EWOS Limited

Directors report, strategic report and financial statements

31 May 2018

Registered number 1635854

Contents

Directors' report

Introduction

The directors present their annual report and the audited financial statements for the year ended 31 May 2018.

Principal activities

The principal activities of the company are the manufacture and distribution of fish feed.

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:

D Morrice

E Wathne

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 2018.

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

Velocity V1
Brooklands Drive
Weybridge
Surrey
KT13 0SL

D Morrice
Director

18TH January, 2019

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:

	31 May 2018 £m	31 May 2017 £m
Turnover	**128.8**	143.4
Profit after taxation	**7.7**	16.0

The directors note a decrease in turnover due to loss of market share. In the prior year there was a gain of £8.2m on disposal of intangible asset which had a significant impact on the financial result.

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.

Principal risks and uncertainties

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

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 purchase of bulk commodities which create exposures to movements in foreign exchange rates principally the Norwegian Krone 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 £17,800,000 *(2017: £8,000,000)*.

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.

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.

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

Velocity V1
Brooklands Drive
Weybridge
Surrey
KT13 0SL

D Morrice
Director

18TH January 2019

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 judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; 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 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.

KPMG

Independent auditor's report to the members of EWOS Limited

Opinion

We have audited the financial statements of EWOS Limited ("the company") for the year ended 31 May 2018 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 2018 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 Britain 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 recoverability of fixed assets and stock 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

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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.

KPMG

Independent auditor's report to the members of EWOS Limited *(continued)*

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.

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.

Neil Calder

Neil Calder (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham NG1 6FQ
22 January 2019

Profit and loss account
for the year ended 31 May 2018

	Note	31 May 2018 £000	31 May 2017 £000
Turnover	2	128,818	143,384
Cost of sales		(108,846)	(121,844)
Gross profit		19,972	21,540
Distribution costs		(7,719)	(8,086)
Administrative expenses		(2,437)	(1,667)
Net operating expenses		(10,156)	(9,753)
Operating profit		9,816	11,787
Gain on disposal of intangible assets	5	-	8,187
Profit before interest		9,816	19,974
Other interest receivable and similar income	6	137	177
Interest payable and similar expenses	7	(410)	(162)
Profit before taxation	8	9,543	19,989
Tax on profit	9	(1,845)	(3,991)
Profit for the financial year		7,698	15,998

All of the results are derived from continuing operations.

Statement of total comprehensive income
for the year ended 31 May 2018

	Note	31 May 2018 £000	31 May 2017 £000
Profit for the financial year		7,698	15,998
Other comprehensive income			
Remeasurement of the net defined benefit liability	16	(414)	(539)
Income tax on other comprehensive income		70	92
Other comprehensive income for the year, net of income tax		(344)	(447)
Total comprehensive income		7,354	15,551

The notes on pages 10 to 24 form part of the financial statements.

Balance sheet
at 31 May 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Tangible assets	10		9,752		8,563
			9,752		8,563
Current assets					
Stocks	11	17,060		11,728	
Debtors	12	25,508		48,308	
Cash at bank		-		-	
		42,568		60,036	
Creditors: amounts falling due within one year	13	(12,867)		(18,884)	
Net current assets					
Due within one year		29,518		40,964	
Debtors due after more than one year	14	183		188	
Net current assets			29,701		41,152
Net assets excluding pension liabilities			39,453		49,715
Pension liabilities	16		(2,498)		(2,314)
Net assets including pension liabilities			36,955		47,401
Capital and reserves					
Called up share capital	15		25,018		25,018
Share premium account			4,500		4,500
Profit and loss account			7,437		17,883
Shareholders' funds			36,955		47,401

The notes on pages 10 to 24 form part of the financial statements.

These financial statements were approved by the board of directors on 18TH January, 2019 and were signed on its behalf by:

D Morrice
Director

Registered number 1387437

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	25,018	4,500	17,883	47,401
Total comprehensive income for the year				
Profit for the financial year	-	-	7,698	7,698
Other comprehensive income	-	-	(344)	(344)
Total comprehensive income for the year	-	-	7,354	7,354
Transactions with owners, recorded directly in equity				
Equity settled share based payment transactions	-	-	-	-
Equity dividends paid	-	-	(17,800)	(17,800)
Total contributions by and distributions to owners	-	-	(17,800)	(17,800)
At 31 May 2018	**25,018**	**4,500**	**7,437**	**36,955**

Statement of changes in equity
for the year ended 31 May 2017

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total Equity £000
At 1 June 2016	25,018	4,500	10,326	39,844
Total comprehensive income for the year				
Profit for the financial year	-	-	15,998	15,998
Other comprehensive income	-	-	(447)	(447)
Total comprehensive income for the year	-	-	15,551	15,551
Transactions with owners, recorded directly in equity				
Equity settled share based payment transactions	-	-	6	6
Equity dividends paid	-	-	(8,000)	(8,000)
Total contributions by and distributions to owners	-	-	(7,994)	(7,994)
At 31 May 2017	**25,018**	**4,500**	**17,883**	**47,401**

Notes
(forming part of the financial statements)

1 Accounting policies

Statement of compliance

EWOS Limited is a limited liability company incorporated, domiciled and registered in England in the United Kingdom. The registered number is 1635854 and the registered office is Velocity V1, Brooklands Drive, Weybridge, Surrey KT13 0SL.

The company is exempt by virtue of s400 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"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. 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 21. 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. 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 the provision of goods and services to customers during the year. 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.

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.

Derivative financial instruments

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.

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

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.

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 is it 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. The useful economic lives of tangible fixed assets are as follows;

Buildings	-	20 to 25 years
Plant and machinery	-	10 years
Fixtures and fittings	-	10 years

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

Leases

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

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.

Notes *(continued)*

1 Accounting policies *(continued)*

Post-retirement benefits

The company operates a pension scheme providing benefits based on final pensionable salary which is closed to future accrual. 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 comprehensive income, 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.

Cash

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Deferred compensation and share based payments

The company participates in a 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.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

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

All of the company's net operating assets are located in the United Kingdom.
An analysis of turnover by geographical destination is shown below:

	31 May 2018 £000	31 May 2017 £000
UK	**86,163**	97,951
Rest of Europe	**37,900**	45,433
Rest ot the World	**4,755**	-
Turnover	**128,818**	143,384

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:

	31 May 2018	31 May 2017
	Number of employees	
Research and development	**1**	1
Administration	**8**	6
Production and sales	**67**	63
	76	70

The aggregate payroll costs of these persons were as follows:	**31 May 2018 £000**	31 May 2017 £000
Wages and salaries	**2,817**	2,483
Share based payments	**336**	6
Social security costs	**336**	334
Other pension costs	**252**	338
	3,741	3,161

Notes *(continued)*

4 Directors' remuneration

	31 May 2017 £000	31 May 2016 £000
Aggregate remuneration and benefits	221	155

The aggregate of emoluments of the highest paid director were £220,571 *(2017: £155,365)*.

Certain of the directors' emoluments were borne by other group undertakings. The qualifying services that they provide to the company are incidental and it is not practicable to allocate any of their remuneration to the company.

5 Gain on disposal of intangible assets

During the preceding year the company sold its share of Intellectual Property assets to a fellow Cargill, Incorporated subsidiary realising a gain of £8,187,000.

As these intangible assets had been internally generated their carrying value prior to disposal was £nil.

6 Other interest receivable and similar income

	31 May 2018 £000	31 May 2017 £000
Amounts derived from group companies	131	83
Other interest receivable	6	94
	137	177

7 Interest payable and similar expenses

	31 May 2018 £000	31 May 2017 £000
Amounts derived from group companies	11	55
Other interest charges	345	34
Net interest expense on net defined benefit liabilities (note 16)	54	73
	410	162

8 Expenses and auditor's remuneration

The following amounts in respect of auditors' remuneration were charged to the profit and loss account of this company: audit of these financial statements £40,916 *(2017: £37,342)*.

Notes *(continued)*

9 Taxation

Total tax expense in the profit and loss account

	31 May 2018 £000	31 May 2017 £000
Current tax		
UK corporation tax at 19.00% *(2017: 19.83%)*	1,734	3,852
Adjustment in respect of prior years	36	12
Total current tax	1,770	3,864
Deferred tax		
Deferred taxation arising from the origination and reversal of timing differences	44	(1)
Deferred tax movement related to pension scheme liability	44	143
Adjustment in respect of prior years	(4)	(19)
Impact of rate change on deferred tax	(9)	4
Total deferred tax	75	127
Tax on profit on ordinary activities	1,845	3,991

Reconciliation of effective tax rate

	31 May 2018 £000	31 May 2017 £000
Profit for the financial year	7,698	15,998
Total tax expense	1,845	3,991
	9,543	19,989
Profit multiplied by standard rate of corporation tax in the UK of 19.00% *(2017: 19.83%)*	1,813	3,964
Effects of:		
Expenses not deductible for tax	8	29
Change in tax rate	(9)	5
Adjustments in respect of prior years	33	(7)
Toal tax expense for the year	1,845	3,991

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 19.00% was enacted on 26 October 2015 and applied from 1 April 2017.

The deferred tax balance at 31 May 2018 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.

Notes *(continued)*

10 Tangible fixed assets

	Freehold properties £000	Plant, equipment fixtures & fittings £000	Total £000
Cost			
At 1 June 2017	4,165	17,463	21,628
Additions	145	2,402	2,547
At 31 May 2018	**4,310**	**19,865**	**24,175**
Accumulated depreciation			
At 1 June 2017	2,076	10,989	13,065
Charge for the period	144	1,214	1,358
At 31 May 2018	**2,220**	**12,203**	**14,423**
Net book value			
At 31 May 2018	**2,090**	**7,662**	**9,752**
At 1 June 2017	2,089	6,474	8,563

Freehold properties includes land at cost of £127,814 *(2017: £127,814)* which is not depreciated.

11 Stocks

	2018 £000	2017 £000
Raw materials and consumables	14,493	9,249
Work in progress and finished goods	2,567	2,479
	17,060	11,728

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £102,779,000 *(2017: £116,501,000)*.

Notes *(continued)*

12 Debtors

	2018 £000	2017 £000
Due within one year		
Trade debtors	6,209	28,082
Amounts owed by group undertakings	18,406	19,621
Other debtors	409	150
Unrealised gains on derivatives	128	-
Prepayments and accrued income	173	267
	25,325	48,120
Due after more than one year		
Deferred tax (see note 14)	183	188
Total debtors	25,508	48,308

Amounts owed by group undertakings comprise:

	2018 £000	2017 £000
Trade debtors	554	587
Short term deposits	17,852	19,034
	18,406	19,621

13 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	10,234	11,619
Amounts owed to group undertakings	270	2,358
Other creditors including corporation taxation and social security	1,734	3,245
Accruals and deferred income	629	1,168
Unrealised losses on derivatives	-	494
	12,867	18,884

Amounts owed to group undertakings comprise:

	2018 £000	2017 £000
Trade creditors	270	2,358
	270	2,358

Other creditors including corporation taxation and social security comprise:

	2018 £000	2017 £000
Other taxes	-	17
Corporation taxation	1,734	3,228
	1,734	3,245

Notes *(continued)*

14 Deferred tax assets and liabilities

	Assets		Liabilites		Total	
	2018	2017	**2018**	2017	**2018**	2017
	£000	£000	**£000**	£000	**£000**	£000
Accelerated capital allowances	**-**	-	**(267)**	(234)	**(267)**	(234)
Pension scheme	**425**	393	**-**	-	**425**	393
Other timing difference	**25**	29	**-**	-	**25**	29
Total tax asset	**450**	422	**(267)**	(234)	**183**	188
Net of tax liabilites	**(267)**	(234)	**267**	234	**-**	-
Net tax assets	**183**	188	**-**	-	**183**	188

15 Called up share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
500,000 Ordinary shares of £1 each	**500,000**	500,000
24,517,728 redeemable B Ordinary shares of £1 each	**24,517,728**	24,517,728
	25,017,728	25,017,728

16 Employee benefits

Share Based Payments

As explained in the accounting policy note 1 there is a 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 2017 / Senior employees	Equity	2,543	Remaining in employment	10 years

Notes *(continued)*

16 Employee benefits *(continued)*

Pensions

The company operates a funded defined benefit pension scheme in the UK for the benefit of employees within the UK called the EWOS Limited Pension Plan. The assets of the scheme are held in separate trustee administered funds.

A full actuarial valuation has been carried out at 5 April 2016 and has been updated to 31 May 2018 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.

	2018 £000	2017 £000
Present value of scheme liabilities	(17,983)	(17,518)
Fair value of scheme assets	15,485	15,204
Net pension liability	(2,498)	(2,314)

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:

Movements in present value of defined benefit obligations

	2018 £000	2017 £000
As at 1 June 2017	17,518	16,263
Movement during the year:		
Current service costs	25	24
Interest cost	335	416
Benefits paid	(469)	(601)
Actuarial loss	574	1,416
As at 31 May 2018	17,983	17,518

Movements in fair value of plan assets

	2018 £000	2017 £000
As at 1 June 2017	15,204	13,767
Movement during the year:		
Expected return on assets	281	343
Contributions by employer	309	818
Benefits paid	(469)	(601)
Remeasurement: return on plan assets less interest income	160	877
As at 31 May 2018	15,485	15,204

Notes *(continued)*

16 Employee benefits *(continued)*

Pensions *(continued)*

Expense recognised in the profit and loss account

	2018 £000	2017 £000
Expenses	25	24
Interest on defined benefit pension plan obligation	335	416
Interest income on pension plan assets	(281)	(343)
Total	79	97

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

	2018 £000	2017 £000
Administrative expenses	25	24
Interest expense	54	73
Total	79	97

The total amount recognised in the statement of total comprehensive income in respect of actuarial gains and losses is £414,000 loss *(2017: £539,000 loss)*.

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

	2018 £000	2017 £000
Equities	4,405	4,048
Corporate bonds	2,469	4,410
Cash	3	141
Other	8,608	6,605
Total	15,485	15,204
Actual gain on plan assets	441	1,220

The pension scheme assets include no items owned by the company *(2017: £nil)* and do not include any property occupied by the company *(2017: £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)*

16 Employee benefits *(continued)*

Pensions *(continued)*

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

	2018 %	2017 %
Discount rate	2.60%	2.51%
Inflation	3.15%	3.30%
Future salary increases	n/a	n/a

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 2018, mortality assumptions have been made as indicated below.

- Current pensioner aged 65: 21.4 years (male), 23.3 years (female)
- Future retiree upon reaching 65: 22.8 years (male), 24.8 years (female)

The company expects to contribute approximately £293,000 to its defined benefit plans in the next financial year.

The value of outstanding contributions owed to the defined benefit schemes at 31 May 2018 was £nil *(2017: £nil)*.

The company also operates a defined contribution scheme. The expense recognised in the profit and loss account for the year ended 31 May 2018 was £252,000 *(2017: £338,000)*. The value of outstanding contributions at 31 May 2018 was £nil *(2017: £nil)*.

Notes *(continued)*

17 Capital commitments

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

	2018 £000	2017 £000
Authorised and contracted for	-	528

18 Operating leases

The company uses operating leases for plant and machinery. Non-cancellable operating lease rentals are payable as follows:

	2018 £000	2017 £000
Within one year	1,230	1,141
Within two and five years inclusive	586	643
After five years	1,934	252
	3,750	2,036

Operating lease expenses for the year ended 31 May 2018 was £2,568,000 *(2017: £1,213,757).*

19 Related party transactions

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

20 Accounting estimates and judgements

Key sources of estimation uncertainty

Employee benefits

The company participates in a defined benefit pension scheme in the UK. The company's share of the obligation in respect of the defined benefit plan is calculated by independent, qualified actuaries and update at least annually. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price and medical costs inflation, benefit and salary increases together with the discount rate used. The size of the plan assets is also sensitive to asset return levels and the level of contribution from the company. These assumptions have been set out in note 16.

21 Ultimate holding company and parent undertaking

The immediate parent undertaking of EWOS Limited is Albain Bidco UK Limited, a company incorporated in Great Britain and registered in England and Wales. Cargill, Incorporated is the ultimate parent undertaking of EWOS Limited 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. The consolidated financial statements of this group are lodged at Companies House, Crown Way, Cardiff, CF4 3UZ.