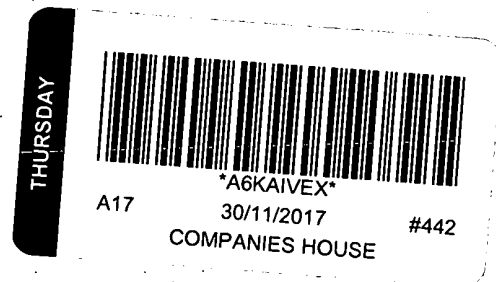


**WFS UK HOLDING COMPANY III LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**Company Number: 08913303**



**WFS UK HOLDING COMPANY III LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

<b><u>Contents</u></b>	<b>Page</b>
Strategic report	1
Directors' report	3
Independent auditors' report	6
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

## **WFS UK HOLDING COMPANY III LIMITED**

### **STRATEGIC REPORT**

**For the year ended 31 December 2016**

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The directors present herewith their strategic report and directors' report together with the audited financial statements of WFS UK Holding Company III Limited for the year ended 31 December 2016.

#### **Principal activities**

The Company, incorporated in England and Wales in the United Kingdom, on 26 February 2014, is a wholly-owned subsidiary of World Fuel Services Corporation ("ultimate parent undertaking,") incorporated in the State of Florida, the United States of America.

The Company's principal activity is that of an investment holding company.

#### **Business review and future outlook**

The Company's loss for the financial year ended 31 December 2016 was \$11,336,415 (2015: profit of \$78,651,273). The Company's activities include acting as an investment holding company and its profits are limited to the receipt of interest income and dividend income.

During the year ended 31 December 2016, the Company received dividend income of \$nil, (2015: \$88,000,000) resulting in a loss for the 2016 financial year. During the year ended 31 December 2016 the Company also had an excess of interest payable over interest receivable of \$8,777,902, (2015: \$9,154,690).

The Company had net current liabilities of \$34,276,033 at 31 December 2016 (2015: Net current assets \$16,281,136).

The current directors are satisfied with the results for the year. There are no significant changes planned in the Company's operations in the foreseeable future.

#### **Principal risks and uncertainties**

The Company's principal risks and uncertainties are integrated with the principal risks of the World Fuel Services group and are not managed separately. World Fuel Services Corporation is the parent undertaking of the only group of undertakings to consolidate these financial statements. The principal risks and uncertainties of World Fuel Services Corporation, the ultimate parent undertaking, are discussed from in the 2016 annual report on Form 10-K which does not form part of this report.

## WFS UK HOLDING COMPANY III LIMITED

### STRATEGIC REPORT - CONTINUED

For the year ended 31 December 2016

#### Key performance indicators ("KPIs")

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

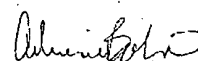
	2016	2015	Change	Change
	\$	\$	\$	%
Dividend and other interest receivable	556,085	88,000,000	(87,443,915)	(99%)
Interest payable	9,333,987	9,154,690	179,297	2%

Refer to the business review section on page 1 for details.

Company Number: 8913303  
The Broadgate Tower Third Floor  
20 Primrose Street, London, United Kingdom  
EC2A 2RS

30 November 2017

On behalf of the board,



Adrienne Beth Bolan, Director

## **WFS UK HOLDING COMPANY III LIMITED**

### **DIRECTORS' REPORT**

**For the year ended 31 December 2016**

---

#### **Directors**

The directors who served during the year ended 31 December 2016 and up to the date of signing the financial statements are as follows:

Adrienne Beth Bolan

Richard Donald McMichael

Christopher John White (Resigned 13 June 2017)

Carlos Manuel Velazquez (Resigned 26 May 2017)

#### **Directors' indemnities**

The ultimate parent undertaking 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 2016 and as at the date of approval of the Annual Report.

#### **Dividends**

The Company paid no interim dividend for the year ended 31 December 2016 (2015: \$40,000,000). No final dividend was proposed for the year ended 31 December 2016 (2015: nil).

#### **Dividend reclamation**

In the previous financial year on 29 December 2015, an interim dividend was proposed and paid in the amount of US\$40 million. The declaration and payment of such dividend to World Fuel Services Corporation was partly from accumulated losses. Accordingly, the Company rectified this illegal dividend by reversing the original dividend declaration through a board resolution on 19 October 2016 amounting to \$200,000.

#### **Going concern**

The Company's loss for the financial year was \$11,336,415 (2015: profit of \$78,651,273). At 31 December 2016 the Company had net current liabilities of \$34,295,758 (2015: net current assets of \$16,281,136).

The Company is funded via intercompany loans from its ultimate parent undertaking, World Fuel Services Corporation. 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 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. Thus they have adopted the going concern basis in preparing the financial statements.

#### **Financial risk management**

The financial risk management of the Company is handled by the ultimate parent undertaking as part of the operations of the World Fuel Services Corporation group. The financial risk objectives, policies and exposures are described in the financial statements of the ultimate parent company in the 2016 annual report on Form 10-K which does not form part of this report.

## **WFS UK HOLDING COMPANY III LIMITED**

### **DIRECTORS' REPORT – CONTINUED**

**For the year ended 31 December 2016**

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#### **Financial risk management – continued**

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

##### *Currency risk*

The Company's exposure to exchange rate changes results from amounts due from related companies denominated in Sterling. The Company mitigates the exchange risk through participation in a foreign currency hedge entered into by a related company. The purpose of the hedge is to mitigate risk across a number of the World Fuel Corporation Group entities, the focus being on the foreign currency exposure of the Group as opposed to individual entities.

##### *Price risk*

The Company has no exposure to price risk.

##### *Interest rate risk*

The Company has exposure to interest rate risk given that certain long-term debt outstanding at 31 December 2016 bears interest of variable rates.

##### *Credit risk*

Credit risk arises from trade and other receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables as presented on the balance sheet. The Company does not hold any collateral as security.

##### *Liquidity risk*

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

#### **Future developments**

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

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual 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:

## **WFS UK HOLDING COMPANY III LIMITED**

### **DIRECTORS' REPORT – CONTINUED**

**For the year ended 31 December 2016**

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#### **Statement of directors' responsibilities - continued**

- select suitable accounting policies and then apply them consistently;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

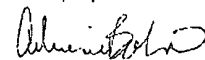
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Company Number: 8913303  
The Broadgate Tower Third Floor  
20 Primrose Street, London, United Kingdom  
EC2A 2RS

30 November 2017

On behalf of the board,



**Adrienne Beth Bolan, Director**

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WFS UK HOLDING COMPANY III LIMITED**

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## **Report on the financial statements**

---

### **Our opinion**

In our opinion, WFS UK Holding Company III Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.
- 

### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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### **Opinion on other matter prescribed by the Companies Act 2006**

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In our opinion, based on the work undertaken in the course of the audit:

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

---

### **Other matters on which we are required to report by exception**

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#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WFS UK HOLDING COMPANY III LIMITED - CONTINUED**

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### **Responsibilities for the financial statements and the audit**

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#### **Our responsibilities and those of the directors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **What an audit of financial statements involves**

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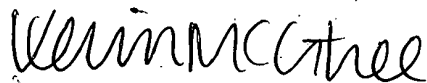
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Kevin McGhee (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

30 November 2017

**WES UK HOLDING COMPANY III LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 31 December 2016**

	Note	2016	2015
		\$	\$
Dividend income		-	88,000,000
Administrative expenses		(12,527)	(206,923)
Other operating income/(expense)		13,681	(2,210,700)
<b>Operating profit</b>	<b>3</b>	<b>1,154</b>	<b>85,582,377</b>
Finance income	5	556,085	2,223,586
Finance costs	6	(11,893,654)	(9,154,690)
<b>(Loss)/profit before taxation</b>		<b>(11,336,415)</b>	<b>78,651,273</b>
Income tax expense	7	-	-
<b>(Loss)/profit for the financial year</b>		<b>(11,336,415)</b>	<b>78,651,273</b>
Other comprehensive income		-	-
<b>Total comprehensive (loss)/income for the year</b>		<b>(11,336,415)</b>	<b>78,651,273</b>

The notes to the financial statements on pages 11 to 18 form an integral part of these financial statements.

# WFS UK HOLDING COMPANY III LIMITED

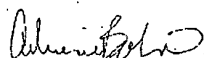
## BALANCE SHEET

As at 31 December 2016

	Note	2016 \$	2015 \$
<b>Non-current assets</b>			
Investments	8	222,866,826	174,292,359
<b>Current assets</b>			
Trade and other receivables	9	49,858	48,218,383
<b>Total assets</b>		<b>222,916,684</b>	<b>222,510,742</b>
<b>Non-current liabilities</b>			
Borrowings	11	159,903,118	150,569,130
<b>Current liabilities</b>			
Trade and other payables	10	34,345,616	31,937,247
<b>Total liabilities</b>		<b>194,248,734</b>	<b>182,506,377</b>
<b>Net assets</b>		<b>28,667,950</b>	<b>40,004,365</b>
<b>Equity</b>			
Share capital	12	333	333
Share premium		40,000,000	40,000,000
(Accumulated losses) / Retained earnings		(11,332,383)	4,032
<b>Total shareholders' funds</b>		<b>28,667,950</b>	<b>40,004,365</b>

The notes to the financial statements on pages 11 to 18 form an integral part of these financial statements.

The financial statements on pages 8 to 18 were approved by the board on 30 November 2017 and were signed on its behalf by:



Adrienne Beth Bolan, Director

Company Number: 08913303

# WFS UK HOLDING COMPANY III LIMITED

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital	Share premium	(Accumulated losses) / Retained earnings	Total shareholders' funds
	\$	\$	\$	\$
<b>Balance at 1 January 2015</b>	<b>333</b>	<b>40,000,000</b>	<b>(38,847,241)</b>	<b>1,153,092</b>
Dividends	-	-	(40,000,000)	(40,000,000)
Dividend reclamation receivable	-	-	200,000	200,000
<i>Comprehensive income for the year</i>				
Profit for the financial year	-	-	78,651,273	78,651,273
Other comprehensive income	-	-	-	-
<b>Balance at 31 December 2015</b>	<b>333</b>	<b>40,000,000</b>	<b>4,032</b>	<b>40,004,365</b>
<i>Comprehensive loss for the year</i>				
Loss for the financial year	-	-	(11,336,415)	(11,336,415)
Other comprehensive income	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>333</b>	<b>40,000,000</b>	<b>(11,332,383)</b>	<b>28,667,950</b>

The notes to the financial statements on pages 11 to 18 form an integral part of these financial statements.

## **WFS UK HOLDING COMPANY III LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2016**

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#### **(1) GENERAL INFORMATION**

WFS UK Holding Co III Limited ("the Company") is a private company limited by shares incorporated and domiciled in England, the United Kingdom ("UK"). The ultimate holding company is World Fuel Services Corporation ("ultimate parent undertaking") incorporated in the State of Florida, the United States of America.

The Company's principal activities include being an investment holding company.

#### **(2) 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);
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
  - 16 (statement of compliance with all IFRS);
  - 38 (comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- 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.

## **WFS UK HOLDING COMPANY III LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2016**

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#### **(2) ACCOUNTING POLICIES – CONTINUED**

##### **2.2 Consolidated financial statements**

The financial statements contain information about WFS UK Holding Company III Limited as an individual company and do not contain consolidated financial information as the parent of the Group. The Company has taken the exemption under Section 401 of the Companies Act 2006 from the requirement to prepare, for the current year, consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated statements of its ultimate parent undertaking, World Fuel Services Corporation, a company incorporated in the United States of America, and whose financial statements are publicly available.

##### **2.3 Going concern**

The Company's loss for the financial year was \$11,336,415 (2015: profit of \$78,651,273). At 31 December 2016 the Company had net current liabilities of \$34,295,758 (2015: net current assets of \$16,281,136).

The Company relies on funding via intercompany loans from its ultimate parent company, World Fuel Services Corporation. The directors have obtained confirmation from World Fuel Services Corporation that it will provide adequate support to enable the Company to meet its current obligations for a period at least one year from the date of approval of these financial statements.

As a result of 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. Thus they have adopted the going concern basis in preparing the financial statements.

##### **2.4 Dividend income**

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

##### **2.5 Interest income**

Interest income is recognised using the effective interest method.

##### **2.6 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

##### **2.7 Current and deferred income tax**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## **WFS UK HOLDING COMPANY III LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2016**

---

#### **(2) ACCOUNTING POLICIES – CONTINUED**

##### **2.7 Current and deferred income tax – continued**

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

##### **2.8 Foreign currency translation**

###### **(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 in which the company operates ("functional currency"). 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 exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

##### **2.9 Investments in subsidiaries**

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

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

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

## **WFS UK HOLDING COMPANY III LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2016**

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#### **(2) ACCOUNTING POLICIES – CONTINUED**

##### **2.11 Trade and other receivables**

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.

##### **2.12 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.

##### **2.13 Borrowings**

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

##### **2.14 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.

##### **2.15 Dividend distribution**

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

##### **2.16 Critical accounting judgements and estimates**

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

###### *Impairment of investments in subsidiaries*

The Company 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.



## WFS UK HOLDING COMPANY III LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### (3) OPERATING PROFIT

Operating profit is stated after crediting / (charging):

	<u>2016</u>	<u>2015</u>
	\$	\$
Intercompany dividend income	-	88,000,000
Dividend reclamation receivable / (payable)	13,681	(2,210,700)
Auditors' remuneration	<u>(12,527)</u>	<u>(17,634)</u>

#### (4) EMPLOYEE COSTS AND DIRECTORS' REMUNERATION

The Company has no employees during the year ended 31 December 2016 (2015: none).

The Company's directors received no remuneration during the year ended 31 December 2016 (2015: \$nil) in connection with their services to the Company.

#### (5) FINANCE INCOME

	<u>2016</u>	<u>2015</u>
	\$	\$
Interest receivable on loan to related companies	556,085	-
Foreign exchange gain	-	2,223,586
	<u>556,085</u>	<u>2,223,586</u>

#### (6) FINANCE COSTS

	<u>2016</u>	<u>2015</u>
	\$	\$
Interest on loans payable to related companies	9,333,987	9,154,690
Foreign exchange loss	2,559,667	-
	<u>11,893,654</u>	<u>9,154,690</u>

#### (7) INCOME TAX EXPENSE

	<u>2016</u>	<u>2015</u>
	\$	\$
<b>Current taxation</b>		
UK corporation tax on (loss) / profit for the year	-	-
<b>Tax on (loss) / profit for the year</b>	<u>-</u>	<u>-</u>

The tax charge differs from the standard UK corporation tax rate of 20% (2015: 20.25%) due to certain factors.

# WFS UK HOLDING COMPANY III LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### (7) INCOME TAX EXPENSE - CONTINUED

The factors affecting the tax charge are reconciled below:

	2016	2015
	\$	\$
(Loss)/profit before taxation	(11,336,415)	78,651,273
(Loss)/profit before taxation multiplied by the standard rate in the UK of 20% (2015: 20.25%)	(2,267,283)	15,926,883
Effects of:		
Group relief surrendered for nil consideration	2,267,283	1,445,450
Permanent differences	-	(17,372,333)
Total tax charge for the year	-	-

### *Factors affecting current and future tax charges*

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

### (8) INVESTMENTS

	Shares in subsidiary undertakings
	\$
Cost	
As at 1 January 2016	174,292,359
Additions	48,574,467
As at 31 December 2016	<u>222,866,826</u>
Net book value 31 December 2016	<u>222,866,826</u>
Net book value 31 December 2015	<u>174,292,359</u>

At 31 March 2016 the Company agreed a debt for equity swap with its wholly owned subsidiary, WFL (UK) Limited, whereby the Company increased its investment in the subsidiary by the amount outstanding on the loan note and accrued interest due from the subsidiary.

The directors believe that the carrying values of the investments are supported by the underlying net assets.

## WFS UK HOLDING COMPANY III LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### (8) INVESTMENTS - CONTINUED

The following are wholly-owned subsidiary undertakings of the Company as at 31 December 2016:

<u>Subsidiary</u>	<u>Principle business activities</u>	<u>Address</u>	<u>Percentage of ownership</u>
WFL (UK) Limited	Oil trading	The Broadgate Tower Third Floor, 20 Primrose Street, London, EC2A 2RS	100.00%

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

#### (9) TRADE AND OTHER RECEIVABLES

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
Note receivable	-	48,000,000
Dividend reclamation	-	200,000
Interest receivable	-	18,383
Other receivables	49,858	-
	<u>49,858</u>	<u>48,218,383</u>

At 29 December 2015, the Company granted a loan to its subsidiary, WFL (UK) Limited ("WFL") in the amount of \$48,000,000. The loan is granted for an indefinite period and bears an interest rate of Libor + 3.5%. The interest is payable annually with a receivable recognised at 31 December 2015 of \$18,383.

At 31 March 2016, the outstanding balance on the loan note and the accrued interest were converted into shares in WFL as part of a debt for equity swap (note 8).

#### (10) TRADE AND OTHER PAYABLES

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
Amounts owed to group undertakings	34,335,131	26,719,352
Dividend reclamation payable	-	2,210,700
Other creditors	10,485	3,007,195
	<u>34,345,616</u>	<u>31,937,247</u>

The amounts owed to group undertakings are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on demand.

## WFS UK HOLDING COMPANY III LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### (11) BORROWINGS

	<u>2016</u>	<u>2015</u>
	\$	\$
<b>Non-current</b>		
Loans payable to related companies	146,292,179	146,292,358
Accrued interest payable	13,610,939	4,276,772
	<u><b>159,903,118</b></u>	<u><b>150,569,130</b></u>

On 7 March 2014, the Company issued loan notes totaling \$44,292,358 to a related Company, WFS UK Holding II Limited. The loan note bears interest of 4% per annum, payable annually in arrears. The loan has a maturity term of three years with the full balance to be repaid on 7 March 2017. Interest payable on the loan as at 31 December 2016 is \$5,044,407 (2015: \$3,272,713). This amount will be paid in full once the winding-up of the Watson Petroleum Limited defined benefit scheme has been completed.

On 6 March 2014 the Company issued a zero coupon loan note, to a related Company, WFS US Holding Company VII Limited. The loan note was issued at a subscription price of \$90,000,000. The loan is repayable in amounts of \$30,000,000 and \$121,587,649 on 31 December 2020 and 31 March 2021 respectively. The effective rate of interest is 7.5%. Interest accrued on the loan as at 31 December 2016 is \$8,002,616 (2015: \$999,464).

On 29 December 2015 the Company issued a loan note totaling \$12,000,000, to a related Company, World Fuel Services Europe, Ltd. The loan is repayable on 29 December 2020. The loan carries interest rate of three-month Libor + 3.5%. Interest accrued on the loan as at 31 December 2016 is \$563,736 (2015: \$4,596).

#### (12) SHARE CAPITAL

	<u>2016</u>	<u>2015</u>
	\$	\$
<b>Authorised</b>		
200 (2015: 200) ordinary A shares of £1.00 each	<u>333</u>	<u>333</u>
<b>Allotted, called up and fully paid</b>		
200 (2015: 200) ordinary A shares of £1.00 each	<u>333</u>	<u>333</u>

#### (13) ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking and ultimate parent undertaking and controlling party is World Fuel Services Corporation, a company incorporated 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 41<sup>st</sup> Street, Suite 400, Miami, Florida USA 33178.