

East Mediterranean Trading Limited

Directors report, strategic report and financial statements

31 May 2018

Registered number 3656234



Directors' report, strategic report and financial statements

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Directors' report

Introduction

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

Principal activities

The company's principal activity is the provision of services to Cargill, Incorporated through the financing of back-to-back commodity trades to facilitate transactions in emerging countries. The commodity contracts are denominated in USD or in some cases in other currencies, according to specific financing needs. In these instances, the trading risks are borne by Cargill, Incorporated and the company does not bear any trading risk. In instances where a deposit is placed prior to the back-to-back commodity trade, the company will bear the financial risk.

Directors

The Directors who held the office during the year were:

S Bilgin	
RK Daruka	
M Haidar Chede Carton	(appointed 28 February 2018)
N Spry	(resigned on 28 February 2018)
MJ Wilkins	

No Director benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Employees

The company had no employees during the year (2017: nil). There is a management charge levied and accordingly no staff costs have been directly incurred during the year by the company.

Political and charitable contributions

The company made no political contributions during the year (2017: nil) and no donations to UK charities (2017: nil).

Disclosure of information to the 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 he/ she ought to have taken as a Director to make himself / herself 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



S Bilgin
Director
4 February 2019

Registered Address:
East Mediterranean Trading Limited
Velocity V1
Brooklands Drive
Weybridge
Surrey
KT13 0SL

Registered number 3656234

Strategic Report

Business review and summary results

The directors consider the key performance indicator to be profit.

Summarised results are given below.

	2018 \$000	2017 \$000
Profit after taxation for the financial year	173	66

Principal risks and uncertainties

The principal uncertainties facing the company in the coming year include the unpredictable nature of the general economic environment and the countries in which the business operates. These factors make the company's future revenue generation quite unpredictable. Changes in trade volumes, patterns of trade flows and currency exchange rates will also influence the company's profits in future. The company's exposure to these risks is limited to the company's fee income from Cargill, Incorporated and the interest income earned on deposits.

Dividend Policy

The directors do not recommend the payment of a dividend (2017: nil).

Policy and Practice on the Payment of Creditors

The company's expenses are all paid by members of the Cargill, Incorporated group consequently no policy on payment of creditors is included in these financial statements.

By Order of the Board



S Bilgin
Director
4 February 2019

Registered Address:
East Mediterranean Trading Limited
Velocity V1
Brooklands Drive
Weybridge
Surrey
KT13 0SL

Statement of directors' responsibilities in respect of the directors' 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; and
- 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 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.

Independent auditor's report to the members of East Mediterranean Trading Limited

Opinion

We have audited the financial statements of East Mediterranean Trading 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, 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 their 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 their 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.

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.

Independent auditor's report to the members of East Mediterranean Trading Limited
(continued)

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 3, 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.



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

Profit and loss account
for the year ended 31 May 2018

	<i>Note</i>	2018 S	2017 S
Net trading income	2	222,450	140,450
Administrative expense		(8,479)	(58,308)
Operating profit		213,971	82,142
Profit before taxation	4	213,971	82,142
Tax on profit	7	(40,905)	(16,333)
Profit for the financial period		173,066	65,809

The above income and expenditure has been derived from continuing activities.

There is no material difference between the results as reported and the results that would have been reported on a historical cost basis. Accordingly, no note of historical cost profits and losses has been prepared.

The notes on pages 9 to 13 form an integral part of these financial statements.

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

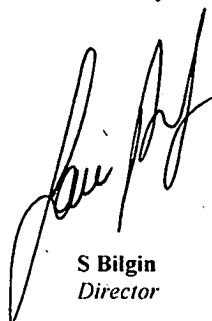
	2018 S	2017 S
Profit for the financial period	173,066	65,809
Total comprehensive income	173,066	65,809

Balance sheet
at 31 May 2018

	<i>Note</i>	2018 \$	\$	2017 \$	\$
Current Assets					
Debtors:	8	14,952,813		14,747,193	
Creditors: Amounts falling due within one year	9	(49,730)		(17,176)	
Net current assets		<u>14,903,083</u>		<u>14,730,017</u>	
Net assets		<u><u>14,903,083</u></u>		<u><u>14,730,017</u></u>	
Capital and reserves					
Called up share capital	10	100,000		100,000	
Profit and loss account		14,803,083		14,630,017	
Shareholder's funds		<u><u>14,903,083</u></u>		<u><u>14,730,017</u></u>	

The notes on pages 9 to 13 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 4 February 2019 and signed on its behalf by:



S Bilgin
Director

Registered number 3656234

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

	Share Capital \$	Share Premium \$	Profit and loss account \$	Total \$
At 1 June 2016	100,000	-	14,564,208	14,664,208
Total comprehensive income	-	-	65,809	65,809
At 31 May 2017	<u>100,000</u>	<u>-</u>	<u>14,630,017</u>	<u>14,730,017</u>

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

	Share Capital \$	Share Premium \$	Profit and loss account \$	Total \$
At 1 June 2017	100,000	-	14,630,017	14,730,017
Total comprehensive income	-	-	173,066	173,066
At 31 May 2018	<u>100,000</u>	<u>-</u>	<u>14,803,083</u>	<u>14,903,083</u>

Notes

(forming part of the financial statements)

1 Accounting policies

Statement of compliance

East Mediterranean Trading Limited is a private limited liability company incorporated, domiciled and registered in England in the United Kingdom. The registered number is 3656234 and the registered office is Velocity 1, Brooklands Drive, Weybridge, Surrey KT13 0SL.

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 US Dollars. All amounts in the financial statements have been rounded to the nearest US\$1.

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 11. 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.

Basis of preparation

The financial statements have been prepared on a going concern basis, in accordance with applicable accounting standards and under the historical cost accounting rules, except as noted in the interest income and expense accounting policy noted below.

Turnover, cost of sales and gross profit (as prescribed in the Companies Act 2006) do not have any meaningful equivalents for a service business and are therefore not included.

Trading income includes the net profits arising from positions in foreign exchange, fee income, money market assets and liabilities and net interest earned by those investments and related funding.

The directors consider that trading arrangements in place will allow the company to continue as a going concern for a period of more than 12 months after the date of the financial statements. Notwithstanding Britain's planned exit from the European Union on 29 March 2019, the directors are satisfied that there are sufficient resources available to the company to ensure that it continues as a going concern.

The directors consider that the functional currency of the company is the US dollar. The financial statements have therefore been prepared in that currency.

Notes (continued)

1 Accounting Policies (continued)

Fee and commission income recognition

Fees and commissions are recognised in the Profit and Loss account when the transaction to which they relate is completed. A standard margin is earned on each transaction. Where the company acts as an agent, income and expenses related to these transactions are netted off, hence income is reported net. Income earned in principal activities while received gross, is reported net.

Interest income and expense:

Interest income and expense are recognised on an accruals basis.

Foreign exchange

Transactions denominated in foreign currencies are translated into US dollars and recorded at the rate of exchange prevailing at the date of the transaction. Balances denominated in foreign currencies are translated into US dollars at the exchange rates prevailing at the balance sheet date.

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.

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.

Notes (continued)

1 Accounting Policies (continued)

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.

2 Net trading income

	2018 \$	2017 \$
Fee and commission income	10,484	89,990
Foreign exchange loss	(92)	(42,470)
Interest receivable and similar income	<u>212,058</u>	<u>92,930</u>
Net trading income	<u><u>222,450</u></u>	<u><u>140,450</u></u>

Interest receivable and similar income of \$212,058 (2017: \$92,930) is receivable from group undertakings.

3 Staff numbers and costs

The company had no employees during the year (2017: nil). Staff costs are borne by another group company.

4 Expenses and auditor's remuneration

Administrative expenses relate to charges due to the company's auditors of \$9,158 (2017: \$25,002) in relation to statutory audit services for the period ended 31 May 2018.

5 Remuneration of directors

The directors are remunerated by other companies within the group. The qualifying services that they provide to the company are incidental and it is not practical to allocate any of their remuneration to the company.

6 Segmental analysis

No segmental analysis is provided as the company has only one distinguishable class of business and operates in a market, which is not limited by geographical bounds.

Notes (continued)

7 Taxation

	2018 £	2017 £
<i>Analysis of tax charge for the year</i>		
<i>Current tax</i>		
UK corporation tax at 19.00% (2017: 19.83%)	40,905	16,740
Adjustment in respect of prior years	-	(407)
Total tax	<u>40,905</u>	<u>16,333</u>
<i>Reconciliation of effective tax rate</i>		
Profit for the financial year	173,066	65,809
Total tax expense	<u>40,905</u>	<u>16,333</u>
Profit before taxation	213,971	82,142
Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.83%)	40,654	16,289
Effects of:		
Other tax adjustments	251	451
Adjustment in respect of prior years	-	(407)
Total tax charge for the year	<u>40,905</u>	<u>16,333</u>

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.

A further reduction to the main rate of corporation tax to 17% will apply from 1 April 2020 and was substantively enacted on 15 September 2016.

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

Notes (continued)

8 Debtors

	2018	2017
	\$	\$
<i>Due within one year</i>		
Amount owed by group undertaking	<u>14,952,813</u>	<u>14,747,193</u>
	<u>14,952,813</u>	<u>14,747,193</u>

Amounts owed by group undertakings are due on demand and interest free.

9 Creditors : amount falling due within one year

	2018	2017
	\$	\$
<i>Due within one year</i>		
Other creditors	9,165	-
Amount owed to group undertakings	9	419
Corporate tax payable	40,556	16,757
	<u>49,730</u>	<u>17,176</u>

10 Called up share capital

	2018	2017
	\$	\$
<i>Allotted, called up and fully paid</i>		
100,000 Ordinary shares of US \$1 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Shares classified as shareholders' funds	<u>100,000</u>	<u>100,000</u>

11 Related party transactions

The company is exempt from disclosing transactions with other wholly owned group companies under Section 33.1A of FRS 102. The consolidated financial statements of Cargill, Incorporated, within which the company is included, are publicly available from the address given in note 12.

12 Ultimate holding company and parent undertaking

The company is a subsidiary of Cargill Incorporated, a company incorporated in the USA. The registered number is 0286124 and the registered office is Corporation Trust, 1209 Orange Street, Wilmington, Delaware 19801.

The only group in which the results of the company are consolidated is that headed by Cargill Incorporated whose consolidated financial statements are lodged together with Cargill UK Holdings Limited accounts at Companies House, Crown Way, Cardiff CF14 3UZ.

The immediate parent company is Cargill Tarim ve Gida Sanayi Ticaret A.S., a company incorporated in Turkey. Cargill Tarim ve Gida Sanayi Ticaret A.S. does not prepare consolidated accounts.