

World Fuel PG Trading Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Company Number: 07107627



World Fuel PG Trading Limited
Report and financial statements
For the Year Ended 31 December 2019

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Directors	Peggy Joann Meyer Paul Thomas Vian
Secretary	Reed Smith Corporate Services Limited
Registered number	07107627
Registered address	The Broadgate Tower Third Floor 20 Primrose Street London EC2A 2RS United Kingdom
Auditors	BDO LLP 55 Baker Street London W1U 7EU United Kingdom

World Fuel PG Trading Limited

STRATEGIC REPORT

For the Year Ended 31 December 2019

The Directors present herewith their Strategic report together with the audited financial statements of World Fuel PG Trading Limited (the "Company") for the year ended 31 December 2019.

Principal activities

World Fuel PG Trading Limited (the "Company") is a private company limited by share capital, incorporated and domiciled in England and Wales in the United Kingdom ("UK"). The Company is a wholly owned subsidiary of World Fuel Services Regulatory Holdings, LLC, a company incorporated in the State of Florida in the United States of America. The ultimate holding company is World Fuel Services Corporation (the "Ultimate Parent Undertaking"), also incorporated in the State of Florida in the United States of America. The Company's registered office is shown in the Directors' report.

The Company has Financial Conduct Authority approval to act as an Energy Market Participant.

The Company's principal activity is acting as an arranging entity for a related company, World Fuel Services (Singapore) Pte Ltd that as a principal sells power and gas derivative products to third parties. The Company recognises revenue of either (i) \$0.07 per metric ton, (ii) \$0.006 per Megawatt hour, (iii) 0.011 per barrel or (iv) \$0.00026 per gallon, depending upon the notional quantity stated in the contract, in its role as an agent for related companies that provide derivative contracts to third party customers. The Company's compensation will not be less than \$50k under the applicable agreement. All turnover originates in the UK from related group companies.

Management does not envisage a significant change in the principal activities of the Company in the foreseeable future.

Business review and future outlook

The loss for the financial year ended 31 December 2019 was \$43,475 (2018: profit \$192,550). The Company's net assets for the year ended 31 December 2019 were \$516,210 (2018: \$4,959,685).

The decrease in revenue for the financial year ended 31 December 2019 was due to the renegotiation of the sole revenue contract and amendment of the power and gas derivative products in scope. This reduced revenue, coupled with a true-up of tax charges relating to prior periods being recognised in the current year, has resulted in a loss for the year. The current Directors are satisfied with the results for the financial year.

Principal risks and uncertainties

The Company's principal risks and uncertainties are integrated with the principal risks of the World Fuel Services Corporation 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 on page 6 of the 2019 annual report on Form 10K which does not form part of this report. Principal risks and uncertainties have been discussed further in the Directors' report (page 3).

World Fuel PG Trading Limited

STRATEGIC REPORT (continued)
For the Year Ended 31 December 2019

The United Kingdom's proposed withdrawal from the European Union

On June 23, 2016, the United Kingdom ('U.K.') held a referendum in which British voters approved an exit from the European Union ('E.U.')., commonly referred to as "Brexit". On January 31, 2020, the U.K. exited the E.U. pursuant to the terms of a withdrawal agreement concluded between the U.K. government and the E.U. Council (the "Withdrawal Agreement"). The Withdrawal Agreement allows for a transition period through December 31, 2020, during which the U.K.'s trading relationship with the E.U. will remain largely unchanged and the U.K. and the E.U. will continue to negotiate the terms of their ongoing relationship. Accordingly, uncertainty remains over the U.K.'s future relationship with the E.U. after 2020.

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 and supply chains, 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 are 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 Directors have 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.

Key performance indicators ("KPIs")

The Company's Directors monitor progress and strategy by reference to the following KPIs:

	Year ended 31 December 2019	Year ended 31 December 2018	Change \$	Change %
Revenue	\$ 50,000	\$ 192,833	(142,833)	(74.07)
(Loss)/Profit after tax	(43,475)	192,550	(236,025)	(122.58)

Refer to business review (page 1) for details explaining the operating results for the year.

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors continue to adopt the going concern basis in preparing the financial statements. Refer to note 2.2 for further detail.

Company Number: 07107627
The Broadgate Tower
Third Floor, 20 Primrose Street
London, EC2A 2RS, United Kingdom

Signed on behalf of the board,



Paul T. Vian, Director

Date: 23 June 2020

World Fuel PG Trading Limited

DIRECTORS' REPORT
For the Year Ended 31 December 2019

The Directors present herewith their report together with the audited financial statements of World Fuel PG Trading Limited (the "Company") for the year ended 31 December 2019.

Directors

The Directors who served during the year ended 31 December 2019 and up to the date of signing the financial statements are as follows:

Peggy Joann Meyer
Paul Thomas Vian
Maria Charash Koundina (resigned 21 March 2019)

Directors' indemnities

The ultimate parent company maintains liability insurance for its Directors and officers and provides an indemnity for the Directors of the Company, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. The qualifying third party indemnity was in place during the year ended 31 December 2019 and up to the date of approval of the financial statements.

Dividends

The Company paid an interim dividend of \$4,400,000 for the year ended 31 December 2019 (2018: \$nil). No final dividend is proposed for the year ended 31 December 2019 (2018: \$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 company in the 2019 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 mitigated through the use of foreign exchange contracts. The Company does not enter into these derivative contracts directly, as the wider World Fuel Services Corporation group manages these through specified group undertakings.

Price risk

The Company has no exposure to price risk since prices are fixed by a contract.

World Fuel PG Trading Limited

DIRECTORS' REPORT (continued)

For the Year Ended 31 December 2019

Financial risk management (continued)

Interest rate risk

The Company has no exposure to interest rate risk.

Credit risk

Credit risk arises from cash and cash equivalents, and trade and other receivables. As at 31 December 2019, the Company has \$543,445 cash at bank and in hand held at financial institutions (2018: \$522,930) and receivables, made up of amounts due from group undertakings and prepaid expenses of \$12,595 (2018: \$4,437,924), the majority of which is due from related companies. The maximum exposure to credit risk at the reporting date is the carrying value of cash and each class of receivables as presented on the Balance sheet. The Company does not hold any collateral as security. The exposure associated with this risk is not considered to be material given the financial position of the consolidated World Fuel Services Corporation group.

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.

Cash flow risk

The Company has cash flow risk in that all cash flows arise from trade with related companies. Management believes that the Company could call in debtors with related companies as the need arises.

Post Balance Sheet Events

In March 2020, the World Health Organization (“WHO”) declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, “stay-at-home” or “shelter-in-place” orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, have been significantly disrupted by the pandemic.

While the COVID-19 pandemic and associated impacts on economic activity had no effect on our results of operations and financial condition as of December 31, 2019 and limited adverse effect to the first quarter of 2020, we have seen since then a decline in demand and related sales as large sectors of the global economy have been adversely impacted by the COVID-19 crisis. World Fuel PG Trading Limited is continuously evaluating the impacts of COVID-19, which has had global implications. In response to these developments, the Company took swift action to ensure the safety of our employees and other stakeholders, and initiated a number of initiatives.

World Fuel PG Trading Limited

DIRECTORS' REPORT *(continued)*
For the Year Ended 31 December 2019

Post Balance Sheet Events (continued)

Our results of operations may be more impacted in the second quarter of 2020 as a result of the COVID-19 pandemic since the level of activity in our business and that of our customers has historically been driven by the level of economic activity globally.

World Fuel Services Corporation, the ultimate parent company of World Fuel PG Trading Limited 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 December 31, 2019, 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 December 31, 2019, as and when they fall due.

Future developments

Refer to the Strategic report on page 1 for a description of future developments in the business.

Disclosure of information to auditors

Each of the Directors at the date of approval of this report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.


This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Auditors

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

On behalf of the board,



Paul T, Vian, Director
Date: 23 June 2020

Company Number: 07107627
The Broadgate Tower, Third Floor
20 Primrose Street
London, EC2A 2RS
United Kingdom

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the Year Ended 31 December 2019

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

World Fuel PG Trading Limited

REPORT OF INDEPENDENT AUDITORS

TO MEMBERS OF WORLD FUEL PG TRADING LIMITED

Opinion

We have audited the financial statements of World Fuel PG Trading Limited ("the Company") for the year ended 31 December 2019, 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 2019 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 Auditors' 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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

REPORT OF INDEPENDENT AUDITORS (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' 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 Directors' 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report.

World Fuel PG Trading Limited

REPORT OF INDEPENDENT AUDITORS (continued)

Responsibilities of Directors

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

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

Auditors' 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 auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' 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 auditors' 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.



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

Date: 23 June 2020

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

World Fuel PG Trading Limited

STATEMENTS OF COMPREHENSIVE INCOME

For the Year Ended 31 DECEMBER 2019

(In USD)

		31 December 2019	31 December 2018
	Note	\$	\$
Revenue		50,000	192,833
Administrative expenses		(38,402)	(14,108)
Other income		934	13,825
		<hr/>	<hr/>
Operating profit and profit before tax	3	12,532	192,550
		<hr/>	<hr/>
Income tax expense	5	(56,007)	-
		<hr/>	<hr/>
(Loss)/Profit for the financial year and total comprehensive (Loss)/Profit for the financial year		(43,475)	192,550
		<hr/>	<hr/>

All amounts relate to continuing operations.

There was no other comprehensive income or loss during the year ended 31 December 2019, or the year ended 31 December 2018.

The notes are an integral part of these financial statements. The notes are present on pages 13 to 21.


World Fuel PG Trading Limited

BALANCE SHEET
As at 31 December 2019
(In USD)

	Note	31 December 2019 \$	31 December 2018 \$
ASSETS			
Current assets			
Trade and other receivables	6	12,595	4,437,924
Cash and cash equivalent		543,445	522,930
		<u>556,040</u>	<u>4,960,854</u>
Total assets		<u>556,040</u>	<u>4,960,854</u>
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves			
Called up share capital	7	1	1
Translation reserve	7	(368,479)	(368,479)
Retained earnings	7	884,688	5,328,163
Total shareholder equity / Net assets		<u>516,210</u>	<u>4,959,685</u>
LIABILITIES			
Current liabilities			
Trade and other payables	8	39,830	1,169
Total liabilities		<u>39,830</u>	<u>1,169</u>
Total equity and liabilities		<u>\$ 556,040</u>	<u>\$ 4,960,854</u>

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

The financial statements including the notes were approved by the Board of Directors and were signed on its behalf by:



Paul T. Vian, Director
Date: 23 June 2020

Company Number: 07107627

The notes are an integral part of these financial statements. The notes are present on pages 13 to 21.

World Fuel PG Trading Limited

STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31 December 2019

(In USD)

	NOTE	Share Capital	Translation Reserve	Retained Earnings	Total Equity
		\$	\$	\$	\$
Balance at 1 January 2018		1	(368,479)	5,135,613	4,767,135
Profit for the financial year and total comprehensive income for the year		-	-	192,550	192,550
Balance at 31 December 2018		1	(368,479)	5,328,163	4,959,685
Loss for the financial year and total comprehensive loss for the year		-	-	(43,475)	(43,475)
<i>Contributions by and distributions to owners</i>					
Dividend in specie	7	-	-	(4,400,000)	(4,400,000)
Balance at 31 December 2019		1	(368,479)	884,688	516,210

The notes are an integral part of these financial statements. The notes are present on page 13 to 21.

World Fuel PG Trading Limited

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2019

1. GENERAL INFORMATION

World Fuel PG Trading Limited (the "Company") is a private company limited by share capital, incorporated and domiciled in England and Wales in the United Kingdom ("UK"). The Company is a wholly owned subsidiary of World Fuel Services Regulatory Holdings, LLC, a company incorporated in the State of Florida in the United States of America. The ultimate holding company is World Fuel Services Corporation (the "Ultimate Parent Undertaking"), also incorporated in the State of Florida in the United States of America. The Company's registered office is shown on the contents page.

The Company has Financial Conduct Authority approval to act as an Energy Market Participant. The Company acts as an arranging entity for a related company, World Fuel Services (Singapore) Pte Ltd that as a principal sells power and gas derivative products to third parties. The Company recognises revenue in its role as an agent for related companies that provide derivative contracts to third party customers.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently for all years presented are as follows:

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The following exemptions from the requirements of International Financial Reporting Standards as adopted by the European Union ("IFRS") have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1);
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures).

World Fuel PG Trading Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

- IAS 7, 'Statement of cash flows';
- Paragraph 17 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.

2.2 Going concern

The Company reported a loss for the financial year ended 31 December 2019 of \$43,475 (2018: profit \$192,550) and had net assets as at 31 December 2019 of \$516,210 (2018: \$4,959,685), including a cash balance of \$543,445 (2018 - \$522,930). The Company relies on funding via intercompany from its Ultimate Parent Undertaking, World Fuel Service Corporation, and other related subsidiary undertakings. The Directors have 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.

As a result of the Company's cash balance, coupled with the support from the ultimate parent company, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors continue to adopt the going concern basis in preparing the financial statements.

2.3 Revenue recognition

Revenue is measured at the consideration for which the entity expects to receive for the rendering of agency services in the ordinary course of the Company's activities. The Company recognises revenue for agency fees upon the entry by related parties into derivative swap contracts with third parties; it is at this point that the performance obligations are satisfied and when control has passed to the customer, being the related party.

2.4 New standards, amendments and IFRIC interpretations

IFRS 16 and IFRIC 23 are new accounting standards that are effective for the year ended 31 December 2019, effective from 1 January 2019. The directors have assessed the impact of both of these new accounting standards and have concluded that neither standard will have a material impact on the Company. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019.

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 is 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Current and deferred income tax (continued)

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 retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. 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.

2.6 Foreign currency

(a) Functional and presentation currency

The Company's functional currency is the U.S. dollar as this represents the currency of the primary economic environment which influences the results of the Company, and is the currency specified in active contracts with related parties. The financial statements have been presented in U.S. dollars.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") 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 exchange 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 as other income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, or as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The Directors determine the classification of its financial assets at initial recognition.

All of the Company's financial assets are currently classified as loans and receivables. 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 which 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.

2.8 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.

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.

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 Directors have 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 were made to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the Year Ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 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.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs attributable to the issuance of new ordinary shares are deducted against the share capital amount.

2.12 Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are 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.

Judgements in applying accounting policies

In the opinion of the directors there are no critical judgements, apart from those involving estimates (which are dealt with separately below), that they have made in the process of applying the company's accounting policies and that would have a significant effect on the amounts recognized in the financial statements.

Key sources of estimation uncertainty

The key assumptions 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.

Intercompany receivable

The Company has intercompany receivables, which it expects, will be fully 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 adjusted the balance for expected credit losses.

World Fuel PG Trading Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2019

3. OPERATING PROFIT BEFORE TAXATION

Profit before income tax is stated after crediting:

	<u>2019</u>	<u>2018</u>
	\$	\$
Foreign exchange gain	934	13,825

Audit fees payable to the Company's auditors for the year ended 31 December 2019 of \$30,103 (2018: \$21,826) were paid by a related UK company. In addition to this, non-audit services of \$1,900 (2018: \$1,900) were also paid by a related UK company.

4. EMPLOYEES AND DIRECTORS

The Company had no employees during the years ended 31 December 2019 and 31 December 2018.

The Company's Directors received no remuneration during the years ended 31 December 2019 and 31 December 2018 in connection with their services to the Company.

5. INCOME TAX EXPENSE

	<u>2019</u>	<u>2018</u>
	\$	\$
Current taxation		
UK corporation tax on profits of the year	2,381	-
Adjustment in respect of prior years	53,626	-
Total current tax	<u>56,007</u>	<u>-</u>

The tax charge for the year is same than the standard corporation tax rate of 19% (2018: 19%). The differences are explained below:

World Fuel PG Trading Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2019

5. INCOME TAX EXPENSE (continued)

	<u>2019</u>	<u>2018</u>
	\$	\$
Profit before tax	12,532	192,550
Profit multiplied by the UK corporation tax rate of 19% (2018: 19%)	2,381	36,585
Group losses claimed for nil consideration	-	(36,585)
Adjustment in respect of prior years	<u>53,626</u>	-
Tax credit	<u>56,007</u>	-

The adjustment in respect of prior years relates to 2017 and 2018 tax charges which were previously anticipated to be offset using group losses from related group companies. Upon settlement of these tax filing obligations, no group relief was claimed, which gave rise to a charge of \$53,626 which is recorded within the current year.

Factors affecting current and future tax charges

Changes in the UK tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate from 20% in 2016 to 19% from 1 April 2017 and to 17% from 1 April 2020.

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.

6. TRADE AND OTHER RECEIVABLES

	<u>2019</u>	<u>2018</u>
	\$	\$
Amounts due from group undertakings	11,390	4,437,499
Prepaid fuel expenses	<u>1,205</u>	<u>425</u>
	<u>12,595</u>	<u>4,437,924</u>

All trade and other receivables fall due within one year. All amounts owed by group undertakings are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on demand.

World Fuel PG Trading Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2019

7. SHARE CAPITAL

	<u>2019</u>	<u>2018</u>
	\$	\$
Authorised, allotted, called-up and fully paid:		
1 (2018: 1) ordinary share of £1 each	<u>1</u>	<u>1</u>

The Company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- Retained earnings represent cumulative profits or losses, net of dividends paid and other adjustments.
- Translation reserve represents cumulative conversion to the presentation currency.

On 31 December 2019, the Company declared an interim dividend of \$4,400,000 per share, which was settled on the same date by way of calling in an inter-company receivable. No dividend was declared in the year ended 31 December 2018.

8. TRADE AND OTHER PAYABLES

	<u>2019</u>	<u>2018</u>
	\$	\$
Accrued expenses	2,522	869
Accounts payables	-	300
Income tax payable	<u>37,308</u>	<u>-</u>
	<u>39,830</u>	<u>1,169</u>

9. ULTIMATE PARENT UNDERTAKINGS

The immediate parent undertaking up to 27 December 2019 was World Fuel Services UK Holding Partnership LP. On this date, the immediate parent undertaking became World Fuel Services Regulatory Holdings, LLC, a company incorporated in the State of Florida in the United States of America. This remains the immediate parent undertaking at the balance sheet date.

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

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, Miami, Florida USA 33178. World Fuel Services Corporation is the only company that consolidates the Company's results.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2019

10. CHANGES IN ACCOUNTING POLICIES

Impact on the financial statements

As indicated in note 2.4, IFRS 16 and IFRIC 23 are new accounting standards that are effective for the year ended 31 December 2019, effective from 1 January 2019. The directors have assessed the impact of both of these new accounting standards and have concluded that neither standard will have a material impact on the Company.

11. POST BALANCE SHEET EVENTS

In March 2020, the World Health Organization (“WHO”) declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, “stay-at-home” or “shelter-in-place” orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, have been significantly disrupted by the pandemic.

While the COVID-19 pandemic and associated impacts on economic activity had no effect on our results of operations and financial condition as of December 31, 2019 and limited adverse effect to the first quarter of 2020, we have seen since then a decline in demand and related sales as large sectors of the global economy have been adversely impacted by the COVID-19 crisis. World Fuel PG Trading Limited is continuously evaluating the impacts of COVID-19, which has had global implications. In response to these developments, the Company took swift action to ensure the safety of our employees and other stakeholders, and initiated a number of initiatives. Our results of operations may be more impacted in the second quarter of 2020 as a result of the COVID-19 pandemic since the level of activity in our business and that of our customers has historically been driven by the level of economic activity globally.

World Fuel Services Corporation, the ultimate parent company of World Fuel PG Trading Limited 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 December 31, 2019, 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 December 31, 2019, as and when they fall due.