Tramp Oil & Marine Limited

Annual Report and Financial Statements

Year Ended

31 December 2018

Company Number 01390311

Tramp Oil & Marine Limited

Company Information

Director	Richard Donald McMichael
Company secretary	Reed Smith Corporate Services Limited
Registered number	01390311
Registered office	The Broadgate Tower, Third Floor 20 Primrose Street London England EC2A 2RS
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Tramp Oil & Marine Limited

Contents

Tramp Oil & Marine Limited

Strategic Report
For the Year Ended 31 December 2018

The director presents herewith the Strategic Report and Director's Report together with the audited financial statements of Tramp Oil & Marine Limited (the "Company") for the year ended 31 December 2018.

Principal activities

The Company, incorporated in England and Wales, in the United Kingdom, is a wholly owned subsidiary of Tramp Group Limited, also incorporated in England and Wales, in the United Kingdom. The ultimate holding company is World Fuel Services Corporation (the "Ultimate Parent Undertaking"), incorporated in the State of Florida in the United States of America.

The Company's principal activity is the sale of marine fuel in Malta.

Business review and future outlook

The Company's revenue for the financial year ended 31 December 2018 was $68,659,110 (2017: $156,889,116). The loss for the financial year ended 31 December 2018 was $1,653,789 (2017: profit of $151,773), a decrease of $1,805,562, mainly due to a decrease in gross profit. Total shareholders' funds for the financial year ended 31 December 2018 was $28,683,196 (2017: $30,336,985).

The Company's gross profit margin decreased by $1,711,128 to a loss of $1,357,525, reflecting a weakened margin on fuel purchases. The Company is currently considering alternative pricing and purchasing arrangements to return to profitability given ongoing difficulties faced by the wider Marine industry due to increases in fuel prices. The Company continues to be engaged in the MOBC terminal lease which is a key strategic location and necessary to the principal activity of the Company, as well as maintaining its existing relationships with its customers, so that trading can continue once an alternative strategy has been concluded.

The current director is satisfied with the results for the year and there are no significant changes planned in the Company's operations in the foreseeable future.

Principal risks and uncertainties

The Company's principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. World Fuel Services Corporation is the parent undertaking of the only group of undertakings to consolidate these financial statements. The principal risks and uncertainties of World Fuel Services Corporation, the Ultimate Parent Undertaking, are discussed in the 2018 annual report on Form 10-K which does not form part of this report.

Key performance indicators ("KPIs")

The Company's director monitors progress and strategy by reference to the following KPIs:

	2018 $	2017 $	Change $	Change %
Revenue	68,659,110	156,889,116	(88,230,006)	(56%)
(Loss)/profit for the financial year	(1,653,789)	151,773	(1,805,562)	(1190%)

Refer to the business review and future outlook above for details explaining the operating results in KPIs.

The United Kingdom's proposed withdrawal from the European Union

As a result of the June 23, 2016 referendum in which British voters approved an exit from the European Union, commonly referred to as "Brexit", a withdrawal could, among other outcomes, disrupt the free movement of goods, services and people between the United Kingdom and the European Union. It could also undermine bilateral cooperation in key geographic areas and significantly disrupt trade between the United Kingdom and the European Union or other nations as the United Kingdom pursues independent trade relations. These factors pose a risk to the overall United Kingdom and wider European economy.

Given the uncertainty surrounding the United Kingdom's proposed exit from the European Union, the full extent of the impact of this is currently unknown to the Company since it will depend on the potential volatility in global stock markets and fluctuations in global currencies, as well as legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which European Laws to replace or replicate. Uncertainty over Brexit and currency fluctuations could also impact our customers, who may closely monitor their costs and reduce their spending budgets on our products and services, which in turn, may adversely affect our business, results of operations and financial condition.

Given the extensive nature of trading in the European Union, management is strongly considering the impact of Brexit on the Company. Trading in the European Union is of significant importance to the wider World Fuel Services Corporation group. The director has therefore confirmed that World Fuel Services Corporation, the ultimate owner of the Company, will support the Company in the implementation of the approved plan, once determined, to mitigate any potentially negative impact on the business.

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

Richard Donald McMichael
Director

Date: 27 September 2019

Tramp Oil & Marine Limited

Director's Report
For the Year Ended 31 December 2018

Directors

The directors who served during the year ended 31 December 2018 and up to the date of signing the financial statements are as follows:

Adrienne Beth Bolan	(resigned 1 August 2018)
Richard Donald McMichael	(appointed 1 August 2018)

Director's indemnities

The Ultimate Parent Undertaking maintains liability insurance for its director and officer and provides an indemnity for the director of the Company, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This qualifying third party indemnity was in place during the year ended 31 December 2018 and as at the date of the approval of the Annual Report.

Dividends

The Company paid no interim dividend for the year ended 31 December 2018 (2017: $nil). No final dividend is proposed for the year ended 31 December 2018 (2017: $nil).

Going concern

The Company's revenue for the financial year ended 31 December 2018 was $68,659,110 (2017: $156,889,116). The loss for the financial year ended 31 December 2018 was $1,653,789 (2017: profit of $151,773). Total shareholders' funds for the financial year ended 31 December 2018 was $28,683,196 (2017: $30,336,985). The Company is funded via intercompany loans from various group companies. The director has obtained confirmation from World Fuel Services Corporation that it will provide adequate financial support to enable the Company to meet its current obligations for a period of at least one year from the date of approval of these financial statements.

Financial risk management

The financial risk management of the Company is handled by the Ultimate Parent Undertaking as part of the operations of the World Fuel Services Corporation group. The financial risk objectives, policies and exposures are described in the financial statements of the ultimate parent company in the 2018 annual report on Form 10-K which does not form part of this report.

The Company is exposed to the following risks arising in the normal course of business:

Currency risk
Certain of the Company's assets and liabilities are denominated in a foreign currency. The balances are subject to revaluation into the functional currency and therefore the Company is exposed to currency risk. The currency risk is not mitigated through the use of foreign exchange contracts specific to the Company. The currency risk of the Company and related companies is managed by the Ultimate Parent Undertaking.

Price risk
The Company is exposed to price risk to the extent that the Company may maintain fuel inventory for competitive reasons. The Company may not be able to sell inventory at market value or average cost reflected in the financial statements due to a decline in fuel price which may result in a write-down of inventory cost. The Company mitigates its price risk associated with fuel inventory holdings through the use of commodity derivative contracts. The Company does not enter into these derivative contracts directly, as the wider World Fuel Services Corporation manages this through specified group undertakings.

Interest rate risk
The Company has limited exposure to interest rate risk. The director does not believe this to be a material risk to the Company.

Financial risk management (continued)

Credit risk
The Company has exposure to credit risk through the extension of unsecured credit to customers in the normal course of business. The Company performs credit evaluations, which are based in part on credit history with the applicable party. The credit evaluations may be inaccurate and there is no assurance that credit performance will not be materially worse than anticipated, and, as a result, materially affect the business, financial position and results of operations.

Diversification of credit risk is limited because the Company sells primarily within the marine industry. The Company's exposure to credit losses will depend on the financial condition of customers and other factors beyond the control of the Company, such as deteriorating conditions in the world economy or in the marine transportation industries, political instability, terrorist activities, military action and natural disasters in our market areas.

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

Future developments

Refer to the Strategic Report included previously for a description of future developments in the business.

Disclosure of information to auditor

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

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

Auditor

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

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

Richard Donald McMichael

Director

Date: 27 September 2019

Director's responsibilities statement

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the director must not approve the financial statements unless he is 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 director is required to:

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

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

Independent Auditor's Report to the Members of Tramp Oil & Marine Limited

Opinion

We have audited the financial statements of Tramp Oil & Marine Limited ("the Company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.

Other information

The director is 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 this regard.

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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Director's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Director's Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

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

Responsibilities of director

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

In preparing the financial statements, the director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Joseph Aswani (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 29th September 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Tramp Oil & Marine Limited

Statement of Comprehensive Income
For the Year Ended 31 December 2018

	Note	2018 $	2017 $
Revenue	5	**68,659,110**	156,889,116
Cost of sales		**(70,016,635)**	(156,535,513)
Gross (loss)/profit		**(1,357,525)**	353,603
Administrative expenses		**(256,066)**	(420,688)
Loss before taxation		**(1,613,591)**	(67,085)
Income tax credit	7	**(40,198)**	218,858
(Loss)/profit for the financial year		**(1,653,789)**	151,773
Other comprehensive income		**-**	-
Total comprehensive (loss)/income for the year		**(1,653,789)**	151,773

All amounts relate to continuing activities.

The notes on pages 12 to 20 form part of these financial statements.

Tramp Oil & Marine Limited
Registered number: 01390311

Balance Sheet
As at 31 December 2018

	Note	2018 $	2017 $
Current assets			
Inventory	9	**553,213**	5,343,633
Trade and other receivables	10	**28,724,154**	48,030,953
Total current assets		**29,277,367**	53,374,586
Total assets		**29,277,367**	53,374,586
Current liabilities			
Trade and other payables	11	**553,973**	23,016,789
Income tax payable		**40,198**	20,812
Total liabilities		**594,171**	23,037,601
Net assets		**28,683,196**	30,336,985
Equity			
Share capital	12	**1,586,516**	1,586,516
Share premium		**2,322,087**	2,322,087
Retained earnings		**24,774,593**	26,428,382
Total shareholders' funds		**28,683,196**	30,336,985

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

Richard Donald McMichael

Director

Date: 27 September 2019

The notes on pages 12 to 20 form part of these financial statements.

Tramp Oil & Marine Limited

Statement of Changes in Equity
For the Year Ended 31 December 2018

	Share capital $	Share premium $	Retained earnings $	Total shareholders' funds $
Balance at 1 January 2017	**1,586,516**	**2,322,087**	**26,276,609**	**30,185,212**
Profit for the financial year	-	-	151,773	151,773
Total comprehensive income	-	-	151,773	151,773
Balance at 31 December 2017	**1,586,516**	**2,322,087**	**26,428,382**	**30,336,985**
Loss for the financial year	**-**	**-**	**(1,653,789)**	**(1,653,789)**
Total comprehensive income	**-**	**-**	**(1,653,789)**	**(1,653,789)**
Balance at 31 December 2018	**1,586,516**	**2,322,087**	**24,774,593**	**28,683,196**

The notes on pages 12 to 20 form part of these financial statements.

1. General information

Tramp Oil & Marine Limited ("the Company") is a private company, limited by ordinary share capital, incorporated and domiciled in England and Wales in the United Kingdom ("UK"). The Company is a wholly-owned subsidiary of Tramp Group Limited, also incorporated in England and Wales in the United Kingdom. The ultimate holding company is World Fuel Services Corporation (the "Ultimate Parent Undertaking"), incorporated in the State of Florida in the United States of America.

The Company's principal activity is the sale of marine fuels in Malta.

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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 4).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 'Financial Instruments: Disclosures'.
- the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement'.
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 'Presentation of Financial Statements'.
- the requirements of IAS 7 'Statement of Cash Flows'.
- the requirements of paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- the requirements of paragraph 17 and 18A of IAS 24 'Related Party Disclosures'.

2.3 New standards, amendments and IFRIC interpretations

IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* are new accounting standards effective for the year ended 31 December 2018. The standard is effective from 1 January 2018. The director has assessed the impact of these new accounting standards and concluded that the standard will not have a material impact on the Company (see note 13). There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018.

2.4 Going concern

The Company's revenue for the financial year ended 31 December 2018 was $68,659,110 (2017: $156,889,116). The loss for the financial year ended 31 December 2018 was $1,653,789 (2017: profit of $151,773). Total shareholders' funds for the financial year ended 31 December 2018 was $28,683,196 (2017: $30,336,985). The Company is funded via intercompany loans from various group companies. The director has obtained confirmation from World Fuel Services Corporation that it will provide adequate financial support to enable the Company to meet its current obligations for a period of at least one year from the date of approval of these financial statements.

2 Accounting policies (continued)

2.5 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable for the sale of marine fuels in the ordinary course of the Company's activities as per the following 5 step model:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract(s);
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract(s); and
- Recognise revenue when (or as) the performance obligations are satisfied.

The Company recognises revenue in accordance with the relevant master supply agreements or spot sale contracts in the period in which the fuel is supplied, when the amount of revenue can be reliably measured and when it is considered probable that the future economic benefits will flow to the Company. Each unit of fuel is treated as a different performance obligation, with a clearly distinguishable obligation to provide fuel. Revenue is therefore recognised on a daily basis, in line with sales made in the year.

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added taxes and other sales taxes.

2.6 Current and deferred income tax

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

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

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

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

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

2.7 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

2 Accounting policies (continued)

2.7 Foreign currency translation (continued)

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses are presented in the statement of comprehensive income within administrative expenses.

2.8 Financial assets

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to and from related parties.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method.

Financial assets that are measured at cost and amortised cost are assessed at the end of each 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, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

2.9 Trade and other receivables

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

2 Accounting policies (continued)

2.9 Trade and other receivables (continued)

The Company applies the IFRS 9 three stage expected credit loss model to measure expected credit losses. To measure the expected credit losses, the credit risk of amounts due from group undertakings has been assessed. The Director has concluded that given the strong repayment position of the Group, the amounts receivable from related group companies are classified as stage 1 assets. Any expected credit losses for the foreseeable 12 months arising from these assets has been considered, and concluded as being immaterial to the financial statements. Upon application of this model on 1 January 2018, no transitional adjustments have been made to the financial statements.

2.10 Inventory

Inventory consists of marine fuel products bought for resale, and are valued using average cost and stated at the lower of cost or net realisable value. Components of inventory cost include fuel purchase costs, the related transportation costs and storage fees.

2.11 Trade and other payables

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

2.12 Dividends

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

2.13 Share capital

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

2.14 Share premium

The share premium account represents the amount subscribed for share capital in excess of the nominal value.

2.15 Retained Earnings

This represents the accumulation of retained profits which reflect distributable reserves.

3. Reclassification of comparative 2017 amounts in 2018 financial statements

On the statement of comprehensive income, the 'Finance expense' of $137,171 was removed and instead classified under 'Administrative expenses', to better reflect the underlying transactions.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in accordance with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The areas involving a higher, degree of judgement or complexity are set out below.

4. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

The valuation of inventory
The Company's inventory consists of marine fuel products. In calculating the net realisable value of inventory, Management considers the nature and condition of the inventory, as well as applying assumptions around the saleability of inventory and the amount of related transportation costs to include within the valuation calculations.

Impairment of trade receivables
The Company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including current market and industry conditions and historical experience.

Recoverability of intercompany receivables
The Company has intercompany receivables, which expectations are that all will be fully paid and received without a premium or discount. In assessing the recoverability of amounts owed to the Company by fellow Group undertakings, Management has considered the anticipated cash flow within the wider Group and the support from the ultimate parent company, and has deemed these balances recoverable.

5. Revenue

Revenue originates wholly from the sale of Marine fuel entirely within Malta.

6. (Loss)/profit from operations

(Loss)/profit from operations is stated after charging/(crediting):

	2018 $	2017 $
Inventory recognised as an expense	**67,417,240**	153,624,501
(Reversal of impairment)/impairment of trade receivables	**(64,885)**	46,642
Fees payable to the Company's auditor:		
- for the audit of the Company's annual financial statements	**14,599**	11,004
- for the preparation of the financial statements	**1,900**	1,900

The audit fee for auditing these financial statements is $14,599 for the year ended 31 December 2018 (2017: $11,004). Non-audit services for the year ended 31 December 2018 of $1,900 (2017: $1,900). In both instances the fee was settled by a group company.

The Company had no employees during the years ended 31 December 2018 and 31 December 2017.

The Company's director received no remuneration during the years ended 31 December 2018 and 31 December 2017 in connection with their services to the Company.

7. Taxation

	2018 $	2017 $
Current tax		
Current tax on losses for the year	-	(65,216)
Adjustments in respect of prior years	**44,717**	(16,897)
Total current tax	**44,717**	(82,113)
Deferred tax		
Originating and reversal of timing differences	**(4,519)**	(136,745)
Total deferred tax	**(4,519)**	(136,745)
Total tax charge/(credit) for the year	**40,198**	(218,858)

Factors affecting tax credit for the year

The tax assessed for the year is higher than (2017 - lower) the standard rate of corporation tax in the UK of 19% (2017 – 19.25%). The differences are explained below:

	2018 $	2017 $
Loss on ordinary activities before tax	**(1,613,591)**	(67,085)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 – 19.25%)	**(306,582)**	(12,914)
Effects of:		
Group losses claimed for nil consideration	**306,582**	(72,493)
Adjustments in respect of prior years	**44,717**	(37,396)
Temporary timing differences	**(4,519)**	(136,745)
Permanent timing differences	-	40,499
Total tax charge/(credit) for the year	**40,198**	(218,858)

Factors that may affect future tax charges

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1st April 2015. Further changes in UK corporation tax rates were substantively enacted as part of the 2015 finance bill on 26 October 2015 and the 2016 finance bill on 7 September 2016. These changes include reductions to the main UK corporation tax rate from 20% to 19% with effect from 1 April 2017 and from 19% to 17% with effect from 1 April 2020.

8. Inventory

	2018 $	2017 $
Marine fuel	**553,213**	5,343,633

There is no material difference between the replacement cost of inventories and the amounts stated above.

9. Trade and other receivables

	2018 $	2017 $
Trade receivables	**320,815**	7,189,677
Less: Provision for impairment of receivables	**(18,182)**	(83,066)
Trade receivables, net	**302,633**	7,106,611
Value added tax receivable	**855,927**	586,573
Amounts owed by group undertakings	**27,487,137**	38,613,070
Prepaid expenses	**78,458**	1,717,687
Deferred tax asset	**-**	7,012
	28,724,155	48,030,953

All amounts owed by group companies and parent undertakings are non-interest bearing and repayable on demand.

10. Trade and other payables

	2018 $	2017 $
Trade payables	**541,594**	21,726,089
Other payables	**12,379**	1,290,700
	553,973	23,016,789

11. Share capital

	2018 $	2017 $
Authorised, allotted, called up and fully paid		
855,357 (2017: 855,357) ordinary shares of £1 each	**1,586,516**	1,586,516

The Company has issued 855,357 shares to date with a nominal value of £1 per share translated to USD at an historic exchange rate of 1.8548.

12. Controlling party

The immediate parent undertaking is Tramp Group Limited, a company incorporated in England and Wales in the United Kingdom.

The Ultimate Parent Undertaking and controlling party is World Fuel Services Corporation, a company incorporated in the State of Florida in the United States of America.

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

13. Changes in accounting policy

This note explains the impact of the adoption of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* on the Company's financial statements.

Impact on the financial statements

IFRS 9 and IFRS 15 were adopted without restating comparative information as the impact was concluded by the director as being immaterial. The impact of the adoption of the required impairment rules under IFRS 9 is immaterial, therefore there is no impact on the closing balance sheet of the prior period as at 31 December 2017, nor the opening balance sheet as at 1 January 2018. The director has also considered the impact of Revenue Recognition under IFRS 15. The impact on the financial statements was concluded to be nil, given the nature of the business, therefore no adjustments have been made to the financial statements.

IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

The adoption of IFRS 9 *Financial Instruments* from 1 January 2018 did not result in material changes in accounting estimates relating to expected credit losses, and there are no adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2 above. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

There is no impact on the Company's retained earnings as at 1 January 2018 and 1 January 2017.

There were no adjustments made to line items in the statement of comprehensive income and the statement of other comprehensive income for the 2017 reporting period relating to IFRS 9 adjustments.

Impairment of financial assets

The Company has one type of financial asset subject to IFRS 9's new expected credit loss model: amounts due from group undertakings.

The Company was required to revise its impairment methodology under IFRS 9 for the asset class. The impact arising from the change in impairment methodology on the Company's retained earnings and equity was concluded to be immaterial, therefore no adjustment has been made to the financial statements.

The below accounting policy, per note 2, has now been adopted by the Company given the adoption of IFRS 9.

13. Changes in accounting policy (continued)

Amounts due from group undertakings

The Company applies the IFRS 9 three stage expected credit loss model to measure expected credit losses. To measure the expected credit losses, the credit risk of amounts due from group undertakings has been assessed. The Director has concluded that given the strong repayment position of the Group, the amounts receivable from related group companies are classified as stage 1 assets. Any expected credit losses for the foreseeable 12 months arising from these assets has been considered, and concluded as being immaterial to the financial statements. Upon application of this model on 1 January 2018, no transitional adjustments have been made to the financial statements.

IFRS 15 Revenue from Contracts with Customers

The Company has adopted IFRS 15 *Revenue from Contracts with Customers* from 1 January 2018. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

To achieve this objective, IFRS 15 provides the following five-step process:

- Identify the Contract(s) with a customer;
- Identify the performance obligations in the contract(s);
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract(s); and
- Recognise revenue when (or as) the performance obligations are satisfied.

Revenue is measured at the fair value of consideration received or receivable for the sale of marine fuels in the ordinary course of the Company's activities. The Company recognises revenue in accordance with the relevant master supply agreements or spot sale contracts in the period in which the fuel is supplied, when the amount of revenue can be reliably measured and when it is considered probable that the future economic benefits will flow to the Company. Each unit of fuel is treated as a different performance obligation, with a clearly distinguishable obligation to provide fuel. Revenue is therefore recognised on a daily basis, in line with sales made in the year. Therefore, there is no impact on the recognition of revenue in this Company.