europe and other geographical locations will continue for a longer period and the travel volume will not return to pre-COVID level until 2023, resulting in significant decline in sales volume for the years 2020, 2021 and 2022 as follows:

- *a 61% decline in core B2B virtual card spend volume in the year 2020 compared to 2019 pre-COVID levels;*
- *a 54% decline in core B2B virtual card spend volume in the year 2021 compared to 2019 levels; and*
- *a 39% decline in core B2B virtual card spend volume in the year 2022 compared to 2019 levels.*

The directors have also assumed, under base case scenario, a conservative uplift in new sales volume from new initiatives from the start of second quarter of 2021 through:

- *a partnership agreement entered into with a new customer under the agreement to share wallet; and*
- *introduction of a new payment method to target existing customer relationships.*

WEX Europe UK Limited

Notes to the Financial Statements

Year ended 31 December 2019

3. Accounting policies (continued)

Going concern (continued)

The cash flow forecasts are most sensitive to changes in the length of the Covid-19 impacting period and therefore the recovery of international and domestic travel. The directors on a prudent basis have therefore applied stress tests to the base case scenario with further downside sensitivities to assess the potential impact on the company's cash position and working capital requirement as follows:

- *Sensitivity 1 (downside scenario) – the base case scenario above, but with 'Nil' volume from the new initiatives and a much slower recovery in core B2B virtual card spend volume, thereby impacting sales volume for a longer period and not return to pre-Covid levels until 2024 (modelled as 20% decline in core B2B virtual card spend vs base case scenario on an on-going basis through-out the three years i.e. 2020, 2021 and 2022). The incremental impact on the profit is £0.01 million, £0.16 million and £0.39 million respectively for the financial years 2020, 2021 and 2022;*

- *Sensitivity 2 (nil income scenario) – In the nil income scenario, the outsourcing agreement in place with WEX Europe Limited would mean that no costs are charged by WEX Europe Limited and therefore the Company will post a nil profit or loss in the financial years and will not be needing any funds from its intercompany loan facility;*

In all reasonably possible scenarios modelled, the company's cash flow models demonstrate that the Company can continue to operate within its agreed facilities without the need for mitigating actions to be taken or significant structural changes required to the business or any additional funding sought.

The directors have also assessed the recovery of trade receivables and amounts owed by group undertakings and any impact this may have on the financial position of the company.

The company has continued to manage its risks in the manner described in the strategic report. There has been no impact on the effectiveness of controls resulting from Covid-19. Although some employees were placed on furlough, they were not in key internal control positions and the risk of management override of control remains low. Additional controls and processes have also been put in place to manage the increased risks that have resulted from the COVID-19 pandemic such as risk of increased credit losses from customers.

The company is reliant on the services provided by WEX Europe limited in accordance with the outsourcing agreement such as IT support, Sales, Marketing, Compliance and Risk management. The management of WEX Europe Limited has performed a detailed going concern assessment and concluded that they would be able to continue to operate as a going concern and provide services to the company. Additionally, the directors of WEX Europe Limited have also sought and received written confirmation from WEX Inc. that they will provide support to the group for a period of at least 12 months from the date of signing of their financial statements

In terms of its financing arrangements, the company is reliant on the ongoing support of WEX Inc in the form of an intercompany loan (via a UK holding company), which as at 31 December 2019 totalled £76M. There are no financial covenants associated with this loan agreement. As part of WEX Inc.'s going concern assessment, the directors have made enquiries of WEX Inc. as to its current and forecast financial position and are satisfied that it is reasonable to assume that this facility will remain available to the company as per the terms of the loan.

The directors have therefore concluded that there is a reasonable expectation that the company will have adequate resources to continue in business for the foreseeable future from the date of signing of these financial statements and thus have applied the going concern basis in the preparation of these financial statements.

WEX Europe UK Limited

Notes to the Financial Statements

Year ended 31 December 2019

3. Accounting policies (continued)

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Wex Inc., a company incorporated in Delaware, USA, which are publicly available. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

a) Disclosures in respect of each class of share capital have not been presented.
b) No cash flow statement has been presented for the company.
c) No disclosure has been given for the aggregate remuneration of key management personnel.
d) Disclosures around the financial instruments.
e) Disclosures for related party transactions with entiies that are 100% owned by the ultimate parent WEX Inc.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements, estimations and assumptions that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Key judgments

Going concern assessment – The directors have made a judgement that the company can continue to operate as a going concern. Key judgement in forming this conclusion include slow recovery of travel volumes in the financial years 2021 and 2022 with full recovery expected in the financial year 2023. Any significant changes to this assumption will impact the profitability and working capital requirements of the Company. Therefore, the directors have applied a range of sensitivities to sales volume changes which are detailed in the going concern note in note 3 to the financial statements.

Key sources of estimation uncertainty

Allowance for impairment of debtors - The company makes an estimate of the recoverable values of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors such as the ageing profile of debtors and historical experience as well as current economic events such as the COVID 19 pandemic. There was a provision of £1.9m at 31 December 2019 and there is a chance that this may materially increase within the next financial year.

WEX Europe UK Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2019

3. Accounting policies (continued)

Revenue recognition

Turnover comprises of interchange income earned from the provision of virtual B2B payment services less any rebate (income share /trade discounts, etc.) Turnover is stated net of VAT and rebates and is recognised when the significant risks and rewards are considered to have been transferred to the customer. Rebates (share/trade discounts) are recognised when incurred, based on the provisions of the contractual agreements.

Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Cost of Sales

Cost of sales comprises the costs directly incurred in relation to generating revenue during the same reporting period. Cost of sales comprises the below key components;

- *Processing costs* - The Company's processing costs consist of expenses related to processing transactions, servicing customers and merchants
- *Service fees* - The Company incurs costs from third-party networks utilized to deliver payment solutions. Additionally, other third-parties are utilized in performing services directly related to generating revenue.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of interest can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Recognition of Interest Expense

Interest expense is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to that liabilities' net carrying amount on initial recognition.

Expenses

Expenses are recognised on the basis of the accrual and comparability principles in the reporting period during which the related income is earned, regardless of the time of spending the cash.

Only that portion of costs of the previous and reporting periods that is related to the income earned during the reporting period is recognised as expenses. Costs that are not related to income earned during the reporting period, but expected to generate future economic benefits, are recorded and presented as assets. The portion of assets which is intended for earning income in future periods is recognised as expenses when the associated income is earned.

Expenses are also recognised in the same reporting period when they are incurred in cases when it is impossible to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming periods

3. Accounting policies (continued)

Income tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise for the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of timing differences and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflect 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.

Current tax and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: (a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to eb settled or recovered.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses. Amortisation will only begin when the internally generated software is brought into use.

WEX Europe UK Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2019

3. Accounting policies (continued)

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Development Costs	33% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Research and development

Research and development expenditure is written off in the year in which it is incurred with the exception of expenditure on the development of certain major new projects where the outcome of those projects is assessed as being reasonably certain as regards viability and technical feasibility in accordance with FRS 102. Intangible assets are reviewed for impairment at the end of each financial year if events or changes in circumstances indicate that the carrying value may not be recoverable.

Financial Instruments

All financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the company transfers to another party substantially all of the risk and rewards of ownership of the financial asset, or (c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another company.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Offsetting

Financial asset and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

WEX Europe UK Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2019

3. Accounting policies (continued)

Financial instruments (continued)

Trade and other receivables

Trade and other receivables consists of amounts billed and due from third parties. We often extend short-term credit to cardholders and pay the merchant for the purchase price, less the fees we retain and record as revenue. We subsequently collect the total purchase price from the cardholder.

The amounts due are stated net of allowance for bad debt. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired as per FRS 102. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default of delinquency in payments are considered indicators that the trade receivable is impaired and a specific reserve is set up for these customers.

Management also uses historical charge-off experience to determine the amount of losses inherent in accounts receivable at the reporting date to set up a general reserve.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Trade payables

Trade payables are recognised at cost.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non- financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. An impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

WEX Europe UK Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2019

3. **Accounting policies (continued)**

Impairment of assets (continued)

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at costs less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Indicators for impairment of trade receivables are disclosed in the accounting policy for trade receivables above.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as finance cost in profit or loss in the period it arises.

WEX Europe UK Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2019

4. Restatement of comparative information presented

Restatement in profit & loss account

The directors noted inconsistencies in the application of Turnover definition in the current and prior periods. Fees for the provision of services from a group undertaking have now been reclassified as Turnover as laid down in FRS 102 requirements.

The impact of adjusting the prior year reported balances is shown in the table below:

For the year ended 31 December 2018	Balance as previously reported £	Adjustment £	Restated balance at 31 December 2018 £
Profit and Loss Account			
Turnover	14,769,727	679,211	15,448,938
Expenses to Group Undertakings	(9,132,431)	(679,211)	(9,811,642)
Note 5: Turnover			
Turnover	-	679,211	679,211
Note 7: Expenses to Group Undertakings			
Income from WEX Bank	(679,211)	679,211	-

5. Turnover

Turnover arises from:

	2019 £	Restated 2018 £
Interchange Revenue	43,893,541	29,503,472
Income from Group Undertakings	694,965	679,211
Currency Conversion Revenue	676,025	640,050
Income Share – Rebates and Incentives	(21,544,272)	(15,373,795)
	23,720,259	15,448,938

Interchange Revenue is earned on Virtual B2B credit card and is earned from customers based in Europe. In November 2019, the Company transferred its rights and obligations with non UK European clients to WEX Europe (Netherlands) B.V. for the provision of payment and related services.

Income from Group Undertakings reflects fee charged to WEX Bank for the provision of Europe Issuance services in accordance with an Outsourcing agreement. Details of the restatement are provided in Note 4.

WEX Europe UK Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2019

6. Administrative Expenses

	2019	2018
	£	£
Payroll Costs	534,344	343,069
Professional Fees	537,694	445,677
Write-off of Intangible Assets	-	67,595
Allowance for Bad debt	1,967,815	2,589,114
Audit Fees	50,950	40,000
Foreign Exchange Losses / (gains)- net	2,576,093	(190,626)
Others	214,988	99,142
	5,881,884	3,393,971

Professional Fees pertain primarily to legal and associated project fees for the set up and running of the EMI licence. Other fees primarily consist of bank fees amounting to £173,604 (2018: £80,075) for the operation of bank accounts.

7. Expenses to Group Undertakings

	2019	Restated 2018
	£	£
Recharged profits paid to WEX Europe Limited	15,706,488	9,811,642
Expenses payable to Group Undertakings	15,706,488	9,811,642

Expenses to Group Undertakings reflect recharges between the Company and WEX Europe Limited in accordance with an Outsourcing Agreement. The Company retains a profit based on a mutually agreed rate on the TTV for the period.

Details of the restatement are provided in Note 4.

8. Operating profit

Operating profit is stated after charging:

	2019	2018
	£	£
Allowance for Bad debt	1,967,815	2,589,114
Foreign exchange differences loss / (gains) - net	2,576,093	(190,626)
Write-off of intangible assets	-	67,595

9. Auditor's remuneration

	2019	2018
	£	£
Fees payable for the audit of the financial statements	50,950	40,000

There were no non-audit fees paid to the company's auditors during the period.

WEX Europe UK Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2019

10. Staff costs

The average number of persons employed by the company during the period is as follows:

	2019	2018
	No.	No.
Administration	1	2
Compliance	-	1
Finance	1	-
Total staff	2	3

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019	2018
	£	£
Wages and salaries	465,293	301,125
Pension costs	16,975	11,640
Social Security Costs	52,076	30,304
	534,344	343,069

11. Director's remuneration

The director's aggregate remuneration in respect of qualifying services was:

	2019	2018
	£	£
Remuneration	306,083	128,512

The number of directors who accrued benefits under company pension plans was as follows:

	2019	2018
	No.	No.
Defined contribution plans	2	1

One other director is employed and compensated by another entity in the WEX group, which makes no recharge to the Company.

Remuneration of the highest paid director in respect of qualifying services:

	2019	2018
	£	£
Aggregate remuneration	174,583	128,512

There were no loans, quasi-loans or any other transactions carried out with the directors during the year.

WEX Europe UK Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2019

12. Other operating income

	2019 £	2018 £
Late Payment Fees	203,832	118,430
	203,832	118,430

Late payment fees are applied to customers' balances outstanding beyond their payment period.

13. Interest receivable and similar income

	2019 £	2018 £
Interest receivable from bank interest	13,609	14,046
	13,609	14,046

14. Interest repayable and similar expenses

	2019 £	2018 £
Interest payable to group undertakings	58,059	-
	58,059	-

15. Taxation

Major components of tax expense

	2019 £	2018 £
Current Tax		
UK Corporation Tax	588,900	595,673
Adjustment in respect of prior years	(435,385)	-
Total Current Tax	**153,515**	**595,673**
Deferred Tax		
Origination and reversal of timing differences	(309,147)	(319,815)
Adjustment in respect of prior years	389,400	
Impact of change in tax rate	(3,581)	-
Total deferred tax	**76,672**	**(319,815)**
Tax on profit	230,187	275,858

WEX Europe UK Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2019

15. Taxation (continued)

Reconciliation of tax expense

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2019	2018
	£	£
Profit before taxation	1,332,620	1,180,479
Tax on profits at UK standard tax rate of 19% (2018: 19%)	253,198	224,291
Adjustment in respect of prior years	(45,985)	-
Effect of expenses not deductible for tax in current year	57	386,151
Tax Rate Differential on deferred taxes	22,917	(14,769)
Movement in deferred tax provision (note 19)	-	(319,815)
Tax on profit	**230,187**	**275,858**

16. Debtors

	2019	2018
	£	£
Trade debtors	75,816,166	76,102,921
Amounts owed by group undertakings (Note 21)	357,564	13,305,521
Prepayments and accrued income	130,323	16,111
Deferred Tax Assets (Note 19)	332,489	409,161
Other debtors	5,339,384	11,515
	81,975,926	89,845,229
Allowance for bad debt	(1,899,936)	(2,358,523)
	80,075,990	**87,486,706**

Trade Debtors arise from normal course of business and are on short billing terms, ranging between a week to a month and are unsecured.

Amounts owed by Group Undertakings are all non-interest bearing and are payable on demand from the related parties (Note 21).

Prepayments and accrued income mainly relate to prepayments made to suppliers and sign-on bonus paid to customers and amortised over 3 years.

Other debtors relate to incentives receivables from Mastercard payable in accordance with the incentive agreement.

Allowance for bad debt is based on an estimate of recoverable values of trade debtors. A specific reserve is set up when there are indicators that a specific trade receivable may be impaired. A general reserve is set up based on historical loss rates.

Any unrecovered balances following 6 months of default are written off against the specific or general allowance depending on materiality (amounts under £100k are written off against the general reserve).

WEX Europe UK Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2019

16. Debtors (continued)

	General reserve £	Specific reserve £	Total £
At 1 January 2019	205,045	2,153,478	2,358,523
Allowance for the year	366,648	1,600,000	1,966,648
Write off of allowance against Trade debtors	(205,305)	(2,219,930)	(2,425,235)
At 31 December 2019	**366,388**	**1,533,548**	**1,899,936**

During 2019, £2.2m was written off for a customer against the specific provision that was in place and a new specific reserve of £1.6M was set up for another customer.

17. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	13,127,837	13,418,386
Amounts owed to group undertakings (Note 21)	6,265,393	75,152,294
Accruals and deferred income	498,076	2,237,952
Other taxation and social security	14,159	11,087
Corporation tax payable	588,900	595,673
Other creditors	5,400,158	3,761,272
	25,894,523	**95,174,689**

Trade creditors mainly consist of £13.0m payable (2018: £13.4m) to the scheme provider (Mastercard) arising from normal course of business and payable within two days from invoice date and are unsecured.

Amounts to group undertakings are all non-interest bearing and are payable on demand. In 2019 the intercompany payable balance with WEX Europe limited was repaid and a new loan was entered into with Wright Express International holdings (note 18)

Other creditors consist of rebate accruals payable as part of income share to customers in accordance with agreements.

18. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Amounts owed to group undertakings (Note 21)	76,039,292	-
	76,039,292	**-**

On November 13, 2019, the company entered into a new revolving loan agreement with Wright Express International Holdings Limited. This new agreement is subject to GBP 1 month Libor +2.25% with an initial maturity date of January 1, 2023. All amounts are unsecured.

WEX Europe UK Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2019

19. Deferred tax

The deferred tax asset included in the balance sheet is as follows:

	2019	2018
	£	£
Balance b/f	409,161	89,346
Impact of change in tax rate	(3,581)	-
DTA from Provision for Debtors	(391,132)	409,161
Realised in year	309,147	(89,346)
Movement in Deferred tax	(76,672)	319,815
Balance c/f	332,489	409,161

Deferred Tax Assets are comprised solely of a provision for debtors, and will likely reverse within the next year.

Deferred tax assets are offset only when the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporation tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17.5%, blended for 9 months at 19% and 3 months at 17%. However, it is possible that the corporation tax rate remains at 19% after 1 April 2020.

There is no expiry date on timing differences, unused tax losses or tax credits.

20. Called up share capital and Reserves

Authorised, Issued and called up capital

	2019		2018	
	No.	£	No.	£
Ordinary share of £1	1	1	1	1

Reserves
Profit and loss account records retained earnings and accumulated profits

21. Related party transactions

There are no key management personnel other than directors.

In preparing these financial statements, advantage, has been taken of the exemption from disclosing transactions with related group undertakings under FRS102 on the grounds that the company is a 100% owned subsidiary of a company whose financial statements are publicly available.

WEX Europe UK Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 December 2019

22. Controlling party

The company is a wholly owned subsidiary of Wright Express International Holdings Limited, a company incorporated in the United Kingdom and registered at United Kingdom. The Company's ultimate holding company, controlling party and parent of the smallest and largest group for which group accounts are prepared is WEX Inc., which is incorporated in the Delaware, USA and registered at United States.

WEX Inc. prepares consolidated accounts which include WEX Europe UK Limited.

Copies of these consolidated financial statements can be downloaded from the corporate website or requested from 97 Darling Avenue, South Portland, Maine 04106, USA.

23. Post balance sheet events

As disclosed in the strategic report and discussed further in the going concern disclosures in note 3, since the financial year end, significant economic and social disruption has arisen across the world from the COVID-19 pandemic and the Company has also been significantly impacted by the COVID-19 pandemic across Europe. The directors have made an in-depth assessment of the going concern, considering both actual performance in post-Covid environment and the Company's future outlook, which assessed the potential impact of the Covid-19 pandemic, and including considerations of projections incorporating the impact of the pandemic on the Company's profitability and funding position (further details of this assessment is in going concern disclosure in note 3). The directors have concluded that the pandemic is a non-adjusting post balance sheet event as defined by FRS 102, section 32. As such, no adjustments have been made to the balance sheet at 31 December 2019 to account for the impact of the pandemic.

On 20th April 2020, a new revolving intercompany loan agreement was entered into with Wright Express International Holdings Limited as borrower to a maximum of £30m. This new agreement is subject to GBP 1-month Libor +2.25% with an initial maturity of April 17, 2025.