World Fuel Services Aviation Limited

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number 07209006

World Fuel Services Aviation Limited

Company Information

Directors	Peter Warren Edwards Richard Donald McMichael Michael John Ranger
Company secretary	Reed Smith Corporate Services Limited
Registered number	07209006
Registered office	The Broadgate Tower, Third Floor 20 Primrose Street London EC2A 2RS United Kingdom
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

World Fuel Services Aviation Limited

Contents

World Fuel Services Aviation Limited

Strategic Report
For the Year Ended 31 December 2020

The directors present herewith their Strategic Report and Directors' Report together with the audited financial statements of World Fuel Services Aviation Limited (the "Company") for the year ended 31 December 2020.

Principal activities

The Company, limited by share capital and incorporated in England and Wales in the United Kingdom, is a wholly-owned subsidiary of World Fuel Services Europe, Ltd., which is a wholly-owned subsidiary of WFS UK Holding Company II Limited, both of which are incorporated in England and Wales in the United Kingdom. The ultimate holding company is World Fuel Services Corporation (the "Ultimate Parent Undertaking"), incorporated in the State of Florida in the United States of America.

The Company's principal activity continues to be that of aviation fuel supply.

Business review and future outlook

The financial statements show that revenue for the year ended 31 December 2020 was $220,380,681 (2019: $578,215,106), generating a gross loss of $4,652,465 (2019: loss of $1,931,425). The loss before taxation for the year ended 31 December 2020 was $10,856,314 (2019: loss of $9,975,224). The Company's net liabilities at 31 December 2020 were $9,463,884 (2019: net assets of $1,372,427).

The Company achieved lower revenues in 2020 primarily due to a significant decline associated with the COVID-19 pandemic combined with lower average jet fuel prices. Specifically, total volumes for the year ended 2020 were 152 million gallons versus 271 million gallons, a decrease of 119 million gallons or 44% compared to 2019. The decline in volumes was attributable to a significant decrease in business activity due to the impact of the COVID-19 pandemic on air travel. Additionally, the average price per gallon sold during the year ended 2020 was $1.46, compared to $2.05 in 2019, driven by an industry-wide increased focus on liquidity and maintaining market share due to the uncertainty stemming from the pandemic.

The reduction in air travel further increased the operating loss for the year ended 31 December 2020 compared to the operating loss from the prior year. This was largely a result of the decrease in volumes mentioned above contributing a smaller gross profit towards fixed costs thereby resulting in a gross loss. These impacts were slightly offset as a result of a $5.5m decrease in our bad debt provision in 2020 compared to 2019.

In response to the suppressed volumes and pricing observed during the year ended 2020, Management assessed its long-lived assets for a potential impairment as of 31 December 2020 and concluded the respective carrying amounts remain recoverable as at the balance sheet date.

The directors expect a continued focus on improving our cost structure to support the short-term and long-term goals for the Company. Our goals are to alleviate as much of the downward pressure on our margins as possible without sacrificing our market share in an increasingly competitive market so that when air travel activity returns to levels experienced prior to COVID-19 we will be able to grow organically along with the market. Two new airport locations have been added during 2020, and one airport location has been added in 2021. The directors continue to search for additional airport locations and exit certain locations if necessary given the challenging environment.

Principal risks and uncertainties

The Company's principal risks and uncertainties are integrated with the principal risks of the World Fuel Services Group (further referred to as '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 but is publicly available.

Principal risks and uncertainties (continued)

Principal risks and uncertainties include, but are not limited to, macroeconomic and geopolitical trends that impact demand for air travel and economic trade, global oil supply and demand dynamics that impact the price, volatility and supply availability of jet fuel, changes in regulations that govern airport administration and operating policies, credit default risk among the airline industry and the sufficiency of access to financial liquidity to fund the Company's operations. As noted above, a comprehensive description of the Company's principal risks and uncertainties can be found in the 2020 annual report of World Fuel Services Corporation.

Key performance indicators ("KPIs")

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

	2020	2019	Change	Change
	$	$	$	%
Revenue	**220,380,681**	578,215,106	(357,834,425)	(61.9)%
Gross loss	**(4,652,465)**	(1,931,425)	(2,721,040)	140.9%

Refer to the business review and future outlook on page 1 of this report for details explaining the operating results for the year.

Streamlined Energy and Carbon Reporting

In line with the UK reporting guidelines, under the new Streamlined Energy and Carbon Reporting (SECR) regulations, in the table below the Company details the UK emissions and energy consumed for the year ended 31 December 2020.

The calculation methodologies followed the 2019 HM Government Environmental Reporting Guidelines and GHG Reporting Protocol - Corporate Standard. The 2020 UK Government's Conversion Factors for Company Reporting have been used as well as an operational approach to define boundary and scope. Reasonable estimates and assumptions consistent with such guidance have been used where necessary.
Natural Gas consumption is estimated based upon the known 2019 consumption at the Luton site, which is the only site with gas consumption. The gas powers only the hot water boiler and the site was fully operational throughout 2020, as in 2019.

The 2020 electricity and on-site gas oil usage is estimated based upon the known 2019 consumption at a sample of the sites in which the Company operates. This was then pro-rated based upon the 2020 throughput (fuel supplied). The energy consumption is not metered and is charged by our landlord at the sites that the Company operates at. All on site Gas Oil usage was included although there may be negligible quantities used for heating.

The SECR reporting covers only the sites operating within the UK.

	Units	**2020**
Emissions from combustion of gas (Scope 1)	tCO_2e	4.93
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO_2e	508.12
Emissions from purchased electricity (Scope 2)	tCO_2e	22.22
Emissions from generation of electricity consumed in a transmission and distribution system for which the Company does not own or control (Scope 3)	tCO_2e	1.91
Total gross emissions		537.18
Energy consumption used to calculate above emissions	kWh	2,101,337
Intensity measurement	$ Turnover	220,380,681
Intensity ratio	tCO2/$M	2.44

Streamlined Energy and Carbon Reporting (continued)

The Company's energy usage and carbon footprint are integrated with the sustainability reporting of the World Fuel Services Corporation Group ("the Group") and are not managed separately. The environmental commentary of the Group, is discussed from page 20 of the Sustainability Report, which does not form part of this report.

The Group believes that environmental stewardship is at the core of our business. As such, we must continuously seek to identify opportunities to make a positive contribution to protect our environment and reduce the impact of our global operations. We are committed to doing our part by reducing emissions in our own operations.

In response to the challenges arising from the COVID-19 pandemic, the Group took swift action to ensure the safety of our employees and other stakeholders by implementing our business continuity and emergency response plans and maximizing remote work throughout our global offices. Since the first quarter of 2020, many of our employees have been collaborating virtually with our customers, suppliers and each other using the information-sharing tools and technology that we have invested in over the last several years. While we expect that a number of our offices will reopen in the latter half of 2021, we believe that remote work will continue to be an integral part of our response plan as we monitor and assess public health developments and make appropriate adjustments to support the well-being of our employees. Together with the transitioning our data centres to the cloud, these initiatives are expected to reduce office energy consumption, along with lessening the requirement for Heating, Ventilation and Air Conditioning (HVAC).

During 2020 the Company have improved fuel economy by reducing the overall age profile of our truck fleet through the procurement of newer, more fuel-efficient vehicles, whilst concurrently increasing the use of automation tools to optimise our delivery routes, enabling us to serve more customers per mile travelled.

Further to reducing energy consumption, we currently source 100% renewable power for all our UK operations and have offset all residual emissions associated with our transport fleet since 2019 and will continue to do so each year.

Section 172(1) statement

In line with the Directors' duties, under section 172(1) of the Companies Act 2006, the directors 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 directors considered the interests of key stakeholders, having regard, amongst other matters to:

a) The likely consequences of any decision in the long term;
b) The interest of the Company's employees;
c) The need to foster the Company's business relationships with suppliers, customers and others;
d) The impact of the Company's operations on the community and the environment;
e) The desirability of the Company maintaining a reputation for high standards of business conduct; and
f) The need to act fairly as between members of the Company.

The directors discharge their section 172 duties by taking these and other relevant factors into consideration when making decisions. The directors ensure key decisions are aligned with the strategy, vision and values of the Group details of which can be found at: https://ir.wfscorp.com/corporate-responsibility.

The directors' 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, while delivering long-term value to its shareholders, employees, customers, suppliers, communities and other 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. Please refer to the Directors' Report (page 4) for additional details on stakeholder engagement.

Section 172(1) statement (continued)

In 2020, the directors discussed new opportunities and projects within various areas, taking into consideration the benefits and impacts to key stakeholders. The principal decisions made by the directors in the financial year included the following:

- The review of potential new locations for expansion and growth opportunities in the form of new operations, resulting in two new locations during the year
- Optimising the profitability while maintaining market share during significant disruptions to air travel as a result of the coronavirus pandemic;
- The continuing review of supply chain logistics and switching of supply locations to achieve more advantageous cost savings in an attempt to improve profitability; and
- The continuing review of operating costs to maintain competitive advantage, and improve profitability.

The impact of the above key decisions included the following stakeholder considerations:

- Our customers: were considered throughout to promote the goal that decisions made properly balanced a desire to avoid adverse impact on the high standards and/or reliability of the services provided.
- Our people: appropriate consultations were held to consider the wellbeing and safety of our employees.
- Our community and regulators: were considered through continuous review of new and existing regulations in relation to the Company's impact on the environment and local community, to promote the goal that decisions made by the Company were in compliance with the relevant laws and regulations.

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).

The United Kingdom's proposed withdrawal from the European Union

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

We face risks associated with the potential uncertainty and consequences that may follow Brexit, including potential disruption of our supply chains and the free movement of goods, services and people between the UK and the EU as well as potential adverse changes to tax benefits or liabilities in these or other jurisdictions. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations, including with respect to certain licenses or other rights granted to us under EU laws, as the UK determines which EU laws to replace or replicate. Finally, concern over the implications of Brexit have caused, and may continue to cause, volatility in global stock markets, currency exchange rate fluctuations and global economic uncertainty. Any of these effects of Brexit, among others, could have a material adverse impact on our results of operations, financial condition and cash flows.

Health and Safety

The Company's policy is to conduct its business in a manner that protects the safety of those involved in its operations, customers and the public. The Company strives to prevent all accidents, injuries and occupational illnesses through its Operations Integrity Management System. This is embedded into everyday work processes at all levels of the organisation and addresses all aspects of managing safety and health, as well as security, environmental and social risks at our facilities. The Company is committed to continuous efforts to identify and eliminate or manage health and safety risks associated with its activities.

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

Richard Donald McMichael
Director

Date: 29 September 2021

Directors

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

Peter Warren Edwards
Richard Donald McMichael
Michael John Ranger

Directors' indemnities

The Company 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. 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 did not pay an 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 from page 8 of the 2020 annual report on Form 10-K which does not form part of this report, but is publically available.

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

Currency risk

The Company's cash flows are largely denominated in US Dollars, which is the functional currency of the Company. As such, the Company is not subject to a significant level of currency risk exposure due to foreign exchange fluctuations.

Price risk

(i) Fixed price purchases and sales

The Company is exposed to price risk to the extent that it enters into fixed price fuel purchase and / or sale commitment contracts. The Company mitigates its price risk associated with these fixed price fuel commitment contracts through the use of offsetting fixed price fuel commitment contracts or commodity derivative contracts. The Company does not enter into these derivative contracts directly, as the wider Group manages this through specified group undertakings.

(ii) Fuel inventory

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

Financial risk management *(continued)*

Price risk (continued)

Interest rate risk

The Company is not exposed to interest rate risk on its long term loan given the fixed interest rate of 6.495%.

Credit risk

The Company has exposure to credit risk through the extension of unsecured credit to customers in the normal course of business. The Company's exposure to credit losses will depend on the financial condition of customers and other factors beyond the control of the Company, such as deteriorating conditions in the world economy or in the aviation transportation industries, political instability, terrorist activities, military action and natural disasters in our market areas.

In addition, as part of our price risk management services, the Company offers customers various pricing structures on future purchases of fuel, as well as derivative products designed to assist customers in hedging their exposure to fluctuations in fuel prices. If there is a significant fluctuation in the price of fuel there is a risk customers could decide to, or be forced to, default under their obligations to the Company. The Company does not enter into these derivative contracts directly, as the wider Group manages this through specified group undertakings.

The Company has credit standards and performs credit evaluations of customers and suppliers, which are based in part on the credit history with the applicable party.

Liquidity risk

The Company relies on credit arrangements with suppliers as a significant source of liquidity. Tightening of the global credit markets could adversely affect the Company's ability to obtain credit as and when needed on commercially reasonable terms. Management believes that the Company can obtain financing from either third parties or 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. As a result, beginning in the first quarter of 2020, the industry and generally the global economic conditions have been significantly impacted by the pandemic. In response to these developments, we took swift action to ensure the safety of stakeholders and initiated a number of initiatives relating to cost reduction, liquidity and operating efficiencies. We experienced a decline in demand and related sales, as large sectors of the global economy were adversely impacted by the crisis. Consequently, our results remained well below pre-pandemic levels. Since the level of activity in our business and that of our customers has historically been driven by the level of economic activity, we generally expect these negative impacts to continue through 2021. Any subsequent recovery will be dependent on, among other things, the actions taken by governments and businesses to contain and combat the virus, the speed and effectiveness of vaccine development and distribution, as well as how quickly, and to what extent, normal economic and operating conditions can resume on a sustainable basis.

Impact of COVID-19 (continued)

The Company's risks and uncertainties relating to COVID-19 are integrated with the principal risks of the World Fuel Services Corporation group and are not managed separately. The principal risks and uncertainties of World Fuel Services Corporation are discussed from page 8 of the 2020 annual report on Form 10-K which does not form part of this report.

Going concern

The Company's loss after tax for the financial year was $10,836,311 (2019: $9,518,720) and as at 31 December 2020 the Company had net liabilities of $9,463,884 (2019: net assets of $1,372,427).

World Fuel Services Corporation, the Ultimate Parent Undertaking of World Fuel Services Aviation 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 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. As a result of the support from the Ultimate Parent Undertaking, the directors have 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 ultimate parent's ability to provide adequate financial support for at least 12 months from the date of the audit report.

Stakeholders engagement statement

The Company's key stakeholder engagement and decision making are integrated with the principles of the Ultimate Parent Undertaking, World Fuel Services Corporation (note 18). 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 Group assessed the importance of a variety of stakeholders and the potential impact of the Group's operations and actions on those stakeholders in determining its key stakeholders. The key stakeholders to the Company include the other Group companies, our customers and suppliers, our people, and the communities in which we operate. The Group engages with key stakeholders in a number of ways.

Stakeholder engagement includes, but is not limited to, regular communication with customers, suppliers and members of the communities in which the Company operates on matters that of importance to such stakeholders, regular employee town hall meetings, quarterly and year-end performance presentations and investing back into its communities through supporting charities and other initiatives.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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.

Directors' responsibilities statement (continued)

In preparing these 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Disclosure of information to auditor

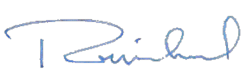
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Auditor

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

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



Richard Donald McMichael
Director

Date: 29 September 2021

Independent Auditor’s Report to the members of World Fuel Services Aviation Limited

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 Aviation Limited (“the Company”) for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet and 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).

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 directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

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

We have nothing to report in this regard.

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 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.

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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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:

- 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:

Joseph Aswani

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

Date: 30 September 2021

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

World Fuel Services Aviation Limited

Statement of Comprehensive Income
For the Year Ended 31 December 2020

	Note	2020 $	2019 $
Revenue	4	**220,380,681**	578,215,106
Cost of sales		**(225,033,146)**	(580,146,531)
Gross loss		**(4,652,465)**	(1,931,425)
Administrative expenses		**(2,288,028)**	(6,841,763)
Operating loss	5	**(6,940,493)**	(8,773,188)
Finance expenses	6	**(2,657,297)**	(2,913,564)
Share of post-tax (losses)/profits of equity accounted joint ventures	7	**(1,258,524)**	1,711,528
Loss before taxation for the financial year		**(10,856,314)**	(9,975,224)
Income tax credit	9	**20,003**	456,504
Loss after taxation for the financial year and total comprehensive loss for the year		**(10,836,311)**	(9,518,720)

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 16 to 35 form part of these financial statements.

World Fuel Services Aviation Limited
Registered number: 07209006

Balance Sheet
As at 31 December 2020

	Note	2020 $	2019 $
Non-current assets			
Intangible assets	7	**6,058,140**	6,228,010
Investments	8	**7,095,521**	8,363,147
Property, plant and equipment	10	**20,745,864**	17,475,664
		33,899,525	32,066,821
Current assets			
Trade and other receivables	11	**25,668,569**	52,411,182
Inventory	12	**6,182,635**	5,950,838
Cash and cash equivalents		**49,559**	49,559
		31,900,763	58,411,579
Total assets		**65,800,288**	90,478,400
Non-current liabilities			
Notes payable	13	**36,363,851**	34,146,197
Deferred tax liability	14	**-**	20,003
Lease liabilities	16	**3,101,992**	3,603,465
		39,465,843	37,769,665
Current liabilities			
Trade and other payables	16	**35,798,329**	51,336,308
Total liabilities		**75,264,172**	89,105,973
Net (liabilities) / assets		**(9,463,884)**	1,372,427
Equity			
Share capital	17	**2**	2
Retained earnings		**(9,463,886)**	1,372,425
Total shareholders' (deficit)/funds		**(9,463,884)**	1,372,427

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

Richard Donald McMichael
Director

Date: 29 September 2021

The notes on pages 16 to 35 form part of these financial statements.

World Fuel Services Aviation Limited

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

	Share capital $	Retained earnings $	Total shareholders' (deficit)/funds $
Balance at 1 January 2019	2	10,891,145	10,891,147
Loss after taxation for the financial year and total comprehensive loss for the year	-	(9,518,720)	(9,518,720)
Balance at 31 December 2019	2	1,372,425	1,372,427
Loss after taxation for the financial year and total comprehensive loss for the year	**-**	**(10,836,311)**	**(10,836,311)**
Balance at 31 December 2020	**2**	**(9,463,886)**	**(9,463,884)**

The notes on pages 16 to 35 form part of these financial statements.

1. General information

World Fuel Services Aviation Limited ("the Company") is a private company limited by share capital, incorporated in England and Wales in the United Kingdom. It is a wholly-owned subsidiary of World Fuel Services Europe, Ltd., which is a wholly-owned subsidiary of WFS UK Holding Company II Limited, both of which are incorporated in England and Wales in the United Kingdom. The ultimate holding company is World Fuel Services Corporation (the “Ultimate Parent Undertaking”), incorporated in the State of Florida in the United States of America.

The Company's principal activity is that of aviation fuel supply.

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

FRS 101 allows a qualifying entity certain disclosure exemptions, if certain conditions have been complied with. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of World Fuel Services Corporation, which are publicly available (note 18). The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures (key management compensation); and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

2. Accounting policies (continued)

2.3 Going concern

The Company's loss after tax for the financial year was $10,836,311 (2019: $9,518,720) and as at 31 December 2020 the Company had net liabilities of $9,463,844 (2019: net assets of $1,372,427).

World Fuel Services Corporation, the Ultimate Parent Undertaking of World Fuel Services Aviation 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 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.

As a result of the support from the Ultimate Parent Undertaking, the directors have 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.

2.4 Consolidated financial statements

The financial statements contain information about World Fuel Services Aviation Limited as an individual company and do not contain consolidated financial information as the parent of a 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.

2.5 Business combinations and goodwill

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a business is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

(a) Goodwill
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

2. Accounting policies (continued)

2.5 Business combinations and goodwill (continued)

(a) Goodwill (continued)
For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment and is therefore not assigned a useful economical life. The carrying value of the cash-generating unit (CGU) containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Customer relationship - intangibles
Customer relationship intangibles acquired in a business combination are recognised at fair value at the acquisition date. Customer relationship intangibles have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives of 13 years.

2.6 Revenue recognition

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

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

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

The Company generates fuel sales as a fuel reseller as well as from on-hand inventory supply. When acting as a fuel reseller, the Company purchases fuel from the supplier, and contemporaneously resells the fuel to the customer, normally taking delivery for purchased fuel at the same place and time as the delivery is made to the customer.

Revenue and costs arising from the sale of the fuel are presented gross in the Statement of Comprehensive Income as the Company takes inventory risk, has latitude in establishing the sales price, has discretion in the supplier selection, maintains credit risk and is the primary obligor in the sales arrangement.

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

2. Accounting policies (continued)

2.7 Foreign currency transactions

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 daily exchange rate during the period that the transaction occurs.

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income within administrative expenses.

2.8 Current and deferred income tax

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

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

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

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

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

2.9 Short-term leases

Short-term lease rentals, being those leases with durations of up to 12 months, are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease. Incentives received associated with the lease are released to the Statement of Comprehensive Income over the period of the lease.

2. Accounting policies (continued)

2.10 Financial assets

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

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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

2.11 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.

2.12 Trade and other receivables

Trade and other receivables are amounts due from customers from the sale of aviation fuel in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets; they are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2. Accounting policies (continued)

2.12 Trade and other receivables (continued)

The Company has entered into a trade receivable finance arrangement whereby certain of its trade receivables are sold to a third party on a daily basis. Trade receivables subject to the arrangement are derecognized if it is assessed that substantially all risks and rewards and rights to receive cash flows have been transferred. Where the de-recognition criteria are not met, the trade receivables continue to be recognised in the financial statements with a corresponding payable recorded under trade and other payables for any amounts of cash advanced to the Company under the arrangement (see note 15).

2.13 Investments

(i) Investments in subsidiary companies
Investments in subsidiary companies are held at cost less accumulated impairment losses.

(ii) Investments in joint ventures
Investments in joint ventures are accounted for using the equity method. The share of profit or loss is related to the investment is recorded within the Statement of Comprehensive Income within the period that it relates to.

2.14 Inventory

Inventory consists of aviation fuel products bought for resale and is stated at the lower of cost or net realisable value using the average cost method. Components of inventory cost include fuel purchase and related transportation costs.

2.15 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Useful lives
Leasehold improvements	3 to 7 years
Furniture, fixtures and office equipment	3 to 7 years
Plant, machinery and equipment	5 to 30 years
Tanks and terminals	5 to 10 years

Construction in progress is not depreciated until it is placed into service.

2. Accounting policies (continued)

2.15 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the Statement of Comprehensive Income.

2.16 Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment at each balance sheet date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount within the Statement of Comprehensive Income. The recoverable amount is the higher of an asset's fair value less costs of disposal or 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 property, plant and equipment are reviewed for possible reversal at each reporting date.

2.17 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.

2.18 Dividends

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

Dividends received from investment undertakings are recorded within the Statement of Comprehensive Income at the point at which dividends are declared provided the inflow of positive economic resources is expected.

2.19 Share capital

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

2. Accounting policies (continued)

2.20 Leases

Identifying Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The Company obtains substantially all the economic benefits from use of the asset; and
- The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct the use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Depreciation charges on the Company's right of use assets are recognised within cost of sales.

Lease Measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the company if it is reasonably certain to assess that option; and
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of a termination option being exercised.

2. Accounting policies (continued)

2.20 Leases (continued)

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in the statement of comprehensive income.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- In all other cases where the renegotiated terms increase the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that convey both a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it allocates the amount of the contractual payments to be made, and separately accounts for any services provided by the supplier as part of the contract.

3. 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.

Judgment in applying accounting policies

The judgement in applying accounting policies at the Balance Sheet date, which has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below.

Intercompany transactions
The Company enters into a number of transactions with related group companies. The Company considers a number of estimates when entering these transactions to ensure that they are conducted on an arm’s length basis. When assessing whether transactions with other group companies have been conducted on an arm’s length basis, the directors note that these decisions involve the input of internal and external tax advisers to the Company, including an analysis of comparable companies and groups who operate in similar markets to the worldwide Group.

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.

Carrying value of investments
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.

Carrying value of trade and other receivables
The Company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. See note 11 for the net carrying amount of the receivables and associated impairment provision.

Carrying value of intangible assets
The Company considers whether intangible assets are impaired. Where an indication of impairment is identified, the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGU's). This requires estimation of the future cash flows from the CGU's and also a selection of appropriate discount rates in order to calculate the net present value of those cash flows.

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

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

Useful economic life of Property, Plant and Equipment
Property, plant and equipment is depreciated over their useful lives taking into account residual values where appropriate. Property, plant and equipment useful lives vary depending on the category of asset, of which, multiple categories are used. The useful lives of these assets are estimated based on life cycle and the historical lives of similar assets used by the Company.

Impairment of Property, Plant and Equipment
The Company considers whether property, plant and equipment, is impaired. Where an indication of impairment is identified, the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGU's). This requires estimation of the future cash flows from the CGU's and also a selection of appropriate discount rates in order to calculate the net present value of those cash flows. From this assessment, the net book value of the specified assets is reduced to the higher of the recoverable value or the value in use.

Incremental borrowing rate used to measure lease liabilities
Where the interest rate implicit in the lease cannot be readily determined, lease liabilities are discounted at the lessee’s incremental borrowing rate. This is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities (note 15) and the corresponding right-of-use assets (note 10).

To determine the incremental borrowing rate the Company uses recent third-party financing as a starting point, and adjusts this for conditions specific to the lease such as its term and security.

4. Revenue

A geographical analysis of revenue by destination is as follows:

	2020 $	2019 $
Revenue		
United Kingdom	**131,520,175**	425,544,741
European Union	**88,860,506**	152,670,365
	220,380,681	578,215,106

All revenue is generated within the aviation sector from the Company’s principal activity.

5. Operating loss

Operating loss is stated after charging:

	2020 $	2019 $
Impairment/(reversal of impairment) of inventory	**43,206**	(310,495)
Inventory recognised as an expense	**192,773,156**	533,744,615
(Reversal of impairment)/impairment of trade receivables	**(543,312)**	4,955,272
Foreign exchange gain	**(11,324)**	(649,129)
Depreciation of property, plant and equipment (note 10)	**1,155,520**	979,049
Depreciation of right-of-use assets (note 10)	**645,599**	600,647
Amortisation of intangible assets (note 7)	**169,871**	169,871
Operating lease expense	**321,644**	207,998
Fees payable to the Company's auditor:		
- for the audit of the Company's annual financial statements	**64,704**	46,863
- for preparation of the financial statements	**1,950**	1,950

The Company had no employees during the years ended 31 December 2020 and 31 December 2019. The Company reimburses World Fuel Services Europe, Ltd. for various employment services charged at the costs of its operation on a monthly basis. The amount recharged for the year ended at 31 December 2020 was $806,802 (2019: $900,362). The Company also reimburses a subsidiary, Redline Oil Services Limited, for the provision of manpower services at key airport locations. The amount recharged for the year ended 31 December 2020 was $5,422,461 (2019: $6,969,969).

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

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

Operating lease expenses in the current year relate to short-term leases not capitalised under IFRS 16.

6. Finance expense

	2020 $	2019 $
Interest on intercompany loans	**2,217,654**	2,082,410
Discount on sale of trade receivables	**119,673**	692,932
Other finance costs	**107,985**	12,000
Interest expense on lease liabilities	**211,985**	126,222
	2,657,297	2,913,564

The Company is a participant 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 pays $1,000 per month to World Fuel Services European Holding Company I, Ltd, the group leader of the multi-currency notional cash pooling arrangement. The Company paid $12,000 during the year ended 31 December 2020 (2019: $12,000).

7. Intangible assets

The net book value of the Company's intangible assets as at 31 December 2020 is presented below:

	Customer relationships $	Goodwill $	Total $
Cost			
At 1 January 2020	2,240,000	4,699,176	6,939,176
As at 31 December 2020	**2,240,000**	**4,699,176**	**6,939,176**
Accumulated amortisation and impairment:			
At 1 January 2020	711,166	-	711,166
Amortisation	169,870	-	169,870
As at 31 December 2020	**881,036**	**-**	**881,036**
Net book value:			
At 31 December 2020	**1,358,964**	**4,699,176**	**6,058,140**
At 31 December 2019	1,528,834	4,699,176	6,228,010

Intangible assets amortisation is recorded within administrative expenses in the Statement of Comprehensive Income.

8. Investments

	Shares in subsidiary undertakings $	Other long term investments and joint ventures $	Total $
Cost			
Cost as at 1 January 2020	2,382,082	5,981,065	8,363,147
Share of losses for the year ended 31 December 2020	-	(1,267,626)	(1,267,626)
As at 31 December 2020	**2,382,082**	**4,713,439**	**7,095,521**

Included in the above share of losses for the year ended 31 December 2020 is an increase to the share of losses recognised for the year ended 31 December 2019 of $9,102 (2019: reduction to the share of profits of $8,908) to reflect the true amount of the Company’s share of profit for that year.

There have been no changes to the percentages of ownership of the Company’s investments during the year.

8. Investments (continued)

The Company has investments in the following entities:

Subsidiary or Associate	*Registered address*	*Principal business activities*	*Percentage of Ownership*
Redline Oil Services Limited	The Broadgate Tower Third Floor, 20 Primrose Street, London, EC2A 2RS	Provision of manpower services	100%
World Fuel Services (KG) LLC	154 Kievskaya Street, Apartment 61, Bishkek, Kyrgyz Republic, Kyrgyzstan	Fuel storage	5%

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

Joint Venture	*Registered address*	*Principal business activities*	*Percentage of Ownership*
Manchester Airport Storage and Hydrant Company Limited	Bircham Dyson Bell, 50 Broadway, London, SW1H 0BL	Fuel storage and hydrant system operation	25%

There are no indirect shareholdings held as at 31 December 2020.

Manchester Airport Storage and Hydrant Company Limited is a 25% owned Joint Venture. The principal activity of the company is the storage of aviation fuel and the management of the hydrant systems at Manchester Airport.

Summarised financial information prior to intra-group eliminations is presented below.

	2020 GBP £'000	**2019 GBP £'000**
For the year ended 31 December 2020		
Revenue	**3,790**	11,599
Cost of Sales	**5,350**	(5,349)
Gross (loss) / profit	**(1,560)**	6,250
Administrative expenses	**(83)**	(44)
Operating (loss) / profit	**(1,643)**	6,206
Interest receivable and similar income	**27**	70
Interest payable and similar expenses	**(664)**	(572)
(Loss) / Profit before taxation	**(2,280)**	5,704
Tax on (loss) / profit	**(377)**	(1,189)
(Loss) / Profit for the financial year	**(2,657)**	4,515
Dividends	**-**	-
Net (decrease) / increase in Retained Earnings	**(2,657)**	4,515

8. Investments (continued)

	2020 GBP £'000	2019 GBP £'000
As at 31 December 2020		
Assets:		
Tangible fixed assets	**31,752**	22,819
Debtors: Amounts falling due within one year	**1,309**	2,847
Debtors: Amounts falling due after more than one year	**318**	318
Cash at bank	**3,290**	7,690
Total assets	**36,669**	33,674
Liabilities:		
Creditors falling due within one year	**(3,341)**	(3,557)
Creditors falling due after more than one year	**(16,680)**	(11,408)
Provisions for liabilities	**(3,554)**	(2,959)
Total liabilities	**(23,575)**	(17,924)
Net Assets:	**13,094**	15,750

9. Taxation

	2020 $	2019 $
Current tax		
UK corporation tax on profits of the year	**-**	-
Adjustment in respect of previous years	**-**	(8,466)
Total current tax	**-**	(8,466)
Deferred tax		
Originating and reversal of timing differences	**(20,003)**	(448,038)
Total deferred tax	**(20,003)**	(448,038)
Total tax on loss for the year	**(20,003)**	(456,504)

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The factors affecting the tax charge are reconciled below.

	2020 $	2019 $
Loss on ordinary activities before tax	**(10,856,314)**	(9,975,224)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	**(2,062,700)**	(1,895,293)
Effects of:		
Timing differences	**155,992**	(464,677)
Income not subject to tax	**200,813**	(322,196)
Adjustments in respect of previous years	**-**	(8,466)
Group losses surrendered for nil consideration	**1,685,892**	2,234,128
Total tax credit for the year	**(20,003)**	(456,504)

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.

10. Property, plant and equipment

	Leasehold improvements $	Tanks and terminals $	Furniture, fixtures and office equipment $	Plant, machinery and equipment $	Construction in progress $	Right of use asset $	Total $
Cost							
At 1 January 2020	57,205	3,471,747	29,810	8,144,360	4,252,907	4,969,865	20,925,894
Additions	-	-	-	-	4,533,509	538,198	5,071,707
Transfers	-	138,740	81,607	5,784,790	(6,005,137)	-	-
Disposals	(680)	-	-	-	-	-	(680)
As at 31 December 2020	**56,525**	**3,610,487**	**111,417**	**13,929,150**	**2,781,279**	**5,508,063**	**25,996,921**
Accumulated depreciation							
At 1 January 2020	41,526	1,131,406	29,810	1,646,841	-	600,647	3,450,230
Charge for the year	4,046	256,857	22,871	871,746	-	645,599	1,801,119
On disposals	(292)	-	-	-	-	-	(292)
As at 31 December 2020	**45,280**	**1,388,263**	**52,681**	**2,518,587**	**-**	**1,246,246**	**5,251,057**
Net book value:							
At 31 December 2020	**11,245**	**2,222,224**	**58,736**	**11,410,563**	**2,781,279**	**4,261,817**	**20,745,864**
At 31 December 2019	15,679	2,340,341	-	6,497,519	4,252,907	4,369,218	17,475,664

Construction in progress relates to ongoing projects not yet completed as at 31 December 2020 at various airport locations.

11. Trade and other receivables

Amounts falling due within one year:	2020 $	2019 $
Trade receivables	**15,811,784**	41,062,722
Less: provision for impairment of receivables	**(729,506)**	(2,883,629)
Trade receivables - net	**15,082,278**	38,179,093
Value added tax receivable	**4,635,439**	5,194,703
Amounts due from group undertakings	**-**	941,857
Prepayments and other receivables	**249,124**	4,314,590
Loan to related party (note 20)	**5,701,727**	3,780,939
	25,668,569	52,411,182

Amounts due from group undertakings are unsecured, non-interest bearing and repayable on demand. No provision for impairment has been recorded regarding these balances (2019: $nil).

Amounts of $5,701,727 (2019: $3,780,939) relating to a loan to a related party is due for repayment within the year ended 31 December 2025. No provision for impairment has been recorded regarding this balance (2019: $nil). All other balances are due within one year.

12. Inventory

	2020 $	2019 $
Aviation fuel inventory	**6,182,635**	5,950,838

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

Inventories are stated after provisions for impairment of $45,539 (2019: $2,333) which relates to a difference in the average cost of inventory and market value as at 31 December 2020.

13. Notes payable

	2020 $	2019 $
Intercompany note payable	**36,363,851**	34,146,197

The above note payable relates to a zero-coupon long term loan note yielding 6.495%, repayable in December 2023.

14. Deferred tax liability

	Accelerated tax depreciation $	Provision for impairment of trade receivables $	Business combinations, intangible amortisation and accrued expenses $	Total $
1 January 2019	(883,808)	68,809	332,796	(482,203)
(Credited)/charged to the income statement	880,451	(28,541)	(403,874)	448,038
Foreign exchange	-	14,164	-	14,163
31 December 2019	(3,357)	54,432	(71,078)	(20,003)
(Credited)/charged to the income statement	3,357	(54,432)	71,078	20,003
At 31 December 2020	**-**	**-**	**-**	**-**

15. Leases

The Company leases certain items of land, buildings and vehicles during the ordinary course of business to fulfill the Company's principal activity. The total cash outflow for leases during the year was $873,730.

16. Trade and other payables

	2020 $	**2019** $
Trade payables	**19,505,120**	33,629,966
Amounts due to group undertakings	**6,116,564**	-
Accruals and deferred income	**524,169**	1,655,147
Other payables	**8,860,693**	15,514,731
Lease liabilities	**791,783**	536,464
	35,798,329	51,336,308

Trade and other payables due after more than one year:

Lease liabilities	**3,101,992**	3,603,465

Other payables relate predominantly to trade receivables sold to a third party during the financial years ended 31 December 2020 and 2019. As at 31 December 2020, the carrying amount of trade receivables sold but not derecognised for accounting purposes amounted to $8,824,804 (2019: $15,442,307). The Company recorded a corresponding liability for this amount, which is presented within other payables.

17. Share capital and reserves

	2020 $	2019 $
Authorised, allotted, called up and fully paid		
1 (2019: 1) ordinary shares of £1 each	**2**	2

Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

The Company has one issued, allotted and fully paid ordinary shares for £1, translated to $1.53 at an historical rate at the date of issue.

18. Controlling party

The immediate parent undertaking is World Fuel Services Europe, Ltd., a company incorporated in England and Wales in the United Kingdom.

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

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

19. Commitments

As at 31 December 2020, the aggregate undiscounted commitments for leases not recognised on the balance sheet was $nil (2019: $6,250).

As at 31 December 2020, the aggregate undiscounted contractual commitments to acquire property, plant and equipment was $608,227 (2019: $4,497,307) relating to ongoing construction in progress for the purchase of additional, and the replacement of, essential refueling trucks in the ordinary course of the Company's operations.

20. Related party transactions

On 31 May 2018, the Company entered into a loan facility agreement with the 25% owned joint venture Manchester Airport Storage and Hydrant Company Limited for a maximum value of £10,000,000 to finance the redevelopment and expansion of the Manchester Airport hydrant network and storage tanks, including related costs and expenses.

The related loan generates interest quarterly in arrears at the rate per annum equal to the aggregate of LIBOR + 4.33%, with the principal amount drawn down having a repayment date of 7 years from the date of drawdown. As at 31 December 2020, there is a total amount outstanding of $5,701,727 (£4,030,836) (2019: $3,780,939 (£2,857,587)) which includes accrued interest. Amounts are denominated in GBP. This is included within trade and other receivables and is due for repayment in the year ended 31 December 2025.

Expenses of $1,653,275 (2019: $1,396,801) were recorded in cost of sales in relation to services received from Manchester Airport Storage and Hydrant Company Limited in the normal course of business. An outstanding balance of $nil (2019: $19,070) is included within trade creditors.

There were no transactions with the directors during the year (2019: $nil), or outstanding balances as at 31 December 2020 (2019: $nil).