

**World Fuel Services European  
Holding Company I, Ltd.**

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number 04840112



## **World Fuel Services European Holding Company I, Ltd.**

### **Company Information**

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<b>Director</b>	Richard Donald McMichael
<b>Company secretary</b>	Reed Smith Corporate Services Limited
<b>Registered number</b>	04840112
<b>Registered office</b>	The Broadgate Tower Third Floor 20 Primrose Street London EC2A 2RS United Kingdom
<b>Independent auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

# **World Fuel Services European Holding Company I, Ltd.**

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# World Fuel Services European Holding Company I, Ltd.

## Strategic Report For the Year Ended 31 December 2020

The director presents his Strategic Report and Director's Report together with the audited financial statements of World Fuel Services European Holding Company I, Ltd. (the "Company") for the year ended 31 December 2020.

### Principal activities

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

The Company's principal activities continue to be that of an investment holding company and acting as the leader in a multi-currency notional cash pooling arrangement that allows the daily excess in certain currencies that may exist in any single group member to be used by other participating group members. The group participants are all related companies. The director does not envisage any material change in the Company's principal activities in the foreseeable future.

### Business review and future outlook

The Company's loss for the financial year ended 31 December 2020 was \$30,021,249 (2019: \$65,291,425) and the Company's net liabilities increased to \$131,429,700 at 31 December 2020 (2019: \$101,408,451).

The loss before tax and increase in net liabilities year-over-year is primarily due to an impairment recorded on the Company's investments of \$16,395,667 (2019: \$52,456,364) and finance costs of \$13,636,433 (2019: \$12,800,252).

The Company's result for the year is dependent upon recoverability of investment carrying values, dividends from subsidiaries and interest receivable from the multi-currency notional cash pooling arrangement in excess of finance costs on outstanding borrowings. The Company received no dividends for the year ended 31 December 2020 (2019: \$nil).

During the year ended 31 December 2020, the Company had net finance costs of \$13,527,405 (2019: \$12,588,424).

The current director is satisfied with the results for the year. 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 World Fuel Services 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 from page 8 of the 2020 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 KPI:

	2020 \$	2019 \$	Change \$	Change %
Net finance costs	13,527,405	12,588,424	938,981	7.46%

Refer to the business review and future outlook as stated previously in this report for details explaining the operating results for the year.

# World Fuel Services European Holding Company I, Ltd.

## Strategic Report (continued) For the Year Ended 31 December 2020

### Section 172(1) statement

The Company's key stakeholder engagement and decision making are integrated with the principles of the Ultimate Parent Undertaking, (note 14). The Company does not manage key stakeholder engagement separately. The Group regularly engages with key stakeholders to better understand their perspectives, including areas such as our business strategies, financial performance and matters of corporate governance. This dialogue has helped inform the Group's decision-making processes and ensure interests remain well-aligned with those of its key stakeholders. The key stakeholders relevant to the Company include other Group companies and regulators. The Company's key stakeholders are managed through the Group which maintains regular communication with the Company's stakeholders regarding the Company's activity.

In line with the director's duties, under section 172(1) of the Companies Act 2006, the director must act in a way that is considered in good faith and would most likely promote the success of the Company, for the benefit of its members, as a whole. In 2020, whilst fulfilling their duties to promote the success of the Company, the director considered the interests of key stakeholders, having regard, amongst other matters to:

- a) The likely consequences of any decisions in the long term;
- b) The need to foster business relationships;
- c) The impact of the Company's operations on the community and the environment;
- d) The desirability of the Company to maintain a reputation for high standards of business conduct; and
- e) The need to act fairly between members of the Company.

The director discharges his section 172 duty by taking these and other relevant factors into consideration when making decisions. The director ensures key decisions are aligned with the strategy, vision and values of the Group (defined below), details of which can be found at: <https://ir.wfscorp.com/corporate-responsibility>.

The director's duties and decisions made on behalf of the Company are supported by access to the Group and corporate governance policies and practices. The Group believes that good corporate governance is critical to support its efforts to achieve performance goals, whilst delivering long-term value to stakeholders. Further, the Group collectively believes that successful stewardship of the environment and natural resources, as well as positive engagement with the communities in which the Group operates, will translate to long-term value for society and ultimately define the Company's success.

In 2020, the director continued to implement the Company's key objectives. The strategy of the Company's investments in the subsidiaries was managed by the Group, with the purpose to safeguard the investments' value and build sustainable long-term growth. In the pursuit of the Company's purpose, the interests of all stakeholders were considered by the Group. The principal decisions made by the director in the financial year included the following:

- The Company performed an assessment on the recoverability of the carrying value of its investments during the year ended 31 December 2020. As a result, the Company recorded an impairment loss of \$16,395,667 relating to its investment in Henty Oil Limited. For further details please refer to Note 9.

Principal risks and uncertainties that could impact the Company's long-term performance are integrated with the principal risks of the Group, which are discussed above in the Strategic Report (page 1).

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



**Richard Donald McMichael**  
Director  
Date: 17 September 2021

# **World Fuel Services European Holding Company I, Ltd.**

## **Director's Report For the Year Ended 31 December 2020**

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### **Director**

The director who served during the financial year ended 31 December 2020 and up to the date of signing the financial statements is as follows:

Richard Donald McMichael

### **Director's indemnities**

The Company 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. In addition, the Ultimate Parent Undertaking maintains liability insurance for its directors and officers. The qualifying third party indemnity was in place during the year ended 31 December 2020 and as at the date of approval of the Annual Report.

### **Dividends**

The Company paid no interim dividend for the year ended 31 December 2020 (2019: \$nil). No final dividend is proposed for the year ended 31 December 2020 (2019: \$nil).

### **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 Undertaking in the 2020 annual report on Form 10-K which does not form part of this report.

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

#### *Currency risk*

The Company's cash flows in foreign currencies are subject to exposure to exchange rate changes. The Company mitigates this risk through participation in foreign currency hedges entered into by a related company. The purpose of the hedge is to mitigate risk across a number of the World Fuel Corporation group entities, the focus being on the foreign currency exposure of the group as opposed to individual entities. The Company does not enter into these derivative contracts directly, as the wider World Fuel Services Corporation manages this through specified group undertakings.

#### *Price risk*

The Company has no exposure to price risk.

#### *Interest rate risk*

The interest rate risk that the Company is exposed to is limited given the debt restructuring that took place on 29 December 2016, which replaced existing debt into a zero-coupon loan note. This has a fixed redemption price therefore the interest rate risk is mitigated.

#### *Credit risk*

The Company's principal financial assets are cash at bank and in hand and trade and other receivables.

The Company's credit risk is primarily attributable to trade and other receivables. The value of the unsecured credit, plus cash held by the Company at 31 December 2020, amounted to \$20,109,388 (2019: \$20,029,681). The maximum exposure to credit risk at the reporting date is the carrying value of cash and receivables due from group undertakings, as presented on the Balance Sheet. The Company does not hold any collateral as security.

# **World Fuel Services European Holding Company I, Ltd.**

## **Director's Report (continued) For the Year Ended 31 December 2020**

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### **Financial risk management (continued)**

#### *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 on page 1 for a description of future developments in the business.

#### **Impact of COVID-19**

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The pandemic and associated impacts to the global economic conditions had no direct effect on the Company given its principal activities. The wider Group continues to assess and manage the impact of COVID-19 on the Company's investments, as part of the general operations.

#### **Going concern**

The Company's loss after tax for the financial year was \$30,021,249 (2019: loss of \$65,291,425) and as at 31 December 2020 the Company had net liabilities of \$131,429,700 (2019: \$101,408,451).

World Fuel Services Corporation, the Ultimate Parent Undertaking of World Fuel Services European Holding Company I, Ltd., has agreed to provide adequate financial support for a period of at least twelve months following the date of the Independent Auditor's Report for the Company's year ended 31 December 2020, to the extent necessary to enable the Company to meet its continuing operating liabilities, as well as any known liabilities on the Company's Balance Sheet as at 31 December 2020, as and when they fall due, and further confirms that no credit loss will be incurred by the Company in respect of the amounts owed to it by fellow group undertakings for the periods presented within these financial statements.

As a result of the support from the Ultimate Parent Undertaking, the director has reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Company has adopted the going concern basis in preparing the financial statements.

Whilst COVID-19 has had an effect on the World Fuel Services Corporation group, due to initiatives taken relating to cost reduction, liquidity and operating efficiencies, it has not affected the parent's ability to provide adequate financial support for at least 12 months from the date of the audit report.

#### **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.

## **World Fuel Services European Holding Company I, Ltd.**

**Director's Report (continued)  
For the Year Ended 31 December 2020**

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### **Special provisions relating to small companies**

This report has been prepared in accordance with the special provisions relating to small companies subject to the small companies regime within part 15 of the Companies Act 2006 'The Small companies and Groups (Accounts and Directors report) Regulations 2008'.

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



**Richard Donald McMichael**  
Director

Date: 17 September 2021



## **World Fuel Services European Holding Company I, Ltd.**

### **Statement of Director's Responsibilities For the Year Ended 31 December 2020**

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#### **Statement of Director's Responsibilities**

The director is responsible for preparing the Strategic Report and 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 them 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.

## **World Fuel Services European Holding Company I, Ltd.**

### **Independent Auditor's Report to the members of World Fuel Services European Holding Company I, Ltd.**

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#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 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.

We have audited the financial statements of World Fuel Services European Holding Company I, Ltd. ("the Company") for the year ended 31 December 2020 which comprise Statement of Comprehensive Income, Balance Sheet and Statement of Changes in Equity, and the 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).

#### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

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.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's 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 director with respect to going concern are described in the relevant sections of this report.

#### **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. 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.

## **World Fuel Services European Holding Company I, Ltd.**

### **Independent Auditor's Report to the members of World Fuel Services European Holding Company I, Ltd. (continued)**

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#### **Other Companies Act 2006 reporting**

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.

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; or
- the director was not entitled to take advantage of the small companies regime and take advantage of the small companies' exemptions in preparing the Director's Report.

#### **Responsibilities of director**

As explained more fully in the Statement of Director's Responsibilities, 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 has 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.

#### ***Extent to which the audit was 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:

## World Fuel Services European Holding Company I, Ltd.

### Independent Auditor's Report to the members of World Fuel Services European Holding Company I, Ltd. (continued)

#### Auditor's responsibilities for the audit of the financial statements (continued)

- We obtained an understanding of the legal and regulatory frameworks applicable to the entity and determined that the most significant which are directly relevant to the specific assertions in the financial statements are those related to the reporting framework (Financial Reporting Standard 101, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006);
- We determined how the entity is complying with those legal and regulatory frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance procedures, corroborating our enquiries through our review of board minutes;
- We used an engagement team with appropriate competence and capabilities to identify non-compliance with laws and regulations;
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management from various parts of the business to understand where it is considered there was a susceptibility to fraud. We also considered the process controls that the entity has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitors those process controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free of fraud or error;

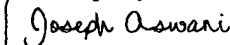
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

DocuSigned by:



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

Date: 20 September 2021

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

## World Fuel Services European Holding Company I, Ltd.

### Statement of Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
Administrative expenses		(96,772)	(89,646)
Impairment loss on investment	9	(16,395,667)	(52,456,364)
<b>Operating loss</b>	<b>4</b>	<b>(16,492,439)</b>	<b>(52,546,010)</b>
Finance income	6	109,028	211,828
Finance costs	7	(13,636,433)	(12,800,252)
<b>Loss before taxation</b>		<b>(30,019,844)</b>	<b>(65,134,434)</b>
Income tax charge	8	(1,405)	(156,991)
<b>Loss for the financial year after taxation and total comprehensive loss for the year</b>		<b><u>(30,021,249)</u></b>	<b><u>(65,291,425)</u></b>

All amounts relate to continuing activities.

There was no other comprehensive income or loss during the year ended 31 December 2020, or the year ended 31 December 2019.

The notes on pages 13 to 24 form part of these financial statements.

# World Fuel Services European Holding Company I, Ltd.

Registered number: 04840112

## Balance Sheet As at 31 December 2020

	Note	2020 \$	2019 \$
<b>Non-current assets</b>			
Investments	9	78,745,275	95,139,831
<b>Total non-current assets</b>		<u>78,745,275</u>	<u>95,139,831</u>
<b>Current assets</b>			
Trade and other receivables	10	20,011,098	19,923,639
Cash at bank and in hand		98,290	106,042
<b>Total current assets</b>		<u>20,109,388</u>	<u>20,029,681</u>
<b>Total assets</b>		<u>98,854,663</u>	<u>115,169,512</u>
<b>Non-current liabilities</b>			
Borrowings	11	223,522,905	209,891,331
<b>Total non-current liabilities</b>		<u>223,522,905</u>	<u>209,891,331</u>
<b>Current liabilities</b>			
Trade and other payables	12	6,761,458	6,686,632
<b>Total current liabilities</b>		<u>6,761,458</u>	<u>6,686,632</u>
<b>Total liabilities</b>		<u>230,284,363</u>	<u>216,577,963</u>
<b>Net liabilities</b>		<u>(131,429,700)</u>	<u>(101,408,451)</u>
<b>Equity</b>			
Share capital	13	474,638	474,638
Share premium		24,999,842	24,999,842
Other reserves		353,018	353,018
Accumulated losses		(157,257,198)	(127,235,949)
<b>Total shareholder's deficit</b>		<u>(131,429,700)</u>	<u>(101,408,451)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

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



**Richard Donald McMichael**  
Director

Date: 17 September 2021

The notes on pages 13 to 24 form part of these financial statements.

## World Fuel Services European Holding Company I, Ltd.

### Statement of Changes in Equity For the Year Ended 31 December 2020

	Share capital \$	Share premium \$	Other reserves \$	Accumulated losses \$	Total shareholders' deficit \$
Balance at 1 January 2019	474,638	24,999,842	353,018	(61,944,524)	(36,117,026)
Loss for the financial year after taxation and total comprehensive loss for the year	-	-	-	(65,291,425)	(65,291,425)
Balance at 31 December 2019	<u>474,638</u>	<u>24,999,842</u>	<u>353,018</u>	<u>(127,235,949)</u>	<u>(101,408,451)</u>
Loss for the financial year after taxation and total comprehensive loss for the year	-	-	-	(30,021,249)	(30,021,249)
Balance at 31 December 2020	<u>474,638</u>	<u>24,999,842</u>	<u>353,018</u>	<u>(157,257,198)</u>	<u>(131,429,700)</u>

The notes on pages 13 to 24 form part of these financial statements.

# **World Fuel Services European Holding Company I, Ltd**

## **Notes to the Financial Statements For the Year Ended 31 December 2020**

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### **1. General information**

World Fuel Services European Holding Company I, Ltd. ("the Company") is a private company limited by share capital incorporated and domiciled in England and Wales in the United Kingdom. The Company is a wholly owned subsidiary of World Fuel Services (Singapore) Pte. Ltd., incorporated in Singapore. 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 activities include being an investment holding company and acting as the leader in a multi-currency notional cash pooling arrangement that allows the daily excess in certain currencies that may exist in any single group member to be used by other participating group members. The group participants are all related companies.

### **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 3).

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 requirement of Paragraph 17 and 18A of IAS 24 'Related Party Disclosures' (key management compensation);
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group; and
- the requirements of paragraph 30 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

#### **2.3 Consolidated financial statements**

These financial statements contain information about World Fuel Services European Holding Company I, Ltd. as an individual company and do not contain consolidated financial information as the parent of the group. The Company has taken the exemption under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included in the consolidated statements of its Ultimate Parent Undertaking, World Fuel Services Corporation, a company incorporated in the State of Florida in the United States of America, and whose financial statements are publicly available.



# World Fuel Services European Holding Company I, Ltd

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.4 Going concern

The Company's loss after tax for the financial year was \$30,021,249 (2019: loss of \$65,291,425) and as at 31 December 2020 the Company had net liabilities of \$131,429,700 (2019: \$101,408,451).

World Fuel Services Corporation, the Ultimate Parent Undertaking of World Fuel Services European Holding Company I, Ltd., has agreed to provide adequate financial support for a period of at least twelve months following the date of the Independent Auditor's Report for the Company's year ended 31 December 2020, to the extent necessary to enable the Company to meet its continuing operating liabilities, as well as any known liabilities on the Company's Balance Sheet as at 31 December 2020, as and when they fall due, and further confirms that no credit loss will be incurred by the Company in respect of the amounts owed to it by fellow group undertakings for the periods presented within these financial statements.

As a result of the support from the Ultimate Parent Undertaking, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the Company has adopted the going concern basis in preparing the financial statements.

Whilst COVID-19 has had an effect on the World Fuel Services Corporation group, due to initiatives taken relating to cost reduction, liquidity and operating efficiencies, it has not affected the parent's ability to provide adequate financial support for at least 12 months from the date of the audit report.

#### 2.5 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.

# **World Fuel Services European Holding Company I, Ltd**

## **Notes to the Financial Statements (continued) For the Year Ended 31 December 2020**

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### **2. Accounting policies (continued)**

#### **2.6 Foreign currency translation**

##### **Functional and presentation currency**

The Company's functional and presentational currency is USD.

##### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the average rate during the period in which the transaction occurred.

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 are presented in the Statement of Comprehensive Income within finance income/expense as these are primarily related to the Company's financing arrangements and therefore best represents the source of the transaction.

#### **2.7 Investments in subsidiaries**

Investments in subsidiaries are recorded at cost less accumulated impairment losses.

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

For non-financial assets such as investments in subsidiaries, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

#### **2.9 Interest income**

Interest income is recognised using the effective interest method.

#### **2.10 Borrowings costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

#### **2.11 Dividend income**

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

#### **2.12 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term-highly liquid investments with original maturities of three months or less and bank overdrafts which are subject to insignificant risk of change in value.

# World Fuel Services European Holding Company I, Ltd

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.13 Financial assets

##### *Classification*

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables in the Balance Sheet.

##### *Impairment of financial assets*

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

#### 2.14 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.

#### 2.15 Trade and other payables

Trade and other payables represent both amounts owed to group companies and 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.

#### 2.16 Borrowings

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

#### 2.17 Share capital and reserves

- 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.
- Share premium represents the amounts received in excess of value of each individual ordinary share in issue.
- Other reserves relate to historical foreign currency cash flow hedges relating to investments in foreign jurisdictions. This balance has remained unchanged since the year ended 31 December 2008.
- Accumulated losses represents cumulative profits or losses, net of dividends paid, resulting in accumulated net losses.

# World Fuel Services European Holding Company I, Ltd

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.18 Dividend distribution

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

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

In the application of the Company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Judgement in applying accounting policies

The judgement in applying accounting policies at the Balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### *Intercompany transactions*

The Company determines whether transactions with other subsidiary undertakings of the group have been conducted on an arm's length basis. These decisions involve the input of internal and external tax advisors to the Company, including analysis of comparable companies and groups who operate in similar markets to World Fuel Services Corporation.

#### *Key sources of estimation uncertainty*

The key assumption concerning the future, and other key sources of estimation uncertainty at the Balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### *Impairment of investments in subsidiaries*

The Company considers indicators of impairment annually. If indicators are present, Management makes an estimate of the recoverable value of investments in subsidiaries on an annual basis. When assessing impairment of investments in subsidiaries, Management considers factors including current market and industry conditions and historical experience.

#### *Recoverability of intercompany receivables*

The Company has intercompany receivables, which are expected to be received without a 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 Undertaking, and has deemed these balances recoverable.

## World Fuel Services European Holding Company I, Ltd

### Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

#### 4. Operating loss

Operating loss is stated after charging:

	2020	2019
	\$	\$
Impairment loss on investment (see note 9)	16,395,667	52,456,364
Fees payable to the Company's auditor:		
- for the audit of the Company's annual financial statements	<u>26,494</u>	<u>23,166</u>

Fees payable to the Company's auditor were settled by a group company.

#### 5. Employee costs and director's remuneration

The Company had no employees during the years ended 31 December 2020 and 31 December 2019.

The Company's director received no remuneration during the years ended 31 December 2020 and 31 December 2019 in connection with their services to the Company.

#### 6. Finance income

	2020	2019
	\$	\$
Bank interest from cash pooling arrangement	49,028	124,029
Group multi-currency cash pooling fee income	60,000	60,000
Foreign exchange gain	-	27,799
	<u>109,028</u>	<u>211,828</u>

The Company acts as the leader in a multi-currency notional cash pooling arrangement that allows the daily excess in certain currencies that may exist in any single group member to be used by other participating group members. The group participants are all related companies. The Company charges \$1,000 per month to group participants in the notional cash pooling arrangement earning \$60,000 during the year ended 31 December 2020 (2019: \$60,000). The Company receives/pays daily interest based on the net balance of the pool. Credit interest is paid at the participant level at a rate of "benchmark" less 1% and debit interest is charged at the participant level at a rate of "benchmark" plus 2.5%. Total interest earned in relation to this totaled \$49,028 for the year (2019: \$124,029).

#### 7. Finance costs

	2020	2019
	\$	\$
Intercompany borrowing interest expense	13,631,575	12,800,252
Foreign exchange loss	<u>4,858</u>	<u>-</u>
	<u>13,636,433</u>	<u>12,800,252</u>

## World Fuel Services European Holding Company I, Ltd

### Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

#### 8. Income tax charge

	2020 \$	2019 \$
<b>Current tax</b>		
Current tax on losses for the year	1,405	23,215
Adjustment in respect of previous years	-	133,776
<b>Total current tax</b>	<u>1,405</u>	<u>156,991</u>
<b>Deferred tax</b>		
Originating and reversal of timing differences	-	-
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Total tax charge for the year</b>	<u>1,405</u>	<u>156,991</u>

#### Factors affecting tax charge for the year

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

	2020 \$	2019 \$
Loss on ordinary activities before tax	(30,019,844)	(65,134,434)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(5,703,770)	(12,375,542)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	5,705,175	12,398,757
Adjustment in respect of previous years	-	133,776
<b>Total tax charge for the year</b>	<u>1,405</u>	<u>156,991</u>

#### Factors that may affect future tax charges

On 12 March 2020, The Chancellor of the Exchequer announced that instead of the rate reducing to 17% from 1 April 2020, the main rate would remain at 19% for the foreseeable future, as used in these financial statements. However, this was further updated as part of the Chancellor's Budget announced in March 2021, whereby it was confirmed that the standard rate of corporation tax would rise to 25% from 1 April 2023.

# World Fuel Services European Holding Company I, Ltd

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

### 9. Investments

	Shares in Subsidiary Undertakings \$
<b>Cost</b>	
As at 1 January 2020	147,596,195
Additions	1,111
As at 31 December 2020	<u>147,597,306</u>
<b>Accumulated impairment</b>	
As at 1 January 2020	(52,456,364)
Impairment	<u>(16,395,667)</u>
As at 31 December 2020	<u>(68,852,031)</u>
<b>Net book value as at 31 December 2020</b>	<b><u>78,745,275</u></b>
Net book value as at 31 December 2019	<u>95,139,831</u>

During the year ended 31 December 2020, the Company recorded an impairment loss of \$16,395,667 (2019: \$52,456,364), which is presented separately in the Statement of Comprehensive Income. This impairment charge relates solely to the Company's investment in Henty Oil Limited, reducing the carrying value of this investment to \$17,348,402 (2019: \$33,744,069), the impairment during the year ended 31 December 2019 was related solely to the Company's investment in Tramp Holdings Limited, reducing the carrying value of this investment to \$47,900,000. The carrying values were calculated by the Company as management's best estimates of the value in use of the Company's trading subsidiaries, and the recoverable value for non-trading subsidiaries. These investments were considered impaired due to the differences between these assessments and the cost of the investments.

The following are wholly-owned subsidiary undertakings of the Company as at 31 December 2020:

<u>Subsidiary</u>	<u>Principal business activity</u>	<u>Address</u>	<u>Percentage of ownership</u>
Henty Oil Limited	Oil trading	The Broadgate Tower Third Floor, 20 Primrose Street, London, EC2A 2RS, United Kingdom	100%
Tamlyn Shipping Limited	Non-trading	The Broadgate Tower Third Floor, 20 Primrose Street, London, EC2A 2RS, United Kingdom	100%

## World Fuel Services European Holding Company I, Ltd

### Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

#### 9. Investments (continued)

<u>Subsidiary</u>	<u>Principal business activity</u>	<u>Addresses</u>	<u>Percentage of ownership</u>
Falmouth Petroleum Limited	Oil trading	The Broadgate Tower Third Floor, 20 Primrose Street, London, EC2A 2RS, United Kingdom	100%
Falmouth Oil Services Limited	Dormant	The Broadgate Tower Third Floor, 20 Primrose Street, London, EC2A 2RS, United Kingdom	100%
Tank and Marine Engineering Limited	Non-trading	The Broadgate Tower Third Floor, 20 Primrose Street, London, EC2A 2RS, United Kingdom	100%
Tramp Holdings Limited	Investment holding company	The Broadgate Tower Third Floor, 20 Primrose Street, London, EC2A 2RS, United Kingdom	100%
Henty Shipping Services Limited	Chartering	The Broadgate Tower Third Floor, 20 Primrose Street, London, EC2A 2RS, United Kingdom	100%
World Fuel Services (Uruguay) S.A.	Oil trading	Juncal 1392, Montevideo, Uruguay	100%

The following are partially-owned subsidiary undertakings of the Company as at 31 December 2020:

<u>Subsidiary</u>	<u>Principal business activity</u>	<u>Addresses</u>	<u>Percentage of ownership</u>
Ecuacentair Cia. Ltda	Quito airport service	(fka Ecuacentair SA), Av. Amazonas y Juan Pablo Saenz, No. N35-17, Quito, Ecuador	50%
Servicios WFSE Ecuador C.L.	Oil trading	Tito Antonio Rodríguez S/N y , Via Lumbisi Edificio Milano, Piso 6, Ecuador, Quito, Ecuador	50%
Servicios Ecuatorianos de Energia-Secsa CIA LTDA	Oil trading	Impaqtto Coworking Cumbaya, Diego de Robles y Av Pampite, esquina, Cumbaya, Ecuador	50%
Tramp Oil (Brasil) Limitada	Oil trading	Praia do Flamengo, 200, Suite 2201, Rio de Janeiro, 22210-065, Brazil	0.01%*

\*The Company indirectly holds 100% ownership of this entity through being the sole shareholder of the parent.



## World Fuel Services European Holding Company I, Ltd

### Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

#### 9. Investments (continued)

The following are wholly-owned subsidiary undertakings of the Company's subsidiaries as at 31 December 2020:

<u>Subsidiary</u>	<u>Principal business activity</u>	<u>Addresses</u>	<u>Percentage of ownership</u>
Tramp Group Limited	Investment holding company	The Broadgate Tower Third Floor, 20 Primrose Street, London, EC2A 2RS, United Kingdom	100%
Tramp Oil Schifffahrts and Handelsgesellschaft GmbH & Co.	Oil trading	Schlachte 38, 28195 Bremen, Germany	100%
Tramp Oil & Marine Limited	Non-trading	The Broadgate Tower Third Floor, 20 Primrose Street, London, EC2A 2RS, United Kingdom	100%
Tramp Oil Germany GmbH	Oil trading	Schlachte 38, 28195 Bremen, Germany	100%
Energie-Tankdienstgesellschaft Bremen GmbH	Into-plane services	Hanna-Kunath-Str.18 (Tor 17), 28199, Bremen, Germany	100%
Tobras Distribuidora de Combustiveis Ltda	Oil trading	Praia do Flamengo, 200, Suite 2201, Rio de Janeiro, 22210-065, Brazil	100%*

\*The Company's subsidiaries own 100% of the Company via individual 51% and 49% shareholdings, meaning it is a wholly owned subsidiary of the Company's subsidiaries.

The following entities are partly owned by the Company's subsidiaries as at 31 December 2020:

<u>Subsidiary</u>	<u>Principal business activity</u>	<u>Addresses</u>	<u>Percentage of ownership</u>
Tramp Oil (Brasil) Limitada	Oil trading	Praia do Flamengo, 200, Suite 2201, Rio de Janeiro, 22210-065, Brazil	99.99%**

\*\*The Company indirectly holds 100% ownership of this entity through being the sole shareholder of the parent.

All shares in subsidiary undertakings disclosed in the above table relate to ordinary shares.

One of the Company's indirectly held subsidiaries, Tramp Oil Germany GmbH, also has an interest in a number of Partnerships in Germany. These are all GbR format, which are partnerships based on a partnership agreement without legal capacity in order to support a purpose jointly pursued by the partners. GbR's are governed under sections 705-740 BGB (German Civil Code). Disclosure of the interest in the Partnerships has been provided below:

# World Fuel Services European Holding Company I, Ltd

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

### 9. Investments (continued)

<u>Partnership name</u>	<u>Percentage interest</u>
Berlin Fuelling Services GbR	12.5
Tanklager-Gesellschaft Tegel GbR	12.5
Turbo Fuel Services Sachsen GbR	20
Düsseldorf Jet Services GbR	33.3
Frankfurt Jet Services GbR	33.3
Cologne Jet Services GbR	33.3
Sun Jet Services GbR	33.3

### 10. Trade and other receivables

	2020	2019
	\$	\$
Amounts owed by group undertakings	<u>20,011,098</u>	<u>19,923,639</u>

The amounts owed by group undertakings are unsecured, non-interest bearing and are repayable on demand.

### 11. Borrowings

	2020	2019
	\$	\$
Loans payable to related companies	<u>223,522,905</u>	<u>209,891,331</u>

As at 29 December 2016, the Company's borrowings were re-structured into a single zero-coupon loan payable to a related Company, WFS UK Holding Company II Limited. The loan note was issued at a principal value of \$269,963,240 with a discounted subscription price of \$173,723,023 and an effective interest rate of 6.5% per annum. The zero-coupon loan is for a term of 7 years and is due to be repaid on 31 December 2023. Total interest incurred during the year in relation to this loan is \$13,631,575 (2019: \$12,800,252).

### 12. Trade and other payables

	2020	2019
	\$	\$
Amounts owed to group undertakings	6,699,755	6,496,950
Other creditors	37,083	32,691
Corporation tax	24,620	156,991
	<u>6,761,458</u>	<u>6,686,632</u>

Amounts owed to group undertakings are unsecured, non-interest bearing and are repayable on demand.

# World Fuel Services European Holding Company I, Ltd

## Notes to the Financial Statements (continued) For the Year Ended 31 December 2020

### 13. Share capital and reserves

	2020 \$	2019 \$
<b>Authorised, allotted, called up and fully paid</b>		
3,000,100 (2019: 3,000,100) ordinary shares of £0.10 each	<u>474,638</u>	<u>474,638</u>

### 14. Controlling party

The immediate parent undertaking is World Fuel Services (Singapore) Pte. Ltd., a company incorporated in Singapore.

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 41<sup>st</sup> Street, Miami, Florida USA 33178.

### 15. Facilities

The Company has access to a foreign bills of negotiation facility as part of the BG New Borrowing Group and facilitated by HSBC for an amount of \$1.6m (£1.2m) (2019 - \$8m (£6m)). As at the year end, no amounts were utilised under this facility (2019 – \$nil). This facility is due for review in December 2021.