

# HOLCO MAN LIMITED

DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

Company Number: 1638058



# HOLCO MAN LIMITED

## **Directors**

T P M Stroud  
C Fernandez (appointed 5 January 2021)

## **Company Secretary**

G A Bassey

## **Company Registration Number**

1638058

## **Registered Office**

3 London Bridge Street  
London  
SE1 9SG

# HOLCO MAN LIMITED

## Strategic Report

### Business review and future developments

The unaudited financial statements for Holco Man Limited ("the Company") are shown on pages 5 to 13. The profit for the year ended 30 September 2020 after taxation amounted to \$388,000 (2019: \$3,055,000).

During the year, the Company paid an interim dividend of \$1,500,000 (2019: \$nil).

The principal activity of the company is that of Trade Finance, primarily in the commodity marketplace, although the Company ceased trading on 31 December 2019. The Company monitors performance on an on-going basis. The key performance indicator is considered to be profit before taxation. The functional and presentational currency of the Company is US Dollars as this is the currency in which the majority of the Company's trading transactions are denominated.

### Principal risks and uncertainties

The Company's business carries a number of risks and uncertainties including fluctuations in interest rates, foreign currency exchange rates, commodity prices, counterparty risks, and operational risks which include insurance and legal risks in different jurisdictions. The Company mitigates these risks through hedging on futures markets where appropriate, by employing dedicated, in-house legal and insurance professionals, and through the operation of the Company's risk function.

### Financial risks

Details of the Company's financial risks, are as follows:

#### Foreign currency exchange risk

The Company manages exposures to foreign currency fluctuations by entering into spot or forward foreign currency contracts.

#### Credit risk

Credit risk is the potential exposure of the Company to loss in the event of non-performance by a counterparty. The Company controls credit risk through credit approval processes for new counterparties, credit limits for all counterparties, annual reassessment of significant counterparty limits, weekly monitoring of individual exposures against limits, obtaining collateral as a security/pledge, and monthly reviews of exposures against limits by the Company's risk function.

#### Liquidity risk

Liquidity risk is the risk that sources of funding for the Company's business activities may not be available. This risk is managed by the Company in conjunction with the treasury function of E D & F Man Holdings Limited.

#### Operational risk

Operational risk is the risk of a loss or other adverse consequence arising from inadequate or failed internal processes, people and systems, or from external events. The Company mitigates its operational risk exposures through the implementation of an effective control environment.

#### Legal and compliance risk

This category includes the risk of non-compliance with applicable legal frameworks. The Company has established procedures that are designed to ensure compliance with applicable statutory requirements. The Company has established internal policies relating to ethics and business conduct, compliance with applicable legal requirements, as well as training and other procedures designed to ensure that these policies are followed.

By Order of the Board

  
G A Bassey  
Company Secretary  
5 February 2021

## Directors' Report

The directors present their report and unaudited financial statements for the year ended 30 September 2020.

These unaudited financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework." Under this standard the unaudited financial statements have been prepared by applying a financial reporting framework based on the recognition and measurement requirements of EU-adopted IFRS, as amended where necessary in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, but with reduced disclosure requirements, on the basis that equivalent disclosures have been made in the consolidated financial statements of the company's ultimate parent.

For the year ended 30 September 2020, the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

### Donations

The Company made no political donations in either year.

### Directors

The directors who held office during the year were as follows:

T P M Stroud  
C Fernandez (appointe 5 January 2021)

None of the directors above held any beneficial interest in the shares of the company during the year.

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year that 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 those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that 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. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Indemnity

During the period under review, the Company had in force an indemnity provision in favour of one or more of the Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in Section 234 of the Companies Act 2006.

# HOLCO MAN LIMITED

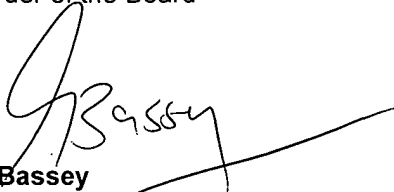
## Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

## Events after the Balance Sheet date

There have been no events after the Balance Sheet date which require disclosure in these unaudited financial statements.

By order of the Board



**G A Bassey**  
**Company Secretary**  
**5 February 2021**

# HOLCO MAN LIMITED

## Profit and Loss Account

For the year ended 30 September 2020

|  | Note | 2020<br>\$'000    | 2019<br>\$'000      |
|--|------|-------------------|---------------------|
| Revenue  | 2    | 454               | 4,088               |
| Direct trading costs                                 |      | <u>6</u>          | <u>(7)</u>          |
| <b>Gross profit</b>                                  |      | 460               | 4,081               |
| Operating expenses                                   |      | <u>(2)</u>        | <u>-</u>            |
| <b>Operating profit</b>                              | 3    | 458               | 4,081               |
| Net interest receivable and similar income           | 5    | 84                | 1                   |
| Net interest payable and similar charges             | 6    | <u>(63)</u>       | <u>(310)</u>        |
| <b>Profit on ordinary activities before taxation</b> |      | 479               | 3,772               |
| Taxation   | 7    | <u>(91)</u>       | <u>(717)</u>        |
| <b>Profit for the year</b>                           |      | <u><u>388</u></u> | <u><u>3,055</u></u> |

All disclosures for the year ended 30 September 2020 relate to continuing operations.

The Company has no comprehensive income other than the profit above.

The accounting policies and notes on pages 8 to 13 form part of, and should be read in conjunction with, these unaudited financial statements.

HOLCO MAN LIMITED

**Balance Sheet**

As at 30 September 2020

|   | Note | 2020<br>\$'000 | 2019<br>\$'000 |
|---|------|----------------|----------------|
| <b>Non-current assets</b>                             |      |                |                |
| Investments in subsidiaries                           | 8    | <u>8</u>       | <u>8</u>       |
|   |      | 8              | 8              |
| <b>Current assets</b>                                 |      |                |                |
| Debtors   | 9    | <u>11,488</u>  | <u>15,803</u>  |
| <b>Creditors: amounts falling due within one year</b> | 10   | <u>(808)</u>   | <u>(4,011)</u> |
| Net current assets/(liabilities)                      |      | <u>10,680</u>  | <u>11,792</u>  |
| <b>Net assets</b>                                     |      | <u>10,688</u>  | <u>11,800</u>  |
| <b>Capital and reserves</b>                           |      |                |                |
| Called up share capital                               | 11   | 2,850          | 2,850          |
| Retained earnings                                     |      | <u>7,838</u>   | <u>8,950</u>   |
| <b>Shareholders' funds</b>                            |      | <u>10,688</u>  | <u>11,800</u>  |

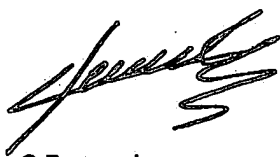
For the year ended 30 September 2020, the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

**Directors' Responsibilities**

No member has required the Company to obtain an audit of the financial statements for the year ended 30 September 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The unaudited financial statements on pages 5 to 13 were approved and authorised for issue by the Board on 5 February 2021 and were signed on its behalf by:



**C Fernandez**  
Director

The accounting policies and notes on pages 8 to 13 form part of, and should be read in conjunction with, these unaudited financial statements.

HOLCO MAN LIMITED

**Statement of Changes in Equity**

For the year ended 30 September 2020

|                             | Called Up<br>Share Capital<br>\$'000 | Retained<br>earnings<br>\$'000 | Total<br>Equity<br>\$'000 |
|-----------------------------|--------------------------------------|--------------------------------|---------------------------|
| At 1 October 2018           | 2,850                                | 5,895                          | 8,745                     |
| Profit for the year         | -                                    | 3,055                          | 3,055                     |
| <b>At 30 September 2019</b> | <b>2,850</b>                         | <b>8,950</b>                   | <b>11,800</b>             |
| Profit for the year         | -                                    | 388                            | 388                       |
| Dividends paid (note 12)    | -                                    | (1,500)                        | (1,500)                   |
| <b>At 30 September 2020</b> | <b>2,850</b>                         | <b>7,838</b>                   | <b>10,688</b>             |

The accounting policies and notes on pages 8 to 13 form part of, and should be read in conjunction with, these financial statements.



## Notes to the Financial Statements

### 1. Accounting policies

#### Basis of accounting

Holco Man Limited is a private limited company incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS101). Under this standard the accounts have been prepared by applying a financial reporting framework based on the recognition and measurement requirements of EU-adopted IFRS, as amended where necessary in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, but with reduced disclosure requirements, on the basis that equivalent disclosures have been made in the consolidated financial statements of the company's ultimate parent.

The financial statements have been prepared under the historical cost basis as modified by the revaluation of certain financial instruments in accordance with the Companies Act 2006 and EU-adopted IFRS. The financial statements have been rounded to the nearest \$1,000.

FRS101 grants exemptions from the disclosures requirements of certain EU-adopted IFRS. The company has taken advantage of the following disclosure exemptions:

- No Statement of Cash Flows has been presented
- The Financial Instrument disclosures required by IFRS7
- Related Party disclosures in respect of transactions with wholly-owned members of the ultimate parent and key management personnel compensation have not been presented.
- Disclosures in respect of the estimated effect of new IFRS issued but not yet effective have not been presented.

The Company is able to apply these exemptions as its financial statements are consolidated in the financial statements of its ultimate parent company, E D & F Man Holdings Limited (see note 14) prepared under EU-adopted IFRS.

#### Functional and presentational currency

The functional and presentational currency of the Company is US Dollars as this is the currency in which the majority of the Company's trading transactions are denominated.

#### Basis of preparation

The directors consider it appropriate to prepare the accounts on a going concern basis, as they believe that the Company is able to meet its liabilities as they fall due for the foreseeable future.

#### Revenue recognition

Revenue comprises interest income and other income. Interest income is generated from financing transactions and is recognised as earned. Other income includes transaction income and other sundry income.

#### Direct trading costs

Direct trading costs comprise trading interest expense and other attributable trading costs, where applicable.

## Notes to the Financial Statements (continued)

### 1. Accounting policies (continued)

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or an average rate for the year. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Balance Sheet date. All differences are taken to the profit and loss account.

#### Financial instruments

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL) depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset.

Financial assets are initially recognised at fair value, including directly attributable costs. Subsequently financial assets are carried at fair value (assets held for trading, available for sale investments, derivatives and marketable securities) or at amortised cost less impairment using the effective interest rate method (trade receivables, advances, loans and securities purchased under agreements to resell back to clients).

Financial liabilities, other than derivative financial instruments or those held for trading, are initially recognised at fair value, net of transaction costs as appropriate, and subsequently carried at amortised cost and fair value through profit and loss.

The Company uses various financial instruments for trading purposes or as economic hedges to reduce certain exposures to foreign exchange risks, future commodity and equity price risks and interest rate risks. These include forward currency contracts, currency options, futures and options with recognised exchanges.

IFRS 9 sets out definitions for derivative financial instruments ("DFI") which affect the accounting treatment of the majority of the Company's futures (trading and economic hedging) activities and derivatives held with clients. IFRS 9 requires that certain financial assets and liabilities, including all DFI, except those which qualify for the "own use" exemption as referred to below, be fair valued with gains and losses shown as assets and liabilities within the balance sheet, and changes in fair value recorded in the profit or loss.

A loss allowance for expected credit losses is determined for all financial assets, other than those at fair value through profit and loss (FVTPL), at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Company applies the simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit losses on these financial assets is estimated using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information.

For all other financial assets at amortised cost, the Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by:

- A review of overdue amounts,
- Comparing the risk of default at the reporting date and at the date of initial recognition, and
- An assessment of relevant historical and forward-looking quantitative and qualitative information.

## Notes to the Financial Statements (continued)

### 1. Accounting policies (continued)

#### Financial instruments (continued)

If the credit risk on the financial instrument has not increased significantly since initial recognition, MCM measures the loss allowance for that financial instrument at an amount equal to 12-months expected credit loss, which comprises the expected lifetime loss from the instrument were a default to occur within 12 months of the reporting date.

MCM writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Non-current financial assets (mainly non-listed equity instruments) are fair valued in compliance with IFRS 13. Fair value gains and losses on available for sale financial assets are irrevocably designated at inception to be carried through profit or loss or other comprehensive income. This election is made on an instrument-by-instrument basis.

MCM's valuation strategy for derivatives and other financial instruments utilises, as far as possible, quoted prices in an active market. Valuations fall into three levels of reliability:

Level 1 – utilises quoted prices in an active market for an identical asset or liability;

Level 2 – utilises quoted prices in an active market for similar products or derives the valuation from other observable or market corroborated inputs into an industry standard model; and

Level 3 – where a market price for a similar product is not observable, the valuation uses inputs based on internal models or other valuation techniques.

If at inception of a contract the valuation cannot be supported by observable market data, any gain or loss determined by a valuation methodology, commonly known as "day-one profit or loss", is not recognised in the profit or loss but is deferred on the balance sheet. The deferred gain or loss is recognised in the profit or loss over the life of the contract until substantially all of the remaining contract term can be valued using observable market data at which point any remaining deferred gain or loss is recognised in the profit or loss. Changes in valuation from this initial valuation are recognised immediately through the profit or loss.

#### Impairment

The carrying values of assets are reviewed for impairment if events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is provided for in the current year profit and loss account when the carrying value of the asset exceeds its estimated recoverable amount. The estimated recoverable amount is defined as the higher of the net realisable value and value in use. The value in use is determined by reference to estimated future discounted cash flows.

#### Taxation

Tax on the profit and loss for the year comprises current and deferred taxation. Tax is recognised in the Profit and Loss Account. Current taxation is the expected tax payable on the taxable profit for the year and any adjustments to tax payable in respect of previous years.

A deferred tax asset or liability is recognised in respect of all deductible or taxable temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date.

**Notes to the Financial Statements (continued)**

**1. Accounting policies (continued)**

**Taxation (continued)**

Deferred tax assets are recognised for deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on the tax rates and laws enacted or substantively enacted at the year end date.

**2. Revenue**

|                 | <b>2020</b>   | <b>2019</b>   |
|-----------------|---------------|---------------|
|                 | <b>\$'000</b> | <b>\$'000</b> |
| Interest income | 317           | 1,807         |
| Other income    | 137           | 2,281         |
|                 | <u>454</u>    | <u>4,088</u>  |

**3. Operating profit**

Operating profit is stated after charging:

|                              | <b>2020</b>   | <b>2019</b>   |
|------------------------------|---------------|---------------|
|                              | <b>\$'000</b> | <b>\$'000</b> |
| Foreign exchange differences | <u>(6)</u>    | <u>7</u>      |

**4. Staff costs**

There were no employees of the Company during the year (2019: nil).

The directors of the Company receive emoluments for their services as employees of other Group companies. The directors do not believe that it is practicable to apportion the amount paid between their services as directors or employees of other group companies and their services as directors of the Company.

**5. Net interest receivable and similar income**

|                               | <b>2020</b>   | <b>2019</b>   |
|-------------------------------|---------------|---------------|
|                               | <b>\$'000</b> | <b>\$'000</b> |
| Interest receivable on:       |               |               |
| - loans to group undertakings | <u>84</u>     | <u>1</u>      |

**6. Net interest payable and similar charges**

|                                 | <b>2020</b>   | <b>2019</b>   |
|---------------------------------|---------------|---------------|
|                                 | <b>\$'000</b> | <b>\$'000</b> |
| Interest payable on:            |               |               |
| - loans from group undertakings | <u>63</u>     | <u>310</u>    |

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**Notes to the Financial Statements (continued)**

**7. Tax on profit on ordinary activities**

|                                       | <b>2020</b><br><b>\$'000</b> | <b>2019</b><br><b>\$'000</b> |
|---------------------------------------|------------------------------|------------------------------|
| UK corporation tax at 19% (2019: 19%) | 91                           | 717                          |
| Tax on profit on ordinary activities  | 91                           | 717                          |

|   | <b>2020</b><br><b>\$'000</b> | <b>2019</b><br><b>\$'000</b> |
|---|------------------------------|------------------------------|
| <i>Reconciliation of the taxation charge</i>  |                              |                              |
| Profit on ordinary activities before taxation | 479                          | 3,772                        |
| Profit at UK tax rate of 19% (2019: 19%)      | 91                           | 717                          |
| Total taxation                                | 91                           | 717                          |

**8. Investments in subsidiaries**

|                              | <b>2020</b><br><b>\$'000</b> | <b>2019</b><br><b>\$'000</b> |
|------------------------------|------------------------------|------------------------------|
| At the beginning of the year | 8                            | -                            |
| Additions                    | -                            | 8                            |
| At the end of the year       | 8                            | 8                            |

These investments are listed below. The country of operation is the same as the country of incorporation and the Balance Sheet date is 30 September unless otherwise stated. The nature of all the business is financial services.

| <b>Subsidiary</b>                           | <b>Accounting<br/>Reference<br/>Date</b> | <b>Country of<br/>Incorporation</b> |
|---|--|-------------------------------------|
| E D & F Man Capital Markets Mexico SA de CV | 31 December                              | Mexico                              |
| E D & F Man Participacoes Financeiras Ltda  |  | Brazil                              |

On 8 August 2019, the Company increased its investment in E D & F Man Participacoes Financeiras Ltda by BRL 30,000.

**9. Debtors**

|                                     | <b>2020</b><br><b>\$'000</b> | <b>2019</b><br><b>\$'000</b> |
|-------------------------------------|------------------------------|------------------------------|
| Trade debtors                       | -                            | 15,153                       |
| Amounts due from group undertakings | 11,488                       | -                            |
| Prepayments and accrued income      | -                            | 650                          |
|                                     | 11,488                       | 15,803                       |

HOLCO MAN LIMITED

**Notes to the Financial Statements (continued)**

**10. Creditors**

|  | 2020<br>\$'000 | 2019<br>\$'000 |
|--|----------------|----------------|
| <b>Amounts falling due within one year</b> |                |                |
| Amounts owed to group undertakings         | -              | 3,294          |
| Corporation tax payable                    | 808            | 717            |
|  | <u>808</u>     | <u>4,011</u>   |

All amounts owed to group undertakings are payable on demand.

**11. Share capital**

|  | Authorised<br>Number | \$'000       | Issued and fully paid<br>Number | \$'000       |
|--|----------------------|--------------|---------------------------------|--------------|
| Ordinary shares of £1 each<br>attributable to equity interests |                      |              |                                 |              |
| At 30 September 2019 and at 30<br>September 2020               | <u>1,500,000</u>     | <u>2,850</u> | <u>1,500,000</u>                | <u>2,850</u> |

The sterling Ordinary shares are converted into United States Dollars at the fixed rate of \$1.90 to £1. The underlying share capital value, however, remains in sterling. If this results in a statement of reduced value compared with the rate of exchange current at the date of the Balance Sheet, transfers are made to non-distributable reserves in order to maintain their sterling value of the share capital.

**12. Dividends paid**

|  | 2020<br>\$'000 | 2019<br>\$'000 |
|--|----------------|----------------|
| Declared and paid during the year:                     |                |                |
| Interim dividend for 2020: \$1 (2019: \$nil) per share | <u>1,500</u>   | <u>-</u>       |

**13. Related party transactions**

During the year, there were no related party transactions with key management personnel.

**14. Events after the Balance Sheet date**

There have been no events after the Balance Sheet date which require disclosure in these financial statements.

**15. Ultimate parent undertaking**

The immediate parent undertaking is E D & F Man Financial Services Holdings Limited, a company registered in England and Wales. The ultimate parent undertaking is E D & F Man Holdings Limited, a company registered in England and Wales. The financial statements of E D & F Man Holdings Limited are available from:

E D & F Man Holdings Limited  
3 London Bridge Street  
London  
SE1 9SG

The smallest group of undertakings of which the Company is a member that draws up group financial statements is that of E D & F Man Holdings Limited.