

**WEX EUROPE UK LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**



<b>WEX EUROPE UK LIMITED</b>
------------------------------

---

**COMPANY INFORMATION**

---

<b>Directors</b>	Anant Ramanbhai Patel (resigned 30 June 2021) Steven John Hardy Steven Stuart Paddock
<b>Company secretary</b>	No company secretary
<b>Registered number</b>	10485907
<b>Registered office</b>	Fourth Floor East Building 1 London Bridge London SE1 9BG

---

**WEX EUROPE UK LIMITED**

---

---

**CONTENTS**

---

	Page
<b>Strategic Report</b>	1 - 6
<b>Directors' Report</b>	7 - 9
<b>Directors' Responsibilities Statement</b>	10
<b>Independent Auditors' Report</b>	11 - 14
<b>Statement of Comprehensive Income</b>	15
<b>Balance Sheet</b>	16
<b>Statement of Changes in Equity</b>	17
<b>Notes to the Financial Statements</b>	18 - 35

## WEX EUROPE UK LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

#### Business review

The principal activities of WEX Europe UK Limited (the "Company") during the year were issuing virtual Business to Business (B2B) credit 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. In November 2019, the Company transferred its rights and obligations with European 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 £5.0m (2019: £23.7m) due to the reduction in volumes from COVID-19 as well as the transfer of European customers to WEX Europe (Netherlands) B.V. as described above. The Company reported profits before tax of £0.3m (2019: £1.3m). The company is in a net asset position of £1.9m (2019: £1.6m). Please also refer to Key financial performance indicators section below.

#### Impact of COVID-19

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 Organization on March 11, 2020.

In response to the COVID-19 pandemic, Governments across Europe announced a number of restrictions on the movement of people and goods. The scale of these restrictions increased significantly during February and March 2020 with most countries entering a period of lockdown around mid-March 2020. Following the easing of restrictions during the summer and early autumn of 2020, most European governments announced a second full lockdown in late autumn 2020 in response to rapidly increasing case and death rates. Subsequently further lockdowns have been implemented in early 2021 at various points across Europe.

These lockdowns have had a significant negative impact on the company's business during the year ending 31 December 2020. Volumes saw the most severe decline for a period in early April at 10% of pre COVID-19 levels. With the easing of restrictions, volumes have started to slowly however, with last minute announcements of lockdown extensions there has been a reluctance for travel bookings. The speed of the vaccine rollout and an expectation of international border restrictions has resulted in increased consumer confidence for Q3 2021.

There is significant uncertainty around how long it will take for volumes to return to normal which is consistent with uncertainty around the recovery of the economy as a whole.

During 2020, the Company and its ultimate parent WEX Inc. took a number of precautionary steps to safeguard its business and employees from the effects of COVID-19 including restricting employee business travel, temporarily closing offices and cancelling participation in various industry events.

The Company and its ultimate parent WEX Inc. has implemented actions to reduce discretionary capital and operating expenditures, adjust its cost structure and preserve its financial flexibility.

We are closely tracking and assessing the evolving effect of the pandemic and are actively managing our responses in collaboration with our employees, customers and suppliers.

---

**WEX EUROPE UK LIMITED**

---

---

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**Brexit**

On January 24, 2020, the U.K. Parliament approved a withdrawal agreement (the "Withdrawal Agreement") between the U.K. and the EU. On December 24, 2020, after an eleven month transition period, the United Kingdom and the EU entered into a trade deal, effective January 1, 2021, in which they agreed upon many trade terms (the "Trade Agreement") as a result of Brexit. The Company continues to monitor any potential detrimental impact of the UKs departure from the EU and has taken action to mitigate these impacts. The directors feel confident of the long-term profitability resulting from a combination of its Brexit business readiness plans and the limited exposure to Europe customers following the transfer of Europe clients to WEX Europe (Netherlands) B.V in November 2019.

**Key Financial 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 2020 was £390m (2019: £2.2BN). This is due to the impact of COVID-19 as well as the transfer of european customers to WEX Europe (Netherlands) B.V. as described above. The company has earned a profit of £0.3m related to this volume in 2020 (2019: £1.3m).

---

**WEX EUROPE UK LIMITED**

---

---

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**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 and maintain close relationships with key stakeholders .

***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. No derivative financial instruments are used to manage the risk of fluctuating exchange rates, so no hedge accounting is applied. The company has a foreign exchange policy in place and will reconsider the appropriateness of this policy should operations change in nature.

***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 arising 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.

## WEX EUROPE UK LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### Section 127 (1) 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 (2021-2025) 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.

##### ***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.

The company pivoted to a remote work environment in March 2020 and instituted a series of employee-focused initiatives, such as increasing flexibility on when and where employees can work, adding an additional 10 days of emergency time off and expanding child- and elder-care benefits. As the pandemic continues, the company remains committed to developing a staged plan for global office re-entry when safe to do so.

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

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

---

**WEX EUROPE UK LIMITED**

---

---

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

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 Customs (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.

***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 co-workers, 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 oversight from WEX Inc. through regular business reviews ensuring that the interests of the Company and its Parent are fairly represented.



---

**WEX EUROPE UK LIMITED**

---

---

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**Key decisions in the year**

In 2020, the directors made the following key decisions:

- In response to COVID-19 uncertainty, the company has implemented actions to reduce discretionary capital and operating expenditures, adjust its cost structure and preserve its financial flexibility and strong liquidity position
- Decision to reduce credit lines/terminate customers that have a higher risk of credit losses
- Change in funding structure (new loan to Wright Express International Holdings Limited to lend excess cash back to the parent company).

These decisions impacted several of our key stakeholders, the impact of which was carefully considered by the directors prior to granting approval. Stakeholders such as regulators, employees and customers have been engaged throughout the decision making process.

**Future Developments**

The spread of COVID-19, and conditions arising in connection with it, including restrictions on businesses and individuals and wider changes in business and customer behaviour continue to have a negative impact on the Company's business. While volumes are slowly improving as leisure travel begins to slowly increase from its lowest levels, we believe that COVID-19 has structurally changed the travel market and we expect these disruptions to have a continuing impact on the Company's operating results.

However, the pace and breadth of the vaccine rollout as well as the potential for government stimulus will be critical factors in determining how quickly our existing customer will rebound. Given the current pace of vaccine distribution as well as our own customer mix, we believe customer activity will increase in the second half of the year, but likely more fully in the fourth quarter. However given the rapid and evolving nature of the pandemic there is significant uncertainty around how long it will take volumes to return to normal.

We are closely tracking and assessing the evolving effect of the pandemic and are actively managing our responses in collaboration with our employees, customers and suppliers.

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



**Steven Stuart Paddock**  
**Director**

Date: 12 August 2021

<b>WEX EUROPE UK LIMITED</b>
------------------------------

---

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

The directors present their report and the financial statements for the year ended 31 December 2020.

**Dividends**

The directors do not propose the payment of a dividend (2019: nil)

**Directors**

The directors who served during the year were:

Anant Ramanbhai Patel (resigned 30 June 2021)  
Steven John Hardy  
Steven Stuart Paddock

**Future developments**

Details of future developments can be found in the strategic report.

**Qualifying third party indemnity provisions**

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

**Going Concern**

As described in note 2.3 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, being at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

---

**WEX EUROPE UK LIMITED**

---

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**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. Monthly reviews are conducted to analyse results versus budget and investigate variances and monitor impacts.

**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. The company has actively reduced its credit exposures by terminating high risk customers, reducing payment terms and limiting the credit lines offered to customers.

**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 International Holdings Limited, from which the Company has made drawdowns and repayments throughout the year. As of 31 December 2020 the Company had fully repaid the loan with Wright Express International Holdings limited and was able to lend an additional £3.5m to the same entity.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

**Other items**

There have been no research and development activities and no political contributions in 2020. The Company does not have any branches outside the UK.

**Post balance sheet events**

Details of future developments and events that have occurred after the reporting period can be found in the strategic report on page 1-6 and in Note 24 and form part of this report by cross reference.

**WEX EUROPE UK LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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



Steven Stuart Paddock  
**Director**

Date: 12 August 2021

Fourth Floor East Building  
1 London Bridge  
London  
SE1 9BG

<b>WEX EUROPE UK LIMITED</b>
------------------------------

---

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

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 Accounting Standards and applicable law, including Financial Reporting Standard 102 'The Financial Reporting 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 of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

<b>WEX EUROPE UK LIMITED</b>
------------------------------

---

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEX EUROPE UK LIMITED**

---

**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 2020 and of its profit for the year 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24.

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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

---

**WEX EUROPE UK LIMITED**

---

---

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEX EUROPE UK LIMITED**

---

**Other information**

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

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

We have nothing to report in this regard.

**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and Director Compliance about their own identification and assessment of the risks of irregularities.

## **WEX EUROPE UK LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEX EUROPE UK LIMITED**

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included The Payment Services Regulations 2017; The Electronic Money Regulations 2011; Payment services (PSD 2) - Directive (EU) 2015/2366; E-money - Directive 2009/110/EC; and The Anti-Money Laundering Regulations .

We discussed among the audit engagement team including relevant internal specialists such as tax and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Revenue recognised from the inflows of spend transactions initiated by the customers may not be bona fide. We tested a sample of customers' spend transactions that occurred during the year to customer account statement, and traced these transaction amounts to the bank statement and the scheme provider's report.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing the correspondence with HMRC and the Financial Conduct Authority (FCA).

#### **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 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.



**WEX EUROPE UK LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEX EUROPE UK LIMITED**

**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**

London

12 August 2021

**WEX EUROPE UK LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	5,038,454	23,720,259
Cost of sales		(1,075,906)	(958,651)
<b>Gross profit</b>		<b>3,962,548</b>	<b>22,761,608</b>
Administrative expenses		(2,852,138)	(5,881,882)
Other operating income	5	209,694	203,833
Expenses to group undertakings	6	(616,343)	(15,706,488)
<b>Operating profit</b>	7	<b>703,761</b>	<b>1,377,071</b>
Interest receivable and similar income	11	-	13,608
Interest payable and expenses	12	(409,156)	(58,058)
<b>Profit before tax</b>		<b>294,605</b>	<b>1,332,621</b>
Tax on profit	13	(27,720)	(230,187)
<b>Profit for the financial year</b>		<b>266,885</b>	<b>1,102,434</b>

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 18 to 35 form part of these financial statements.

**WEX EUROPE UK LIMITED**  
**REGISTERED NUMBER: 10485907**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	14	3,488,756	-
		<u>3,488,756</u>	<u>-</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	8,604,731	80,075,992
Cash at bank	17	1,143,394	23,483,983
		<u>9,748,125</u>	<u>103,559,975</u>
Creditors: amounts falling due within one year	18	(11,343,834)	(25,894,520)
<b>Net current (liabilities)/assets</b>		<u>(1,595,709)</u>	<u>77,665,455</u>
<b>Total assets less current liabilities</b>		<u>1,893,047</u>	<u>77,665,455</u>
Creditors: amounts falling due after more than one year	19	-	(76,039,293)
<b>Net assets</b>		<u><u>1,893,047</u></u>	<u><u>1,626,162</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	1	1
Profit and loss account	22	1,893,046	1,626,161
		<u><u>1,893,047</u></u>	<u><u>1,626,162</u></u>

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



**Steven Stuart Paddock**  
 Director  
 Date: 12 August 2021

The notes on pages 18 to 35 form part of these financial statements.

**WEX EUROPE UK LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 January 2019</b>	<b>1</b>	<b>523,727</b>	<b>523,728</b>
Profit for the year	-	1,102,434	1,102,434
<b>At 31 December 2019</b>	<b>1</b>	<b>1,626,161</b>	<b>1,626,162</b>
Profit for the year	-	266,885	266,885
<b>At 31 December 2020</b>	<b>1</b>	<b>1,893,046</b>	<b>1,893,047</b>

The notes on pages 18 to 35 form part of these financial statements.

---

## WEX EUROPE UK LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 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. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following accounting policies have been applied consistently throughout the year and to the preceding year.

##### 2.2 Financial reporting standard 102 - reduced 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) Disclosures requirements of section 11 Financial instruments paragraphs 11.42 to 11.48c and of section 12 Other Financial instruments paragraphs 12.26 to 12.30.
- d) Disclosures for related party transactions with entities that are 100% owned by the ultimate parent WEX Inc.

## WEX EUROPE UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 2. Accounting policies (continued)

##### 2.3 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 18 months from the date of signing these financial statements.

The directors have prepared detailed cash flow forecasts for the period to 31 December 2022 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 experience of a subsequent waves 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 2021 and 2022 as follows:

- a 86% decline in core B2B virtual card spend volume in the year 2021 compared to 2019 levels; and
- a 72% decline in core B2B virtual card spend volume in the year 2022 compared to 2019 levels.

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 two years i.e. 2021 and 2022). The incremental impact on the profit is £0.07 million and £0.19 million respectively for the financial years 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.

---

**WEX EUROPE UK LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**2. Accounting policies (continued)**

**2.3 Going concern (continued)**

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.

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 its UK holding company as described in note 23), which as at 31 December 2020 had been fully repaid and an additional £3.5m of excess cash has had been loaned back to the UK holding company.

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  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**2. Accounting policies (continued)**

**2.4 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentation currency is GBP which is the primary economic environment in which it operates.

**Transactions and balances**

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

At each period end foreign currency monetary assets and liabilities are translated using the spot rate on that date. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

**2.5 Turnover**

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.

**2.6 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.



---

**WEX EUROPE UK LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**2. Accounting policies (continued)**

**2.7 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

**2.8 Other operating income**

Other operating income consists of late payment fees. Late payment fees are applied to customers' balances outstanding beyond their payment period.

**2.9 Interest income**

Interest income is recognised in profit or loss using the effective interest rate method.

**2.10 Interest expense**

Interest expense is charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

---

**WEX EUROPE UK LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**2. Accounting policies (continued)**

**2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

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 be settled or recovered.

**2.12 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each

---

**WEX EUROPE UK LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

**2. Accounting policies (continued)**

**2.12 Financial instruments (continued)**

reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date. All financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.13 Debtors**

Debtors 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.

**2.14 Cash and cash equivalents**

Cash is represented by deposits with financial institutions repayable without penalty on demand.

**2.15 Trade Creditors**

Short term trade creditors are measured at the transaction price.

---

## WEX EUROPE UK LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 2. Accounting policies (continued)

##### 2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

#### 3. Judgements in applying accounting policies 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 2.3 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 £3.1m at 31 December 2020.

**WEX EUROPE UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**4. Turnover**

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Interchange revenue	7,281,767	43,893,541
Currency conversion revenue	154,555	676,025
Rebates and Incentives	(2,704,395)	(21,544,272)
Income from group undertakings	306,527	694,965
	<u>5,038,454</u>	<u>23,720,259</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	4,708,267	17,729,476
Rest of Europe	23,660	5,295,818
Rest of the world	306,527	694,965
	<u>5,038,454</u>	<u>23,720,259</u>

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

**5. Other operating income**

	2020 £	2019 £
Late Payment Fees	209,694	203,833
	<u>209,694</u>	<u>203,833</u>

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

**WEX EUROPE UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**6. Expenses to group undertakings**

Expenses to group undertakings	<b>616,343</b>	15,706,488
	<u><b>616,343</b></u>	<u>15,706,488</u>

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 Total Transacted Volume for the period

**7. Operating profit**

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

	2020	2019
	£	£
Net foreign exchange (gains)/losses	<b>(1,304,466)</b>	2,576,093
Allowance for bad debt	<b>3,068,247</b>	1,967,815
	<u><b>1,763,781</b></u>	<u>4,543,908</u>

**8. Auditors' remuneration**

	2020	2019
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<b>112,858</b>	50,950
	<u><b>112,858</b></u>	<u>50,950</u>

The amount shown in 2020 includes £43k of over run fees from the 2019 audit.

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

**WEX EUROPE UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**9. Employees**

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	598,921	465,293
Social security costs	78,533	52,076
Pension costs	28,123	16,975
	<u>705,577</u>	<u>534,344</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Administration	1	1
Operations	1	-
Finance	1	1
	<u>3</u>	<u>2</u>

**10. Directors' remuneration**

	2020 £	2019 £
Directors' emoluments	583,466	306,083
	<u>583,466</u>	<u>306,083</u>

During the year retirement benefits were accruing to 3 directors (2019 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £310,645 (2019 - £174,583).

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  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**11. Interest receivable**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Interest receivable from bank interest	-	13,608
	<u>-</u>	<u>13,608</u>

**12. Interest payable and similar expenses**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Interest payable on loans from group undertakings	409,156	58,058
	<u>409,156</u>	<u>58,058</u>

On November 13, 2019, the company entered into a new revolving loan agreement with Wright Express International Holdings Limited. This agreement is subject to GBP 1 month Libor +2.25% and 0.5% commitment fee. This loan has an initial maturity date of January 1, 2023. All amounts are unsecured.

The 2020 balance also includes an amount of £173k interest income on the loan given to Wright Express International Holdings Limited as described in note 14. The balance has been netted off as allowed under FRS 102 as the Company intends to settle the resulting intercompany balance on a net basis.



**WEX EUROPE UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**13. Taxation**

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	292,166	588,900
Adjustments in respect of previous periods	(304,000)	(435,385)
	<u>(11,834)</u>	<u>153,515</u>
<b>Total current tax</b>	<u>(11,834)</u>	<u>153,515</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(235,947)	(309,147)
Adjustment in respect of prior years	304,000	389,400
Changes to tax rates	(28,499)	(3,581)
<b>Total deferred tax</b>	<u>39,554</u>	<u>76,672</u>
<b>Taxation on profit</b>	<u>27,720</u>	<u>230,187</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>294,605</u>	<u>1,332,621</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19 % (2019 - 19 %)	55,975	253,198
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	244	57
Adjustments to tax charge in respect of prior periods	(28,499)	(45,985)
Other differences leading to an increase in the tax charge	-	22,917
<b>Total tax charge for the year</b>	<u>27,720</u>	<u>230,187</u>

**WEX EUROPE UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**13. Taxation (continued)**

**Factors that may affect future tax charges**

In March 2020, the Chancellor of the Exchequer presented the 2020 Budget to Parliament. The subsequent Finance Bill was passed in the House of Lords on 17 July 2020, and then given Royal Assent on 22 July 2020. The Act retained the mainstream corporate income tax rate at 19% for 2020 and 2021. Consequently deferred tax assets and liabilities have been measured at 19%. Other provisions of the 2020 Finance Act have no material impact on the Company's results

Subsequent to the balance sheet date, the 2021 Finance Act, which was granted Royal Assent on 10 June 2021, will increase the Corporate income tax to 25% effective 1 April 2023. The Company believes there is no material impact on the 2020 financial statements

**14. Fixed asset investments**

	<b>Loans to associates £</b>
At 1 January 2020	-
Additions	<b>3,488,756</b>
At 31 December 2020	<b>3,488,756</b>

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.

**15. Debtors**

	<b>2020 £</b>	<b>2019 £</b>
Trade debtors	<b>7,990,476</b>	75,816,167
Allowance for bad debts (note 16)	<b>(3,141,763)</b>	(1,899,936)
Amounts owed by group undertakings	<b>2,642,461</b>	357,564
Other debtors	<b>785,183</b>	5,339,385
Prepayments and accrued income	<b>35,439</b>	130,323
Deferred taxation (note 20)	<b>292,935</b>	332,489
	<b>8,604,731</b>	<b>80,075,992</b>

**WEX EUROPE UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**15. Debtors (continued)**

Trade Debtors arise from normal course of business and are on short billing terms, ranging between a week to a month and are unsecured. Trade debtors has reduced due to the impact of COVID-19 on volumes.

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 irrecoverable balances following 6 months of default are written off against the specific or general allowance depending on materiality.

Amounts owed by Group Undertakings are all non-interest bearing and are payable on demand from the related parties. This has increased in 2020 versus 2019 due to the historical intercompany payable balance with WEX Europe Limited being repaid and offset with the intercompany receivables from the intercompany outsourcing agreement with WEX Europe Limited (as described in note 6)

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

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

**16. Provision for bad debts**

	General reserve £	Specific reserve £	Total £
<b>Provision for Bad debt</b>			
As at 1 January 2020	366,388	1,533,548	1,899,936
Allowance for the year / (reversal)	(70,516)	3,138,763	3,068,247
Write offs	(292,872)	(1,533,548)	(1,826,420)
<b>As at 31st December 2020</b>	<b>3,000</b>	<b>3,138,763</b>	<b>3,141,763</b>

During the year, £1.5m was written off for a customer against the specific provision that was in place and a new specific reserve of £3.1m was set up for other customers at risk of default.

**17. Cash at bank**

	2020 £	2019 £
Cash at bank	1,143,394	23,483,983
	<b>1,143,394</b>	<b>23,483,983</b>

**WEX EUROPE UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**18. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	1,401,229	13,127,836
Amounts owed to group undertakings	309,358	6,265,393
Corporation tax	101,980	588,900
Other taxation and social security	22,612	14,158
Accruals and deferred income	395,943	498,076
Amounts due to customers	7,411,512	-
Other creditors	1,701,200	5,400,157
	<u>11,343,834</u>	<u>25,894,520</u>

Trade creditors mainly consist of £1.7m payable (2019: £13.0m) to the scheme providers (Mastercard and Visa) arising from normal course of business and payable within two days from invoice date and are unsecured. Trade creditors has decreased due to the impact of COVID-19 on volumes.

Amounts to group undertakings are all non-interest bearing and are payable on demand. This has decreased in 2020 versus 2019 due to the historical intercompany payable balance with WEX Europe Limited being repaid and offset with the intercompany receivables from the intercompany outsourcing agreement with WEX Europe Limited (as described in note 6).

Amounts due to customers are customer balances that are in a positive balance/debit position due to more refunds than purchase transactions being processed due to COVID-19 conditions. The directors concluded that these funds require safeguarding as per The Payment Services Regulation 2017 (once any chargeback process has been finalised in favour of the customer). Immediately after conclusion, the directors notified the Financial Conduct Authority (FCA) of the positive balance situation arising because of the pandemic and have adopted a temporary solution to safeguard customer balances. The positive balance outstanding as of 5th August 2021 was £1.6m and an amount equivalent to the customers positive balance have been deposited in a separate safeguarding bank account by the Company.

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

**WEX EUROPE UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**19. Creditors: Amounts falling due after more than one year**

	2020 £	2019 £
Amounts owed to group undertakings	-	76,039,293
	<u>-</u>	<u>76,039,293</u>

On November 13, 2019, the company entered into a new revolving loan agreement with Wright Express International Holdings Limited. This agreement is subject to GBP 1 month Libor +2.25% with an initial maturity date of January 1, 2023. All amounts are unsecured. As of 31 December 2020 the Company had fully repaid the loan with Wright Express International Holdings Limited and has given a loan to Wright Express International Holdings Limited as described in note 14.

**20. Deferred taxation**

	2020 £
At beginning of year	332,489
Charged to profit or loss	(39,554)
<b>At end of year</b>	<u><b>292,935</b></u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Deferred Tax Asset from Provision for Debtors	292,935	332,489
	<u>292,935</u>	<u>332,489</u>

Deferred tax assets are comprised solely of a provision for bad debt and will likely reverse within the next year.

**21. Share capital**

	2020 £	2019 £
<b>Authorised, allotted, called up and fully paid</b>		
1 (2019 - 1) Ordinary Share of £1.00	<u>1</u>	<u>1</u>

**WEX EUROPE UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**22. Reserves**

**Profit and loss account**

Profit and loss account records retained earnings and accumulated profits less dividends and any other adjustments.

**23. Controlling party**

The company is a wholly owned subsidiary of Wright Express International Holdings Limited, a company incorporated in the United Kingdom and registered in the 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 Delaware, USA and registered in the 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 1 Hancock Street, Portland, Maine 04106, USA.

**24. Post balance sheet events**

There have been no significant events affecting the Company since the year end