

Falmouth Petroleum Limited

Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number 07015068

Falmouth Petroleum Limited

Company Information

Director	Richard Donald McMichael
Company secretary	Reed Smith Corporate Services Limited
Registered number	07015068
Registered office	The Broadgate Tower, Third Floor 20 Primrose Street London EC2A 2RS
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Falmouth Petroleum Limited

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Falmouth Petroleum Limited

Strategic Report (continued) For the Year Ended 31 December 2022

The director presents here with the Strategic Report and Director's Report together with the audited financial statements of Falmouth Petroleum Limited (the "Company") for the year ended 31 December 2022.

Principal activities

The Company, incorporated in England and Wales in the United Kingdom, is a wholly owned subsidiary of World Fuel Services European Holding Company I, Ltd, also incorporated in England and Wales in the United Kingdom, which is a wholly owned subsidiary of World Fuel Services (Singapore) Pte. Ltd., incorporated in Singapore. The ultimate holding company is World Kinect Corporation (formerly known as World Fuel Services Corporation) (the "Ultimate Parent Undertaking"), incorporated in the State of Florida in the United States of America. On 15 June 2023, the Ultimate Parent Undertaking's shareholders approved an amendment to the company's articles of Incorporation, as amended, changing the Ultimate Parent Undertaking's name from World Fuel Services Corporation to World Kinect Corporation.

From January 2021, the Company's principal activity was expanded to provide in the near term, third-party storage and terminal operations through established locations in the United Kingdom. This involves the storage of liquid fuel products at the terminal and the company providing the necessary storage and handling services, as agreed with external parties.

Business review and future outlook

The financial statements show that revenue was \$4,775,474 for the year ended 31 December 2022 (2021: \$12,669,314). The profit after tax for the financial year ended 31 December 2022 was \$264,158 (2021: \$836,580). Net liabilities for the year ended 31 December 2022 were \$26,835,429 (2021: \$27,099,587).

The Company's revenue continues to decrease, primarily as a result of the focus on the new business stream, which includes third party storage and terminal activities. During the year, Falmouth's primary source of revenue is sublease income. As a result of the new agreement, the Company saw a decrease in revenue, although this was expected.

Profit after tax has decreased from \$836,580 to \$264,158 during the year. This decrease in profit is a result of the decrease in the Company's revenue, as well as an increase in tax expense of \$299,507 largely due to the impact on deferred tax of a change in the UK tax rate from 19% to 25% in 2023 and an increase in foreign exchange losses recorded during the year due to adverse movements in GBP versus USD.

Net current liabilities have moved from \$27,099,587 to \$26,835,429 as a result of the profit for the year.

The Company increased their overall gross profit margin to 55.3% (2021: 21.7%). This was possible due to a change of business model from a fuel reseller using a cost-plus basis, to a service based model, which generates a smaller revenue amount at a better gross profit margin. The current director believes that the Company is set up for the long term and will continue to manage risk whilst seeking future growth opportunities.

Principal risks and uncertainties

The Company's principal risks and uncertainties are integrated with the principal risks of the World Kinect Corporation Group (the "Group") and are not managed separately. World Kinect Corporation is the parent undertaking of the only group of undertakings to consolidate these financial statements. The principal risks and uncertainties of World Kinect Corporation, the Ultimate Parent Undertaking, are discussed from page 8 of the 2022 annual report on Form 10-K which does not form part of this report.

Falmouth Petroleum Limited

Strategic Report (continued) For the Year Ended 31 December 2022

Key Performance Indicators (“KPIs”)

The Company's director monitors progress and strategy by reference to the following KPIs:

	2022 \$	2021 \$	Change \$	Change %
Revenue	4,775,474	12,669,314	(7,893,840)	(62%)
Profit after tax for the year	264,158	836,580	(572,422)	(68%)

Refer to the business review above for details explaining the operating results for the year.

Section 172(1) statement

In line with the director's duties, under section 172(1) of the Companies Act 2006, the director must act in a way that is considered in good faith and would most likely promote the success of the Company, for the benefit of its members, as a whole. In 2022, whilst fulfilling their duties to promote the success of the Company, the director considered the interests of key stakeholders, having regard, amongst other matters to:

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

The director discharged his section 172 duty by taking these and other relevant factors into consideration when making decisions. The director ensured 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 director's duties and decisions made on behalf of the Company are supported by access to the Group and corporate governance policies and practices. The Group believes that good corporate governance is critical to support its efforts to achieve performance goals, 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 Director's Report (page 4) for additional details on stakeholder engagement.

In 2022, the director discussed new opportunities and projects within various areas, taking into consideration the benefits and impacts to key stakeholders. The principal decisions made by the director in the financial year included the following:

- Conducting a strategic review of the Company's business with the goal of maximising asset utilisation and optimising profitability, whilst maintaining the highest standards of stewardship and service.

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

- Our customers: were considered throughout to promote the goal that decisions made were properly balanced 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 (page 1).

Falmouth Petroleum Limited

Strategic Report (continued)
For the Year Ended 31 December 2021

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, eliminate or manage health and safety risks associated with its activities.

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



Richard Donald McMichael
Director

Date: 20 September 2023

Falmouth Petroleum Limited

Director's Report For the Year Ended 31 December 2022

Director

The director who served during the financial year ended 31 December 2022 and up to the date of signing the financial statements is as follows:

Richard Donald McMichael

Director indemnities

The Company provides an indemnity for any appointed director of the Company, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006. In addition, the Ultimate Parent Undertaking maintains liability insurance for its director and officers. The qualifying third-party indemnity was in place during the year ended 31 December 2022 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 2022 (2021: \$nil). No final dividend is proposed for the year ended 31 December 2022 (2021: \$nil).

Future outlook

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

Stakeholders' engagement statement

The Company's key stakeholder engagement and decision-making are integrated with the principles of the Ultimate Parent Undertaking, World Kinect Corporation (note 16). 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 of 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.

Financial risk management

The financial risk management of the Company is handled by the Ultimate Parent Undertaking as part of the operations of the Group. The financial risk objectives, policies and exposures are described in the financial statements of the Ultimate Parent Undertaking in the 2022 annual report on Form 10-K which does not form part of this report. The risks related to the new business introduced during the year as part of the Company's third-party storage and terminal activities are managed locally by the Company and are self-contained within the said agreements entered into during the year.

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

Currency risk

The Company is exposed to exchange rate fluctuations since certain transactions that the Company enters into are denominated in Great British Pound ("GBP"). The Company mitigates this risk through entry into group foreign currency hedges. The purpose of the hedges is to mitigate risk across a number of the Group entities, the focus being on the foreign currency exposure of the Group as opposed to individual entities. The Company does not enter into these derivative contracts directly, as the wider Group manages this through specified group undertakings.

Falmouth Petroleum Limited

Director's Report (continued) For the Year Ended 31 December 2022

Financial risk management (continued)

Price risk

The Company is reducing significantly its exposure to price risk as the change in its principal activity led the Company to contract with customers at fixed price on services related to third-party storage and terminal operation as part of its sublease income. While the Company has some revenue from the sale of fuel as a result of its handling and storage services, this risk is limited since these costs are agreed in advance with customers before being undertaken.

Interest rate risk

The Company has no significant exposure to interest rate risk.

Credit risk

The Company's principal financial assets are bank balances and cash and trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables net of provisions, due to the extension of unsecured credit to most of our customers, in the normal course of business. The value of the unsecured credit, plus cash held by the Company at 31 December 2022, amounted to \$553,303 (2021: \$1,183,494).

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 marine transportation industries, political instability, terrorist activities and natural disasters in our market areas.

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

Liquidity risk

The Company relies on financing from related group companies and short-term supplier credit as a 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 group companies with terms acceptable to the Company as the need arises.

Going concern

The profit after tax for the year was \$264,158 (2021: \$836,580) and net liabilities as at 31 December 2022 were \$26,835,428 (2021: \$27,099,587).

World Kinect Corporation, the Ultimate Parent Undertaking of Falmouth Petroleum Limited, has agreed to provide adequate financial support for a period of at least twelve months following the date of the of the Independent Auditor's Report for the Company's year ended 31 December 2022, 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 2022, as and when they fall due. As a result of the support from the Ultimate Parent Undertaking, the director has reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Company has adopted the going concern basis in preparing the financial statements.

Whilst COVID-19 had an effect on the World Kinect 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.

Falmouth Petroleum Limited

Director's Report (continued) For the Year Ended 31 December 2022

Post balance sheet events

In January 2021, the Company executed a two-year agreement to provide storage and other handling services to an unrelated party, as part of the Company's change in principal business. In February 2023 the Company executed an agreement to deliver these services for an additional year to an unrelated party ending in February 2024.

Disclosure of information to auditor

The person who is a director at the time when this Director's Report is approved has confirmed that:

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

Auditor

The auditor, BDO LLP, will be reappointed 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 by:



Richard Donald McMichael
Director

Date: 20 September, 2023

Falmouth Petroleum Limited

Statement of Director's Responsibilities

The director is responsible for preparing the Strategic Report and Director's Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

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

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

Falmouth Petroleum Limited

Independent Auditor's Report to the members of Falmouth Petroleum 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 2022 and of its profit 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 Falmouth Petroleum Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The director is responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Falmouth Petroleum Limited

Independent Auditor's Report to the members of Falmouth Petroleum Limited (continued)

Other Companies Act 2006 reporting

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

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

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Director's Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We, design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Falmouth Petroleum Limited

Independent Auditor's Report to the members of Falmouth Petroleum Limited (continued)

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

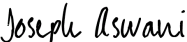
- We obtained an understanding of the legal and regulatory frameworks applicable to the entity and determined that the most significant which are directly relevant to the specific assertions in the financial statements are those related to the reporting framework (Financial Reporting Standard 102, the 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; and
- 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 processes and 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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

Date: 21 September 2023

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

Falmouth Petroleum Limited

Statement of Comprehensive Income For the Year Ended 31 December 2022

	Note	2022 \$	2021 \$
Revenue	5	4,775,474	12,669,314
Cost of sales		(2,136,161)	(9,915,000)
Gross profit		2,639,313	2,754,314
Administrative expenses		(1,644,126)	(1,439,354)
Operating profit	6	995,187	1,314,960
Finance costs		(12,000)	(58,858)
Profit for the financial year before taxation		983,187	1,256,102
Income tax expense	8	(719,029)	(419,522)
Profit for the financial year after taxation and total comprehensive income for the year		264,158	836,580

All amounts relate to continuing activities.

There was no other comprehensive income or loss during the year ended 31 December 2022, or the year ended 31 December 2021.

The notes on pages 14 to 27 form part of these financial statements.

Falmouth Petroleum Limited

Registered number: 07015068

Balance Sheet As at 31 December 2022

	Note	2022 \$	2021 \$
Non-current assets			
Property, plant and equipment	9	<u>15,754,685</u>	<u>15,867,080</u>
		15,754,685	15,867,080
Current assets			
Trade and other receivables	10	<u>447,917</u>	<u>457,623</u>
Cash and cash equivalents		<u>175,005</u>	<u>840,115</u>
		622,922	1,297,738
Total assets		<u>16,377,607</u>	<u>17,164,818</u>
Current liabilities			
Trade and other payables	11	<u>31,260,667</u>	<u>41,285,206</u>
		31,260,667	41,285,206
Non-current liabilities			
Deferred tax liability	12	<u>1,896,570</u>	<u>1,171,136</u>
Other payables	13	<u>10,055,799</u>	<u>1,808,063</u>
		11,952,369	2,979,199
Total liabilities		<u>43,213,036</u>	<u>44,264,405</u>
Net current liabilities		<u>(30,637,745)</u>	<u>(39,987,468)</u>
Net liabilities		<u>(26,835,429)</u>	<u>(27,099,587)</u>
Equity			
Share capital	14	<u>332</u>	<u>332</u>
Share premium		<u>9,999,835</u>	<u>9,999,835</u>
Accumulated losses		<u>(36,835,596)</u>	<u>(37,099,754)</u>
Total shareholder's deficit		<u>(26,835,429)</u>	<u>(27,099,587)</u>

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



Richard Donald McMichael
Director

Date: 20 September 2023

The notes on pages 14 to 27 form part of these financial statements.

Falmouth Petroleum Limited

Statement of Changes in Equity For the Year Ended 31 December 2022

	Share capital \$	Share premium \$	Accumulated losses \$	Total shareholder's deficit \$
Balance at 1 January 2021	332	9,999,835	(37,936,334)	(27,936,167)
Profit for the financial year after taxation and total comprehensive income for the year	-	-	836,580	836,580
Balance at 31 December 2021	<u>332</u>	<u>9,999,835</u>	<u>(37,099,754)</u>	<u>(27,099,587)</u>
Profit for the financial year after taxation and total comprehensive income for the year	-	-	264,158	264,158
Balance at 31 December 2022	<u><u>332</u></u>	<u><u>9,999,835</u></u>	<u><u>(36,835,596)</u></u>	<u><u>(26,835,429)</u></u>

The notes on pages 14 to 27 form part of these financial statements.

Falmouth Petroleum Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

1. General information

Falmouth Petroleum Limited (the "Company") is a private company, limited by share capital, incorporated and domiciled in England and Wales in the United Kingdom. The Company is a wholly owned subsidiary of World Fuel Services European Holding Company I, Ltd, also incorporated in England and Wales in the United Kingdom, which is a wholly owned subsidiary of World Fuel Services (Singapore) Pte. Ltd., incorporated in Singapore. The ultimate holding company is World Kinect Corporation (the "Ultimate Parent Undertaking"), incorporated in the State of Florida in the United States of America.

From January 2021, the Company's principal activity has expanded to provide in the near term, third-party storage and terminal operations through established locations in the United Kingdom. This involves the storage of liquid fuel products at the terminal and the company providing the necessary storage and handling services, as agreed with external parties.

2. Statement of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (note 4).

The following principal accounting policies have been applied:

3.2 Financial reporting standard 102 - reduced disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. 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 Kinect Corporation, which are publicly available.

- the requirements of Section 4 'Statement of Financial Position' paragraph 4.12(a)(iv);
- the requirements of Section 7 'Statement of Cash Flows';
- the requirements of Section 3 'Financial Statement Presentation' paragraph 3.17(d);
- the requirements of Section 11 'Financial Instruments' paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 'Other Financial Instruments' paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 'Related Party Disclosures' paragraph 33.7.

Falmouth Petroleum Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

3. Accounting policies (continued)

3.3 Going concern

The profit after tax for the year was \$264,158 (2021: \$836,580) and net liabilities as at 31 December 2022 were \$26,835,428 (2021: \$27,099,587).

World Kinect Corporation, the Ultimate Parent Undertaking of Falmouth Petroleum Limited, has agreed to provide adequate financial support for a period of at least twelve months following the date of the of the Independent Auditor's Report for the Company's year ended 31 December 2022, 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 2022, as and when they fall due. As a result of the support from the Ultimate Parent Undertaking, the director has reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Company has adopted the going concern basis in preparing the financial statements.

Whilst COVID-19 has had an effect on the World Kinect 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.

3.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are translated using the exchange rate when fair value was determined.

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'.

3.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, and discounts allowed by the Company and value added taxes.

(i) Sale of fuel

Revenue from the sale of fuel is recognised when the Company has delivered fuel to the customer; the customer has accepted the fuel, the amount of revenue can be reliably measured; and it is probable that future economic benefits will flow to the Company. The Company generates fuel sales as a fuel reseller.

Falmouth Petroleum Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

3. Accounting policies (continued)

3.5 Revenue recognition (continued)

When acting as a fuel reseller, the Company generally 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 therefore 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.

(ii) Sublease revenue

Revenue for the Company as a lessor for its near-term business stream of third-party storage and terminal activities is recognised over the lease term on a straight-line basis and is presented gross within revenue in the Statement of Comprehensive Income, separate from the operating lease expense.

3.6 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations: The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

(iii) Annual bonus plan

The Company operates an annual bonus plan for employees. An expense is recognised in the Statement of Comprehensive Income when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

3.7 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. In the current year, the Company was in receipt of one Government grant: the existing capital expenditure grant. Grants relating to capital expenditure are included in creditors as deferred income, recognised to match the depreciation expense recorded by the Company. The grant is recognised in the Statement of Comprehensive Income within operating profit. The Company has not directly benefited from any other forms of government assistance.

Falmouth Petroleum Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

3. Accounting policies (continued)

3.8 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.

3.9 Property, plant and equipment

Property, plant and equipment are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

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

Buildings and leasehold improvements	3 to 40 years
Computer equipment	3 years
Furniture, fixtures and office devices	3 to 7 years
Plant, machinery and equipment	5 to 40 years

Assets under construction are held at historical cost until they are brought into use at which point they are depreciated at a rate dependent upon the nature of the asset.

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Falmouth Petroleum Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

3. Accounting policies (continued)

3.9 Property, plant and equipment (continued)

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Comprehensive Income and included in 'administrative expenses'.

3.10 Impairment of non-financial assets

At each Balance Sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

3.11 Cash and cash equivalents

Cash and cash equivalents include 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. Bank overdrafts are shown within borrowings in current liabilities.

3.12 Financial instruments

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.

Falmouth Petroleum Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

3. Accounting policies (continued)

3.12 Financial instruments (continued)

(i) Financial assets

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.

(ii) Financial liabilities

Trade payables represent obligations to pay for goods and services provided to the Company in the ordinary course of business. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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

3.14 Share capital

Ordinary shares are classified as equity. Called up share capital represents the nominal value of the shares issued. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

3.15 Share premium

The share premium account represents the amount subscribed for share capital in excess of the nominal value.

3.16 Accumulated losses

When positive, this represents the accumulation of retained profits which reflect distributable reserves. When negative, this represents accumulated retained losses in excess of historical profits.

Falmouth Petroleum Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

3. Accounting policies (continued)

3.17 Distributions to equity holders

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

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

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

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

i) Judgements in applying accounting policies

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

Intercompany payables

The Company has intercompany payables, which it expects will be settled without a reduction to the principal amount owed to the fellow Group undertaking. In assessing the Company's ability to repay these amounts to the fellow Group undertakings when called for, management considers factors including current market and industry conditions, as well as historical experience of the Group's financing arrangements.

Transfer pricing

The Company enters into a number of transactions with related group companies. The Company considers a number 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 director notes 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.

Amounts owed to group undertakings

The company has entered into a loan agreement with a related party during the year. The company considers a number of estimates when entering into these loan agreements to ensure that they are conducted on arms' length basis with interest being charged in line with relevant Market conditions. When assessing whether borrowings with other group companies have been conducted on an arms' length basis, the director notes that these decisions involve the input of internal and external tax advisers to the Company, including an analysis of comparable basic financial instruments between companies and groups who operate in similar markets to worldwide Group.

ii) 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.

Falmouth Petroleum Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

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

ii) Key sources of estimation uncertainty (continued)

Impairment of trade 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 current market and industry conditions and historical experience.

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.

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 product life cycle and the historical lives of similar assets used by the Company.

Deferred tax balances

The Company makes an estimate of the future results of the Company in order to assess the existence of deferred tax balances and calculate the impact in future periods.

5. Revenue

The Company operates in the United Kingdom, specifically in the English Channel. All revenue arose from the Company's principal activity in both years presented in these financial statements.

An analysis of revenue by segment is as follows:

	2022 \$	2021 \$
Sale of fuel	1,304,343	9,339,257
Sublease revenue	3,471,131	3,330,057
	<u>4,775,474</u>	<u>12,669,314</u>

6. Operating profit

Operating profit is stated after charging/(crediting):

	2022 \$	2021 \$
Depreciation of property, plant and equipment (note 9)	112,395	95,036
Government grants	(51,955)	(52,296)
Provision/(reversal) for doubtful debt	3,000	(15,877)
Operating lease expense	26,651	155,855
Foreign exchange loss	236,302	4,359
Fees payable to the Company's auditor:		
(ii) for the audit of the Company's annual financial statements	48,465	62,957
(iii) for the preparation of the financial statements	2,650	1,900
	<u>2,650</u>	<u>1,900</u>

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

Falmouth Petroleum Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

6. Operating profit (continued)

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 2022 (2021: \$12,000).

7. Employee costs and director's remuneration

Particulars of employee costs, including the director, are as follows:

	2022	2021
	\$	\$
Wages and salaries	693,597	709,738
Social security costs	70,205	79,269
Other pension costs	45,068	83,110
	808,870	872,117

The average monthly number of persons employed by the Company during the year was as follows:

	2022	2021
	Number	Number
Operations	7	7
Corporate	4	4
Commercial	3	3
	14	14

The Company's director that served during the year was employed by a related company and was compensated in such capacity. The director received no remuneration for their services to the Company for the year ended 31 December 2022 (2021: \$nil). No share options were exercised (2021: nil) nor were any shares received by the director in relation to their services to the Company during the year (2021: nil).

Falmouth Petroleum Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

8. Income tax expense

	2022 \$	2021 \$
Current taxation		
UK corporation tax on profit of the year	-	6,405
Adjustments in respect of previous years	(6,405)	(38,423)
Total current taxation (credit)	<u>(6,405)</u>	<u>(32,018)</u>
Deferred taxation		
Originating and reversal of timing differences	316,106	232,385
Tax rate change	369,831	-
Adjustments in respect of previous years	39,497	219,155
Total deferred taxation (credit)/expense	<u>725,434</u>	<u>451,540</u>
Total tax expense on profit for the year	<u>719,029</u>	<u>419,522</u>

Factors affecting tax expense for the year

The tax charge is higher (2021: higher) than the standard UK corporation tax of 19% (2021: 19%) due to certain factors. The factors affecting the tax charge are reconciled below:

	2022 \$	2021 \$
Profit on ordinary activities before tax	983,187	1,256,102
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	186,806	238,659
Effects of:		
Other timing differences	115,363	219,155
Effect of tax rate change on deferred tax	369,831	-
Expense not subject to tax	79	131
Adjustments in respect of prior years	(6,406)	(38,423)
Losses surrendered for nil consideration	53,356	-
Total tax expense for the year	<u>719,029</u>	<u>419,522</u>

Factors affecting current and future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that from 1 April 2023, there is no longer a single Corporation Tax rate for non-ring fence profits. From 1 April 2023, the Corporation Tax main rate for non-ring fence profits will increase to 25% for profits above £250,000. For profits of £50,000 or less, a small profits rate of 19% will be applicable. A marginal relief scheme with a gradual increase in the effective Corporation Tax rate for profits in between these amounts will also be applicable.

Falmouth Petroleum Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

9. Property, plant and equipment

	Land \$	Buildings and leasehold improvements \$	Computer equipment \$	Furniture, fixtures and office devices \$	Plant machinery and equipment \$	Total \$
Cost						
As at 1 January 2022	4,143,489	581,397	39,499	177,863	17,170,972	22,113,220
Additions	-	-	-	-	-	-
As at 31 December 2022	4,143,489	581,397	39,499	177,863	17,170,972	22,113,220
Accumulated depreciation						
As at 1 January 2022	-	(561,875)	(39,499)	(161,217)	(5,483,549)	(6,246,140)
Charge for the year	-	(8,859)	-	(3,926)	(99,610)	(112,395)
As at 31 December 2022	-	(570,734)	(39,499)	(165,143)	(5,583,159)	(6,358,535)
Net book value:						
As at 31 December 2022	4,143,489	10,663	-	12,720	11,587,813	15,754,685
As at 31 December 2021	4,143,489	19,522	-	16,646	11,687,423	15,867,080

Falmouth Petroleum Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

10. Trade and other receivables

	2022 \$	2021 \$
Trade receivables	381,479	343,561
Less: provision for impairment of receivables	(3,181)	(182)
Trade receivables - net	<u>378,298</u>	<u>343,379</u>
Other receivables	914	124
Prepayments and accrued income	68,705	52,306
Income tax receivable	-	61,814
	<u>447,917</u>	<u>457,623</u>

All amounts are due within one year.

11. Trade and other payables: amounts falling due within one year

	2022 \$	2021 \$
Trade payables	889,731	761,861
Amounts owed to group undertakings	30,166,750	40,406,834
Accrued expenses and other current liabilities	152,231	64,556
Deferred income	51,955	51,955
	<u>31,260,667</u>	<u>41,285,206</u>

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

12. Deferred tax liability

	Accelerated tax depreciation \$	Other \$	Total \$
1 January 2021	(747,134)	27,538	(719,596)
Charged to statement of comprehensive income	(418,711)	(32,829)	(451,540)
As at 31 December 2021	<u>(1,165,845)</u>	<u>(5,291)</u>	<u>(1,171,136)</u>
(Charged)/credited to statement of comprehensive income	(738,221)	12,787	(725,434)
As at 31 December 2022	<u>(1,904,066)</u>	<u>7,496</u>	<u>(1,896,570)</u>

Falmouth Petroleum Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

13. Other payables: amounts falling due after more than one year

	2022	2021
	\$	\$
Deferred income and other payables	1,756,261	1,808,063
Amounts owed to group undertakings	8,299,538	-
	<u>10,055,799</u>	<u>1,808,063</u>
<i>Ageing analysis</i>	\$	\$
Later than 1 year and not later than 5 years	8,507,357	207,820
Later than 5 years	1,548,442	1,600,243
	<u>10,055,799</u>	<u>1,808,063</u>

On 15 December 2022, as the effective date, the Company entered into an intercompany lending agreement with a related company, WFS UK Finance Limited ("UK FINCO"), ending on 30 June 2025. This agreement allows the Company to lend funds through deposits, or, alternatively, borrow funds from UK FINCO with a maximum borrowing by the Company of \$10,000,000, of which, either position must be maintained net as either debtor or creditor with UK FINCO at the end of each period.

The net deposit position with UK FINCO bears interest at a rate determined based on the interest received for outstanding time deposits by UK Monetary Financial Institutions as published by The Bank of England, and, for any borrowing position, the applicable interest rate will be this rate plus 0.25%. No interest has been applied, due or payable by either party on any balance position of either the Company or UK FINCO, during the transitional period which begins on the effective date and ends on 30 June 2023.

The Company has outstanding deposits with UK FINCO of \$8,299,538 as at 31 December 2022 (2021: Nil), and recognised zero interest income on its net borrowings position during the year ended 31 December 2022. As part of the agreement, the repayable term as stipulated by the agreement is June 30, 2025 however the Company can demand repayment of all or any part of the net outstanding position with UK FINCO at any time and without notice or penalty before 30 June 2025, and, if any, any payment must be applied first to any amount of interest accrued. As at 31 December 2022, it is not the Directors' intention to demand payment for the outstanding balances within the subsequent 12 months of the Balance Sheet date and therefore, this balance is presented as non-current as at the year end date.

Falmouth Petroleum Limited

Notes to the Financial Statements (continued) For the Year Ended 31 December 2022

14. Share capital

	2022	2021
	\$	\$
Authorised, Allotted, called-up and fully paid		
200 (2021: 200) ordinary shares of £1 each (\$1.66/£)	<u>332</u>	<u>332</u>

15. Commitments under operating leases

The Company had minimum lease payments under non-cancellable operating leases as set out below:

	2022	2021
	\$	\$
Not later than 1 year	29,804	29,804
Later than 1 year and not later than 5 years	118,633	118,633
Later than 5 years	242,209	271,867
	<u>390,646</u>	<u>420,304</u>

16. Ultimate parent undertaking

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

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

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

17. Guarantees

The Company participates in the senior credit agreement by and among the Company's Ultimate Parent Undertaking, World Kinect Corporation, and certain of its subsidiaries, as borrowers, Bank of America, N.A., as administrative agent, and the financial institutions named therein as lenders (the "Credit Agreement"). The Company is a guarantor for two of the borrowers under the Credit Agreement, World Fuel Services Europe Ltd. and World Fuel Services Singapore PTE Ltd. (collectively, the "Foreign Borrowers"). As of 31 December 2022, the outstanding amounts owed by the Foreign Borrowers were \$nil (2021: \$41,625,000) under the Credit Agreement.

The Company has access to a foreign bills of negotiation facility as part of the BG New Borrowing Group for an amount of \$8m (£6m) (2021 - \$8m (£6m)). As at the year end, no amounts were utilised under this facility (2021 - \$nil).

18. Post balance sheet events

In January 2021, the Company executed a two-year agreement to provide storage and other handling services to an unrelated party, as part of the Company's change in principal business. In February 2023 the Company executed an agreement to deliver these services for an additional year to an unrelated party ending in February 2024.