

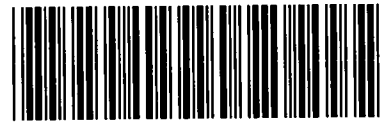
# Cargill PLC

## Directors' report, strategic report and financial statements

31 May 2019

Registered number 1387437

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**Contents**

Directors' report	1
Strategic report	2
Statement of directors' responsibilities	4
Independent auditor's report to the members of Cargill PLC	5
Profit and loss account	7
Statement of total comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10

## Directors' report

### Introduction

The directors present their annual report and the audited financial statements for the year ended 31 May 2019.

### Principal activities

The principal activities of the company are commodity trading and the processing and distribution of foodstuffs.

### Employees

During the year the company has maintained its arrangements for providing information to employees on matters of concern to them, involving employees in the decision-making process and developing a common awareness of the factors affecting the performance of the company.

The company does all that is practical to meet its responsibility towards the employment, training, career development and promotion of disabled people. Where an employee becomes disabled, every effort is made to provide continuity of employment in the same job or a suitable alternative.

### Directors

The directors who served during the year and at the report date were:

P de Braal	(resigned 31 August 2019)
P J Kingston	
S Kosar	(appointed 14 December 2018)
R I Nield	(resigned 20 December 2018)
M A Pollard	
M J Timewell	
F Urquidi Negron	(appointed 4 June 2019)

### Charitable contributions

Charitable contributions, amounting to £184,086 (2018 £175,236) were made during the year.

### Market value of land and buildings

In the opinion of the directors the market value of the land and buildings of the company exceeds the book value of the assets at 31 May 2019.

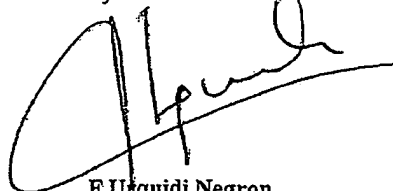
### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



F Urquidi Negron  
Director

19 November 2019

Velocity V1  
Brooklands Drive  
Weybridge  
Surrey  
KT13 0SL

## Strategic report

### Business review and summary results

The directors consider the key performance indicators for the business to be turnover and profit.

Summarised results are given below:

	2019	2018
	£m	£m
Turnover	1,120.4	1,104.0
Profit after taxation	37.3	45.5

The company also uses a modified Return on Capital Employed calculation to measure business performance. This is calculated at business unit level across various legal entities and geographies.

The company is exposed to movements in the levels of interest rates but controls this through a centrally managed treasury function within a fellow subsidiary.

The year ended 31 May 2019 has seen the company increase turnover by 1.5% compared to prior year as trading conditions have improved in a number of business units. The company continues to focus on cost management and working capital utilisation.

The outlook for the next financial year remains challenging. The principal uncertainties facing the company include the unpredictable nature of the general business, financial and economic environment in which the company operates and changes in the funding requirements of Cargill entities to support their business activities. The principal financial risks facing the company are liquidity or funding risk, foreign exchange risk, interest rate risk, credit or counterparty risk, and the risk associated with Brexit. The majority of the liquidity risk relates to group undertakings. The company is well positioned to cope with the volatility within the economic environment and has a balanced business portfolio to control adverse risk.

### Financial risks

The company's activities expose it to a range of financial risks that include commodity price and position risk, credit risk, interest rate risk and foreign currency exposure. Cargill's management, operating at the pan-European and worldwide platforms, regularly review the financial risk against established policies.

*Brexit risk* – the directors acknowledge the potential risk to the company which will arise in relation to the United Kingdom's planned exit from the European Union on 31 January 2020. The directors believe being part of a large multinational group will ensure the company's exposure to possible implications linked to the risk should be reduced to an acceptable level.

*Commodity price and position risk* – the normal trading activities of the business require forward positions to be taken in order to meet supply requirements. Positions are taken within duly authorised limits relative to each commodity. Senior management reviews these positions compared to the limits. Exposure to commodity price fluctuations is controlled by the use of limits and the use of approved futures markets.

*Credit risk* – credit checks are performed on potential customers using a recognised industry expert before sales are transacted. The amount of exposure to any individual customer is controlled by means of credit limits, which are monitored regularly by management. Due to its large geographic base and number of customers the company is not exposed to material concentrations of credit risk on its trade receivables.

*Interest rate risk* – the company is exposed to movements in the level of interest rates. Debt is maintained on a floating rate basis through a centrally managed treasury function within a fellow subsidiary.

*Foreign exchange risk* – trading activities include the import and export of bulk commodities which create exposures to movements in foreign exchange rates principally the Euro and US Dollar. This exposure is managed through matching foreign exchange contracts. Authorisation levels are in place for both the value and period of the forward cover and are subject to regular review by management.

*Liquidity risk* – the company's strategy to managing liquidity risk is to ensure that the company has sufficient funds to meet all its potential liabilities as they fall due. Funding is managed through a centrally managed treasury function within a fellow subsidiary.

## Strategic report (continued)

### Dividends

During the year the company paid a final dividend of £24,500,000 (2018: £nil).

### Policy and practice on payment of creditors

The company aims to pay all its creditors promptly. It is the company's policy to agree the terms of payment with its suppliers, ensure that suppliers are aware of the terms of payment, and to pay in accordance with contractual and other obligations.

The company had 25 days (2018: 33 days) of purchases in creditors outstanding at 31 May 2019, based on the average daily amount invoiced by suppliers. The average numbers of days outstanding due to third party suppliers at 31 May 2019 was 14 days (2018: 14 days).

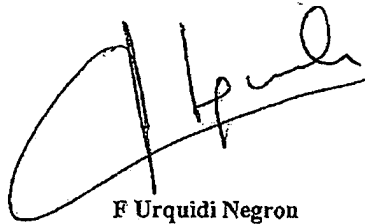
### Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 and 3. As noted above, the company has adequate policies and processes for managing exposures to different types of risk.

The company has considerable financial resources together with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

By order of the board



F Urquidi Negrón  
Director

19 November 2019

Velocity VI  
Brooklands Drive  
Weybridge  
Surrey  
KT13 0SL

**Statement of directors' responsibilities in respect of the directors' report, the strategic report and the financial statements**

The directors are responsible for preparing the directors' report, the strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## Independent auditor's report to the members of Cargill PLC

### Opinion

We have audited the financial statements of Cargill PLC ("the company") for the year ended 31 May 2019 which comprise the Profit and Loss Account, Statement of Total Comprehensive Income, Balance Sheet and Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the valuation of assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.



## Independent auditor's report to the members of Cargill PLC (*continued*)

### Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

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.

*Gareth Woods*

**Gareth Woods (Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
St Nicholas House  
31 Park Row  
Nottingham  
NG1 6FQ

27 November 2019



**Profit and loss account**  
*for the year ended 31 May 2019*

	Note	2019 £000	2018 £000
Turnover	2	1,120,439	1,103,961
Cost of sales		(1,050,825)	(1,037,574)
<b>Gross profit</b>		<b>69,614</b>	<b>66,387</b>
Distribution costs		(37,030)	(34,576)
Administrative expenses		(69,595)	(70,684)
Other operating income		51,545	54,945
Net operating expenses		(55,080)	(50,315)
<b>Operating profit</b>		<b>14,534</b>	<b>16,072</b>
Loss on disposal of tangible fixed assets		-	(12)
Other pension income	3	12,559	30,020
Dividends received from subsidiaries		12,029	-
Dividends received from participating interests		9,180	11,143
<b>Profit before interest</b>		<b>48,302</b>	<b>57,223</b>
Other interest receivable and similar income	5	1,782	1,637
Interest payable and similar expenses	6	(4,961)	(8,579)
<b>Profit before taxation</b>	7	<b>45,123</b>	<b>50,281</b>
Tax on profit	8	(7,798)	(4,770)
<b>Profit for the financial year</b>		<b>37,325</b>	<b>45,511</b>

All of the results are derived from continuing operations.

**Statement of total comprehensive income**  
*for the year ended 31 May 2019*

	Note	2019 £000	2018 £000
<b>Profit for the financial year</b>		<b>37,325</b>	<b>45,511</b>
<b>Other comprehensive income</b>			
Remeasurement of the net defined benefit liability	18	(15,560)	187,753
Net change in fair value of cash flow hedges recycled to profit or loss		614	(684)
Income tax on other comprehensive income	8	2,541	(31,802)
<b>Other comprehensive income for the year, net of income tax</b>		<b>(12,405)</b>	<b>155,267</b>
<b>Total comprehensive income</b>		<b>24,920</b>	<b>200,778</b>

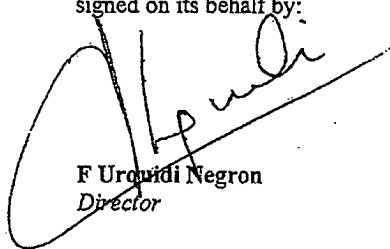
The notes on pages 10 to 32 form part of the financial statements.

**Balance sheet**  
 at 31 May 2019

	Note	2019 £000	£000	2018 £000	£000
<b>Fixed assets</b>					
Tangible assets	9		175,187		145,872
Investments	10		361,540		203,747
			<u>536,727</u>		<u>349,619</u>
<b>Current assets</b>					
Stocks	11	92,083		90,133	
Debtors	12	230,168		235,906	
Cash at bank		2,790		729	
			<u>325,041</u>		<u>326,768</u>
Creditors: amounts falling due within one year	13	(258,115)		(220,769)	
<b>Net current assets</b>					
Due within one year	12	54,050		87,578	
Debtors due after more than one year	16	12,876		18,421	
<b>Net current assets</b>			<u>66,926</u>		<u>105,999</u>
<b>Total assets less current liabilities</b>			603,653		455,618
Creditors: amounts falling due after one year	14		(5,364)		(5,510)
Provisions for liabilities and charges	15		(75)		(63)
<b>Net assets excluding pension liabilities</b>			<u>598,214</u>		<u>450,045</u>
<b>Pension liabilities</b>	18		(79,205)		(93,601)
<b>Net assets including pension liabilities</b>			<u>519,009</u>		<u>356,444</u>
<b>Capital and reserves</b>					
Called up share capital	17		50,000		32,500
Share premium account			295,487		150,944
Profit and loss account			173,522		173,000
<b>Shareholders' funds</b>			<u>519,009</u>		<u>356,444</u>

The notes on pages 10 to 32 form part of the financial statements.

These financial statements were approved by the board of directors on 19 November 2019 and were signed on its behalf by:



**F Uruñidi Negron**  
 Director

Registered number 1387437

**Statement of changes in equity**  
*for the year ended 31 May 2019*

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total Equity £000
At 1 June 2018	32,500	150,944	173,000	356,444
<i>Total comprehensive income for the year</i>				
Profit for the financial year	-	-	37,325	37,325
Other comprehensive income	-	-	(12,405)	(12,405)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>24,920</b>	<b>24,920</b>
<i>Transactions with owners, recorded directly in equity</i>				
Equity settled share based payment transactions	-	-	102	102
Shares issued	17,500	144,543	-	162,043
Dividends	-	-	(24,500)	(24,500)
<b>Total contributions by and distributions to owners</b>	<b>17,500</b>	<b>144,543</b>	<b>(24,398)</b>	<b>137,645</b>
<b>At 31 May 2019</b>	<b>50,000</b>	<b>295,487</b>	<b>173,522</b>	<b>519,009</b>

**Statement of changes in equity**  
*for the year ended 31 May 2018*

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total Equity £000
At 1 June 2017	32,500	150,944	(27,939)	155,505
<i>Total comprehensive income for the year</i>				
Profit for the financial year	-	-	45,511	45,511
Other comprehensive income	-	-	155,267	155,267
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>200,778</b>	<b>200,778</b>
<i>Transactions with owners, recorded directly in equity</i>				
Equity settled share based payment transactions	-	-	161	161
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>161</b>	<b>161</b>
<b>At 31 May 2018</b>	<b>32,500</b>	<b>150,944</b>	<b>173,000</b>	<b>356,444</b>

## Notes

(forming part of the financial statements)

### 1 Accounting policies

#### *Statement of compliance*

Cargill PLC is a publicly limited liability company incorporated, domiciled and registered in England in the United Kingdom. The registered number is 1387437 and the registered office is Velocity 1, Brooklands Drive, Weybridge, Surrey KT13 0SL.

The company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The company's ultimate parent undertaking, Cargill, Incorporated includes the company in its consolidated financial statements. The consolidated financial statements of Cargill, Incorporated are prepared in accordance with US GAAP and are available to the public and may be obtained from the address stated in note 25. In these financial statements, the company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Cargill, Incorporated include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

Notes (*continued*)

1 Accounting policies (*continued*)

*Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention as modified by fair value accounting for certain commodities. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

*Turnover*

Turnover represents the amounts, excluding Value Added Tax, derived from trading physical commodities and the provision of goods and services to customers during the year net of rebates and discounts. Revenue is only recognised when the goods are delivered and when the risks and rewards of ownership pass to the buyer. Revenue is not recognised if the company acts as an agent rather than the principal to a transaction.

*Other operating income*

Other operating income represents costs recharged to other Cargill, Inc. subsidiaries and tolling income.

*Intra-group financial instruments*

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

*Foreign currencies*

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to sterling at foreign exchange rates ruling at the dates the fair value was determined.

*Fixed asset investments*

Investments in subsidiary undertakings and participating interests are recorded cost less any accumulated provision for impairment.

Notes (continued)

1 Accounting policies (continued)

*Leases*

Operating lease rentals are expensed to the profit and loss account on a straight line basis over the period of the lease.

*Derivative financial instruments and hedging*

*Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Commodity contracts, which include forward futures and option contracts, where the value of the underlying commodity is determined by a quoted terminal market are revalued to the market price prevailing at the balance sheet date.

The fair value of interest rate swaps is the estimated amount that the company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparty. The fair value of forward exchange contracts is their quoted market price at the balance sheet date.

*Fair value hedges*

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the profit and loss account. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

*Cash flow hedges*

The company uses cash flow hedges to reduce its foreign exchange exposure. These derivative instruments are stated initially at fair value. For the effective portion of the hedge any gain or loss on subsequent remeasurement is recognised within equity and is reclassified to the profit and loss once the contract has been closed out. Any ineffective portion is recognised directly in the profit and loss.

*Dividends on shares presented within shareholders' funds*

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

**Notes (continued)**

**1 Accounting policies (continued)**

**Stocks**

Except as described below, stocks and work in progress are valued at the lower of cost and net realisable value. Cost represents materials and an appropriate proportion of production costs.

Commodity stocks are measured at fair value less costs to sell through profit and loss, as this is considered by the directors to be a more relevant measure of the company's performance as the value of the underlying commodity is determined by a quoted terminal market

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. The estimated useful economic life of each class of asset is as follows;

Short leasehold buildings	-	Over the life of the lease
Freehold buildings	-	8 to 50 years
Plant and machinery	-	3 to 15 years
Fixtures and fittings	-	4 to 10 years
Computer software	-	8 years

No depreciation is provided on freehold land nor construction in progress. Cost includes directly attributable finance costs.

Notes (continued)

1 Accounting policies (continued)

*Post-retirement benefits*

The company operates a pension scheme providing benefits based on final pensionable salary. This is also operated on behalf of other entities under common control. The assets of the scheme are held separately from those of the company. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus or deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The company offers at its discretion, an arrangement whereby employees who retire from company service under the Cargill Pension Plan and who were participating in the Cargill Group Medical Scheme on retirement date, may continue their membership of the Cargill Group Medical Scheme by paying the appropriate annual premium to the company which is at a subsidised rate. This arrangement is also made available to the spouse of an employee who dies in service and was participating in the Cargill Group Medical Scheme up to the date of the death.

*Cash*

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

*Deferred compensation and share based payments*

The company participates in two deferred compensation schemes for the benefit of senior employees:

*Share option scheme*

The share option scheme allows employees to acquire shares in Cargill, Incorporated, the ultimate parent undertaking. Individuals receive options to buy shares in Cargill, Incorporated which are exercisable between three and ten years from the date of granting. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

*Cash option scheme*

Under the cash option scheme individuals receive units whose value is linked to the notional value of shares in Cargill, Incorporated, the ultimate parent undertaking. Individuals can exercise their options between three and five years after date of issue. Upon exercise the individual receives in cash the difference between the value of their units (linked to the notional value of Cargill, Incorporated) and the grant price. At five years after issue the options are automatically encashed. The fair value of the amount payable is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at the grant date and spread over the period during which individuals become unconditionally entitled to payment. The fair value is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. The liability is remeasured at each balance sheet date and settlement date with any changes in fair value being recognised in the profit and loss account.



## Notes (continued)

### 1 Accounting policies (continued)

#### *Research and development expenditure*

Expenditure on research is charged to the profit and loss account in the year in which it is incurred.

Development expenditure is expensed to the profit and loss account in the year which it is incurred unless the directors are satisfied that the technical, commercial and financial viability of a project meets the criteria in which case the cost is capitalised and amortised over the period during which the company is expected to obtain economic benefit.

#### *Basic financial instruments*

##### *Trade and other debtors / creditors*

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### *Expenses*

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

##### *Classification of financial instruments issued by the company*

Under FRS102.22 financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Notes (continued)

2 Segmental analysis

(i) Analysis by geographical segment

All of the company's net operating assets are located in the United Kingdom.

An analysis of turnover by geographical destination is shown below:

	2019 £000	2018 £000
UK	948,087	937,437
Rest of Europe	150,433	164,908
Other	21,919	1,616
<b>Turnover</b>	<b><u>1,120,439</u></b>	<b><u>1,103,961</u></b>

Other destinations included the Americas, Australasia, Africa and the Middle East.

(ii) analysis by class of business

	Commodity trading		Processing and distribution of food stuffs		Total	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Total sales	252,499	212,413	984,649	1,011,364	1,237,148	1,223,777
Inter segment sales	(116,709)	(119,816)	-	-	(116,709)	(119,816)
<b>Turnover</b>	<b><u>135,790</u></b>	<b><u>92,597</u></b>	<b><u>984,649</u></b>	<b><u>1,011,364</u></b>	<b><u>1,120,439</u></b>	<b><u>1,103,961</u></b>
Profit before interest, tax, income from shares in group undertakings and gain on disposal of tangible fixed assets	4,606	2,790	22,486	13,282	27,092	16,072
Net interest	(540)	(1,205)	(2,639)	(5,737)	(3,179)	(6,942)
	<b><u>4,066</u></b>	<b><u>1,585</u></b>	<b><u>19,847</u></b>	<b><u>7,545</u></b>	<b><u>23,913</u></b>	<b><u>9,130</u></b>
Gain on disposal of tangible fixed assets					-	(12)
Other pension income					-	30,020
Income from shares in group undertakings					21,209	11,143
<b>Profit before taxation</b>					<b><u>45,122</u></b>	<b><u>50,281</u></b>
<b>Net operating assets</b>	<b><u>97,574</u></b>	<b><u>76,017</u></b>	<b><u>380,582</u></b>	<b><u>361,942</u></b>	<b><u>478,156</u></b>	<b><u>437,959</u></b>

Net operating assets are calculated as net assets excluding pension liabilities, less investments held in group companies, short term loans and current and deferred taxation balances.

Notes (continued)

**3 Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2019	2018
Commodity trading	28	33
Processing and distribution of foodstuffs	460	400
Other	165	166
	<u>653</u>	<u>599</u>

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£000	£000
Wages and salaries	36,351	35,911
Share based payments	10,079	5,008
Social security costs	5,973	4,396
Pension gain	(12,559)	(38,730)
Other pension costs	8,045	4,573
	<u>47,889</u>	<u>11,158</u>

In the current year the pension gain includes a curtailment gain of £19,359,000 arising from the decision to close the schemes to future accruals from 31 May 2020. Following the High Court Ruling on 26 October 2018 in relation to Guaranteed Minimum Pension ("GMP") equalisation, a plan change is deemed to have occurred. The actuary estimated that the increase in FRS102 liabilities in the Cargill Pension Plan due to GMP Equalisation was £6,800,000. This cost has been recognised in the profit and loss account in the current year. In the prior year the pension gain includes a £30,020,000 contribution gains relating to payments made to the Cargill Pension Scheme from participating employer entities as required under section 75 of the Pensions Act 1995.

**4 Directors' remuneration**

	2019	2018
	£000	£000
Directors' emoluments	1,112	1,252
Benefits under long term incentive schemes	395	216
Total directors' remuneration	<u>1,507</u>	<u>1,468</u>

The aggregate of emoluments and amounts receivable under the long-term incentive scheme of the highest paid director was £533,982 (2018: £525,920). The director is a member of a defined benefit scheme, under which the accrued annual pension benefit to which he was entitled to from his normal retirement date was £129,354 (2018: £121,185). The highest paid director exercised 7,842 share options (2018 13,021) and was granted 5,447 options (2018: 24,380) during the period.

	Number	
	2019	2018
Retirement benefits are accruing to the following number of directors under defined benefit schemes	<u>6</u>	<u>4</u>
Number of directors exercising share options during the period	<u>4</u>	<u>2</u>
Number of directors for which shares are receivable under long term incentive schemes	<u>4</u>	<u>4</u>

Amounts receivable under the long-term incentive scheme are disclosed on the basis of encashment.

Notes (continued)

5 Other interest receivable and similar income

	2019	2018
	£000	£000
Amounts derived from group companies	1,764	1,637
Other interest receivable	18	-
	1,782	1,637

6 Interest payable and similar expenses

	2019	2018
	£000	£000
Amounts derived from group companies	2,754	1,643
Other interest charges	-	14
Net interest expense on net defined benefit liabilities (note 18)	2,207	6,922
	4,961	8,579

7 Expenses and auditors' remuneration

The following amounts in respect of auditors' remuneration were expensed to the profit and loss account of this company: audit of these financial statements £307,628 (2018: £249,411).

	2019	2018
	£000	£000
<i>Auditors' remuneration</i>		
Audit of these financial statements	308	249
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries, pursuant to legislation	440	432
Audit of associated pension scheme	47	47
Other non-audit fee services	11	11
	11	11

Notes (continued)

8 Taxation

Total tax expense in the profit and loss account, other comprehensive income and equity

	2019 £000	2018 £000
<i>Current tax</i>		
UK corporation tax at 19.00% (2018: 19.00%)	(2,692)	(2,312)
Adjustment in respect of prior years	600	(496)
<b>Total current tax</b>	<b>(2,092)</b>	<b>(2,808)</b>
<i>Withholding tax expense</i>	1,804	-
<i>Deferred tax</i>		
Deferred taxation arising from the origination and reversal of timing differences	2,561	1,156
Deferred tax movement related to pension scheme liability - profit and loss	5,837	8,855
Deferred tax movement related to pension scheme liability - OCI	(2,645)	31,918
Adjustment in respect of prior years	(208)	(1,738)
Impact of rate change on deferred tax	-	(811)
<b>Total deferred tax</b>	<b>5,545</b>	<b>39,380</b>
<b>Total taxation</b>	<b>5,257</b>	<b>36,572</b>
<b>Reconciliation of effective tax rate</b>		
Profit for the financial year	37,325	45,511
Total tax expense	7,798	4,770
	45,123	50,281
Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	8,573	9,553
Effects of:		
Expenses not deductible for tax	1,739	379
Income not taxable	(4,033)	(2,117)
Withholding tax expensed	1,804	-
Change in tax rate	(677)	(811)
Adjustments in respect of prior years	392	(2,234)
<b>Total tax expense for the year</b>	<b>7,798</b>	<b>4,770</b>

	2019				2018			
	Current tax £000	Withholding tax £000	Deferred tax £000	Total tax £000	Current tax £000	Withholding tax £000	Deferred tax £000	Total tax £000
Recognised in the profit and loss account	(2,092)	1,804	8,086	7,798	(2,808)	-	7,578	4,770
Recognised in other comprehensive income	-	-	(2,541)	(2,541)	-	-	31,802	31,802
<b>Total tax</b>	<b>(2,092)</b>	<b>1,804</b>	<b>5,545</b>	<b>5,257</b>	<b>(2,808)</b>	<b>-</b>	<b>39,380</b>	<b>36,572</b>

Notes (continued)

8 Taxation (continued)

Factors that may affect future current and total tax charges

Recent budgets have announced changes to the main rate of UK corporation tax. The current rate of 19 % was enacted on 26 October 2015 and applied from 1 April 2017.

The deferred tax balance at 31 May 2019 has been calculated based on the rate of 17%, which is effective from 1 April 2020 and was substantively enacted at the balance sheet date.

This reduces the company's future current tax rate accordingly.

9 Tangible fixed assets

	Freehold land and buildings £000	Short leasehold buildings £000	Plant and machinery £000	Fixtures and fittings £000	Construction in progress £000	Total £000
<i>Cost</i>						
At 1 June 2018	61,175	26	325,959	8,183	38,943	434,286
Reclassification	3,205	-	37,807	68	(41,080)	-
Intercompany transfers	-	-	15,647	-	4,599	20,246
Additions	-	-	-	-	41,402	41,402
Disposals	-	-	(12,448)	(62)	-	(12,510)
<b>At 31 May 2019</b>	<b>64,380</b>	<b>26</b>	<b>366,965</b>	<b>8,189</b>	<b>43,864</b>	<b>483,424</b>
<i>Accumulated depreciation</i>						
At 1 June 2018	28,330	-	253,493	6,591	-	288,414
Charge for year	1,958	-	17,654	377	-	19,989
Intercompany transfers	-	-	12,191	-	-	12,191
On disposals	-	-	(12,295)	(62)	-	(12,357)
<b>At 31 May 2019</b>	<b>30,288</b>	<b>-</b>	<b>271,043</b>	<b>6,906</b>	<b>-</b>	<b>308,237</b>
<i>Net book value</i>						
<b>At 31 May 2019</b>	<b>34,092</b>	<b>26</b>	<b>95,922</b>	<b>1,283</b>	<b>43,864</b>	<b>175,187</b>
<b>At 31 May 2018</b>	<b>32,845</b>	<b>26</b>	<b>72,466</b>	<b>1,592</b>	<b>38,943</b>	<b>145,872</b>

The gross book value of freehold land and buildings includes £50,688,299 (2018: £47,482,914) of depreciable assets.

The cumulative amount of capitalised interest within the cost of plant and machinery is £4,801,000 (2018: £4,801,000).

Notes (continued)

10 Fixed asset investments	Shares in group companies £000	Participating interests £000	Total £000
<i>Cost</i>			
At 1 June 2018	114,067	118,057	232,124
Additions	179,877	-	179,877
Return of capital	(22,363)	-	(22,363)
Disposal	(2,959)	-	(2,959)
<b>At 31 May 2019</b>	<b>268,622</b>	<b>118,057</b>	<b>386,679</b>
<i>Provision for permanent diminution in value</i>			
At 1 June 2018	(28,377)	-	(28,377)
Released to the profit and loss account	15	-	15
Disposal	3,223	-	3,223
<b>At 31 May 2019</b>	<b>(25,139)</b>	<b>-</b>	<b>(25,139)</b>
<i>Net book value</i>			
At 1 June 2018	85,690	118,057	203,747
<b>At 31 May 2019</b>	<b>243,483</b>	<b>118,057</b>	<b>361,540</b>

*Shares in group companies*

The company owned the following investments during the year (\*indicates liquidated during the year, # indicates in liquidation).

Company name	Registered office	Place of incorporation	Class of shares	Percentage ownership 2019	Percentage ownership 2018
*Banks Cargill Agriculture Limited	Velocity V1, Brooklands Drive, Weybridge, Surrey	UK	Ordinary	0%	100%
British Cotton Growing Association Ltd	Velocity V1, Brooklands Drive, Weybridge, Surrey	UK	Ordinary	100%	100%
# Cargill Chocolate UK Limited	Velocity V1, Brooklands Drive, Weybridge, Surrey	UK	Ordinary	100%	100%
Cargill Cotton Limited	Velocity V1, Brooklands Drive, Weybridge, Surrey	UK	Ordinary	100%	100%
Cargill Foods Limited	Velocity V1, Brooklands Drive, Weybridge, Surrey	UK	Ordinary	100%	100%
Cargill Integra UK Limited	Grandstand Road, Hereford, Herefordshire	UK	Ordinary	100%	100%
Cargill Pension Trustees Limited	Velocity V1, Brooklands Drive, Weybridge, Surrey	UK	Ordinary	100%	100%
Cargill Poultry Limited	Velocity V1, Brooklands Drive, Weybridge, Surrey	UK	Ordinary	100%	100%
Cargill Protein Sp. z.o.o.	Artura Grotzgera 40, 33-300 Nowy Sacz	Poland	Ordinary	100%	0%
# Cargill Weybridge Limited	Velocity V1, Brooklands Drive, Weybridge, Surrey	UK	Ordinary	100%	100%
Cargill West Africa S.A.	Boulevard de Vridi, Face Socopao, Freichville, Abidjan	Ivory Coast	Ordinary	90%	90%
Chickens R Us Limited	Grandstand Road, Hereford, Herefordshire	UK	Ordinary	100%	100%
Format Global Solutions Limited	Velocity V1, Brooklands Drive, Weybridge, Surrey	UK	Ordinary	100%	100%
Format Solutions Limited	Velocity V1, Brooklands Drive, Weybridge, Surrey	UK	Ordinary	100%	100%
Freemans of Newent (Holdings) Ltd	Velocity V1, Brooklands Drive, Weybridge, Surrey	UK	Ordinary	100%	100%
Konspol Holding Sp. z.o.o.	Artura Grotzgera 40, 33-300 Nowy Sacz	Poland	Ordinary	100%	0%
Lowesmoor Foods Limited	Grandstand Road, Hereford, Herefordshire	UK	Ordinary	100%	100%
Meadowfields Limited	Grandstand Road, Hereford, Herefordshire	UK	Ordinary	100%	100%
# Nutec Holdings Limited	Velocity V1, Brooklands Drive, Weybridge, Surrey	UK	Ordinary	100%	100%
Provimi Limited	Velocity V1, Brooklands Drive, Weybridge, Surrey	UK	Ordinary	100%	0%
Seara UK Limited	Velocity V1, Brooklands Drive, Weybridge, Surrey	UK	Ordinary	100%	100%
Sun Valley Foods Limited	Grandstand Road, Hereford, Herefordshire	UK	Ordinary	100%	100%
Sun Valley Poultry Limited	Grandstand Road, Hereford, Herefordshire	UK	Ordinary	100%	100%
Thai Foods Limited	Grandstand Road, Hereford, Herefordshire	UK	Ordinary	100%	100%

Notes (continued)

10 Fixed asset investments (continued)

In the year ended 31 May 2019 the company acquired the entire shareholding in Konspol Holding Sp. z.o.o., Cargill Protein Sp. z.o.o. and Provimi Limited.

Banks Cargill Agriculture Limited was liquidated during the year and is shown as a disposal above. There was no impact on the profit and loss account as a result of this transaction.

Cargill Chocolate Limited and Cargill Weybridge Limited declared dividends prior to starting liquidation. The dividends have been recorded as a return of capital.

*Participating interests*

The company owned 50% of the issued ordinary share capital of the entity below for the current and preceding year (\*indicates indirect ownership)

<i>Company name</i>	<i>Registered office</i>	<i>Place of incorporation</i>	<i>Class of shares</i>
Frontier Agriculture Limited	50/51 Berkeley Square, London WC1B 4JA	UK	Ordinary
Avara Foods Holdings Limited	1 Willow Road, Brackley, Northants NN13 7EX	UK	Ordinary
*Avara Foods Limited	1 Willow Road, Brackley, Northants NN13 7EX	UK	Ordinary
*Cranberry Foods Limited	1 Willow Road, Brackley, Northants NN13 7EX	UK	Ordinary
*Faccenda Foods (Lincs) Limited	1 Willow Road, Brackley, Northants NN13 7EX	UK	Ordinary
*Faccenda Foods Limited	1 Willow Road, Brackley, Northants NN13 7EX	UK	Ordinary
*Freemans of Newent Limited	Grandstand Road, Hereford, HR4 9PB	UK	Ordinary

11 Stocks

	2019 £000	2018 £000
Raw materials and consumables	31,624	35,947
Work in progress and finished goods	39,997	29,235
Commodities traded	20,462	24,951
	<u>92,083</u>	<u>90,133</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £879,442,000 (2018: £878,555,000).



Notes (continued)

12 Debtors

	2019	2018
	£000	£000
<i>Due within one year</i>		
Trade debtors	64,248	73,267
Amounts owed by group undertakings	118,043	113,414
Amounts owed by participating interests	1,232	942
Other debtors	8,908	9,407
Unrealised gains on derivatives	3,630	2,989
Corporation tax receivable	10,829	8,414
Prepayments and accrued income	10,402	9,052
	<u>217,292</u>	<u>217,485</u>
<i>Due after more than one year</i>		
Deferred tax (see note 16)	<u>12,876</u>	<u>18,421</u>
<b>Total debtors</b>	<u><b>230,168</b></u>	<u><b>235,906</b></u>
<i>Amounts owed by group undertakings comprise:</i>		
Trade debtors	17,383	7,576
Short term deposits	81,497	97,148
Unrealised gains on derivatives	19,163	8,690
	<u>118,043</u>	<u>113,414</u>
<i>Amounts owed by participating interests comprise:</i>		
Trade debtors	1,044	190
Unrealised gains on derivatives	188	752
	<u>1,232</u>	<u>942</u>

Notes (continued)

13 Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Payments received on account	8,269	3,018
Trade creditors	33,108	32,964
Amounts owed to group undertakings	163,933	139,189
Amounts owed to participating interests	13,898	15,924
Other creditors including taxation and social security	3,367	1,751
Accruals and deferred income	21,638	17,422
Unrealised losses on derivatives	13,902	10,501
<b>Total creditors</b>	<b>258,115</b>	<b>220,769</b>

*Amounts owed to group undertakings comprise:*

Trade creditors	16,063	35,360
Short term loans	147,130	100,438
Unrealised losses on derivatives	740	3,391
	<u>163,933</u>	<u>139,189</u>

*Amounts owed to participating interests comprise:*

Trade creditors	12,847	11,993
Unrealised losses on derivatives	1,051	3,931
	<u>13,898</u>	<u>15,924</u>

*Other creditors including taxation and social security comprise:*

Other taxes	406	1,751
Other creditors	2,961	-
	<u>3,367</u>	<u>1,751</u>

14 Creditors: amounts falling due after more than one year

	2019	2018
	£000	£000
Deferred income	5,364	5,510
	<u>5,364</u>	<u>5,510</u>

Deferred income relates to transfer of ownership of a long term lease. The income is being recognised over the remaining 38 year lease term.

Notes (continued)

15 Provisions for liabilities and charges

	Deferred compensation £000
At 1 June 2018	63
Expensed to the profit and loss account	9,638
Cash payments	(9,529)
Reversal of expense in relation to share based payments	(102)
Foreign currency translation	5
	75
At 31 May 2019	75

16 Deferred tax assets and liabilities

	Assets		Liabilities		Total	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Accelerated capital allowances	-	357	(1,273)	-	1,273	357
Deferred compensation	1,041	1,660	-	-	1,041	1,660
Pension scheme	13,466	16,658	-	-	13,466	16,658
Other timing difference	-	-	(358)	(254)	358	254
	14,507	18,675	(1,631)	(254)	16,138	18,929
Total tax asset	14,507	18,675	(1,631)	(254)	16,138	18,929
Net of tax liabilities	(1,631)	(254)	1,631	254	(3,262)	(508)
	12,876	18,421	-	-	12,876	18,421
Net tax assets	12,876	18,421	-	-	12,876	18,421

17 Called up share capital

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
50,000,000 Ordinary shares of £1 each	50,000,000	32,500,000
	50,000,000	32,500,000
Shares classified as shareholders' funds	50,000,000	32,500,000

On 28 December 2018 the company issued 17,500,000 ordinary shares of £1 each for £162,043,000.

Notes (continued)

**18 Employee benefits**

**Share Based Payments**

As explained in the accounting policy note 1 there are two share based payment schemes available to senior employees.

The company is a member of a group share-based payment plan, and it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group.

The terms and conditions of the grants are as follows:

Grant date / employees entitled	Method of settlement accounting	Number of instruments	Vesting conditions	Contractual life of options
1 September 2018 / Senior employees	Equity	9,863	Company employee	10 years

For cash-settled share-based payment arrangements the liability was measured using a fair value stock price of \$63.32 (2018: \$55.65).

**Pensions**

A summary of the fair value of the net retirement benefit deficit is shown below:

	2019 £000	2018 £000
Pension scheme deficit	(79,205)	(93,601)

The company operates a funded defined benefit pension scheme in the UK for the benefit of employees within the UK called the Cargill Pension Plan. The assets of the scheme are held in separate trustee administered funds. The scheme was closed to new entrants on 5 April 2006. The company also operates an unfunded defined benefit scheme in the UK.

A full actuarial valuation has been carried out at 5 April 2019 and has been updated to 31 May 2019 by a qualified independent actuary to take account of the requirements of FRS 102.28 in order to assess the assets and liabilities of the scheme at the report date.

	2019 £000	2018 £000
Present value of scheme liabilities	(1,095,938)	(1,075,905)
Fair value of scheme assets	1,016,733	982,304
Net pension liability	(79,205)	(93,601)

Notes (continued)

18 Employee benefits (continued)

Pensions (continued)

The information disclosed below is in respect of both plans for which the company is the sponsoring employer throughout the periods shown. The fair value of the scheme's assets which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities which are derived from cash flow projections over long periods and thus inherently uncertain were:

	2019 £000	2018 £000
Present value of funded defined benefit obligations	(1,073,326)	(1,043,677)
Fair value of plan assets	1,016,733	982,304
	<u>(56,593)</u>	<u>(61,373)</u>
Present value of unfunded defined benefit obligations	(22,612)	(32,228)
Net liability	<u>(79,205)</u>	<u>(93,601)</u>

Movements in fair value of plan assets

	2019 £000	2018 £000
As at 1 June	982,304	929,971
Movement during the year:		
Expected return on assets	25,675	21,551
Contributions by employer	25,297	51,561
Contributions by members	32	143
Benefits paid	(43,676)	(36,463)
Expenses	(1,200)	(1,200)
Actuarial gain	28,301	16,741
As at 31 May	<u>1,016,733</u>	<u>982,304</u>

Movements in present value of defined benefit obligations

	2019 £000	2018 £000
As at 1 June	1,075,905	1,253,543
Movement during the year:		
Current service costs	4,493	7,425
Gain on curtailment and changes	(19,359)	(6,204)
Past service cost	6,800	-
Interest cost	27,882	28,473
Contributions by members	32	143
Benefits paid	(43,676)	(36,463)
Actuarial loss / (gain)	43,861	(171,012)
As at 31 May	<u>1,095,938</u>	<u>1,075,905</u>

A curtailment gain of £19,359,000 arises from the decision to close the schemes to future accruals from 31 May 2020. Following the High Court Ruling on 26 October 2018 in relation to Guaranteed Minimum Pension ("GMP") equalisation, a plan change is deemed to have occurred. The actuary estimated that the increase in FRS102 liabilities in the Cargill Pension Plan due to GMP Equalisation was £6,800,000. This cost has been recognised in the profit and loss account in the current year.

Notes (continued)

18 Employee benefits (continued)

Pensions (continued)

Expense recognised in the profit and loss account

	2019 £000	2018 £000
Current service cost	4,493	7,425
Gain on curtailment	(19,359)	(6,204)
Past service cost	6,800	-
Interest on defined benefit pension plan obligation	27,882	28,473
Interest income on pension plan assets	(25,675)	(21,551)
Administrative expenses	1,200	1,200
Total	<u>(4,659)</u>	<u>9,343</u>

The expense is recognised in the following line items in the profit and loss account:

	2019 £000	2018 £000
Cost of sales	(4,600)	726
Administrative expenses	(2,266)	1,695
Interest expense	2,207	6,922
Total	<u>(4,659)</u>	<u>9,343</u>

The total amount recognised in the statement of total comprehensive income in respect of actuarial gains and losses is £15,560,000 loss (2018: £187,753,000 gains).

Cumulative actuarial gains and losses reported in the statement of total comprehensive are £216,109,000 loss (2018: £200,549,000 loss).

The fair value of the plan assets and the return on those assets were as follows:

	2019 £000	2018 £000
Equities	216,515	246,610
Corporate bonds	502,412	442,284
Cash	14,483	22,931
Other	283,323	270,479
Total	<u>1,016,733</u>	<u>982,304</u>
Actual gain on plan assets	<u>53,976</u>	<u>38,292</u>

The pension scheme assets include no items owned by the company £nil (2018: £nil) and do not include any property occupied by the company (2018: £nil).

Where assets are held in bonds and cash the expected long-term rate of return is taken to be the yields generally prevailing on such assets at the balance sheet date. A higher rate of return is anticipated from equities which is based more on realistic future expectations than on the returns that have been available historically. The overall expected long-term rate of return on assets is then the average of these rates taking into account the underlying asset portfolio of the pension scheme.

Notes (continued)

18 Employee benefits (continued)

Pensions (continued)

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2019 %	2018 %
Discount rate	2.39%	2.87%
Inflation	3.15%	3.00%
Future salary increases	<u>3.15%</u>	<u>3.00%</u>

The assumptions used are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice. In valuing the liabilities of the pension scheme at 31 May 2019, mortality assumptions have been made as indicated below. If the life expectancy had been made to assume that all members of the scheme had lived one year longer the value of the reported liabilities at 31 May 2018 would have increased by £40,127,000 (2018: £37,146,000 gain) before deferred tax.

- Current pensioner aged 65: 22.0 years (male)
- Future retiree upon reaching 65: 23.4 years (male)

History of plans

The history of the plans for the current and prior periods is as follows:

Balance sheet	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
Present value of scheme liabilities	(1,095,938)	(1,075,905)	(1,253,543)	(946,878)	(893,103)
Fair value of scheme assets	<u>1,016,733</u>	<u>982,304</u>	<u>929,971</u>	<u>796,499</u>	<u>689,697</u>
Deficit	<u>(79,205)</u>	<u>(93,601)</u>	<u>(323,572)</u>	<u>(150,379)</u>	<u>(203,406)</u>
<i>Difference between the expected and actual return on scheme assets</i>					
Amount	28,301	16,741	117,074	(35,914)	54,251
As a percentage of scheme assets	3%	2%	13%	(5%)	8%
<i>Experience adjustments on scheme liabilities</i>					
Amount	(67,246)	-	-	(36,416)	(266)
As a percentage of scheme liabilities	6%	-	-	3%	0%
<i>Total amount recognised in statement of other comprehensive income</i>					
Amount	(15,560)	187,753	(183,163)	52,756	(56,963)
As a percentage of scheme liabilities	1%	(17%)	17%	(4%)	6%

The company expects to contribute approximately £32,333,000 (2018: £24,703,000) to its defined benefit plans in the next financial year.

The value of outstanding contributions owed to the defined benefit schemes at 31 May 2019 was £nil (2018: £nil).

The company also operates a defined contribution scheme. The expense recognised in the profit and loss account for the year ended 31 May 2019 was £2,628,000 (2018: £2,152,000). The value of outstanding contributions at 31 May 2019 was £nil (2018: £nil).

Notes (continued)

**19 Capital commitments**

Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2019 £000	2018 £000
Contracted	9,449	16,576
Authorised, but not contracted	44,906	19,249
	54,355	35,825

**20 Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	2019 £000	2018 £000
Within one year	6,951	7,002
Within two and five years inclusive	21,415	18,021
After five years	112,809	62,126
	141,175	87,149

The expense recognised in the year was £6,983,000 (2018: £7,206,000).

**21 Financial instruments**

**Fair values of financial instruments**

*Derivative financial instruments*

The fair value of forward exchange contracts is based on their listed market price.

The fair values for each class of financial assets and financial liabilities together with their carrying amounts shown in the balance sheet are as follows:

	2019		2018	
	Carrying values £000	Fair values £000	Carrying values £000	Fair values £000
Derivative financial instruments	22,981	22,981	12,431	12,431
Total financial assets	22,981	22,981	12,431	12,431
Derivative financial instruments	(15,693)	(15,693)	(17,823)	(17,823)
Total financial liabilities	(15,693)	(15,693)	(17,823)	(17,823)
Total financial instruments	7,288	7,288	(5,392)	(5,392)

**22 Contingencies**

The company has contingencies in respect of forward commodity contracts entered into in the normal course of business. As described in note 1, contracts are recorded at market value, which is dependent on market conditions. Given the inherent uncertainty of future market values, it is not possible to quantify the amount of contingent assets or liabilities.



Notes (continued)

23 Related party transactions

The company is exempt from disclosing transactions with other wholly owned group companies under Section 33.1A of FRS 102.

*Other related party transactions – entities over which the company has joint control*

	Sales to		Purchases from	
	31 May 2019 £000	31 May 2018 £000	31 May 2019 £000	31 May 2018 £000
Freemans of Newent Limited	38,204	13,561	-	-
Faccenda Foods Limited	10,439	2,731	-	-
Frontier Agriculture Limited	14,152	689	254,392	204,870
<b>Total</b>	<b>62,795</b>	<b>16,981</b>	<b>254,392</b>	<b>204,870</b>

	Receivables outstanding		Payables outstanding	
	31 May 2019 £000	31 May 2018 £000	31 May 2019 £000	31 May 2018 £000
Freemans of Newent Limited	960	51	3,652	4,282
Faccenda Foods Limited	51	404	59	2,181
Frontier Agriculture Limited	208	487	10,139	9,461
<b>Total</b>	<b>1,219</b>	<b>942</b>	<b>13,850</b>	<b>15,924</b>

24 Accounting estimates and judgements

The preparation of the financial statements requires the company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances. Actual results may differ from these estimates.

*Fair value of derivatives*

Certain business operations hold forward and future contracts at fair value. Fair value is determined using observable markets and internal data.

25 Ultimate holding company and parent undertaking

The immediate parent undertaking of Cargill PLC is Cargill UK Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. Cargill, Incorporated is the ultimate parent undertaking of Cargill PLC and is regarded by the directors as being the company's ultimate controlling party.

The parent undertaking of the smallest and largest group into which the accounts of the company are consolidated is Cargill, Incorporated, a company incorporated in the USA and the registered office is Corporation Trust, 1209 Orange Street, Wilmington, Delaware 19801, USA. The consolidated financial statements of this group are lodged at Companies House, Crown Way, Cardiff, CF4 3UZ as an add-on to the accounts of Cargill UK Holdings Limited.