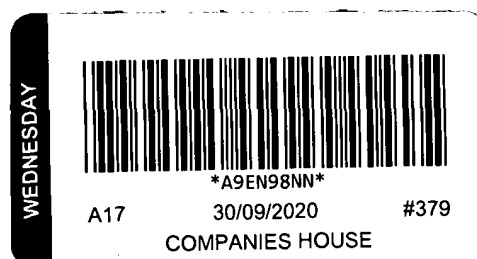


# ADM Trading (UK) Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2019



Company Registration No. 00818889

# ADM Trading (UK) Limited

## COMPANY INFORMATION

---

DIRECTORS

M P Farrow  
L T Rogers  
P Girard

SECRETARY

Eversecretary Limited  
Eversheds House  
70 Great Bridgewater Street  
Manchester  
M1 5ES

COMPANY NUMBER

00818889

REGISTERED OFFICE

Church Manorway  
Erith  
Kent  
DA8 1DL

AUDITOR

RSM UK Audit LLP  
25 Farringdon Street  
London  
EC4A 4AB

# ADM Trading (UK) Limited

## STRATEGIC REPORT

For the year ended 31 December 2019

---

The Directors present their Strategic Report of ADM Trading (UK) Limited (Company Registration No. 00818889) for the year ended 31 December 2019.

### PRINCIPAL ACTIVITIES

The Company's principal activities during 2019 were to provide marketing services to other ADM Group Companies and Olenex Sarl Joint Venture.

### REVIEW OF THE BUSINESS

The operating margin in UK division amounted to 12.7% in 2019 and the overall mark up on total cost base for service agreements amounted to 15%. The mark up on individual service agreements did not change comparing to 2018. Net assets decreased from £13.4m in 2018 to £13.0m in 2019. The Directors are satisfied with the performance of the Company.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Directors have considered and reviewed the provisions included within the Companies Act 2006, relating to financial risk management objectives and policies, including any associated use of financial instruments. As part of the review, the Directors have also considered the exposure of the Company to credit risk, liquidity risk and foreign currency risk, in order that an overall assessment can be made of the Company's assets, liabilities, its financial position and its result for the year.

Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the ADM Group are implemented by the Company's finance department. The department has a policy and procedures manual that sets out specific guidelines on how to manage risk and the circumstances where it would be appropriate to use financial instruments.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and foreign currency risk.

#### Credit risk

There are no significant concentrations of credit risk within the Company. The Company has implemented policies that require appropriate credit checks on potential customers prior to sales being made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed continuously by the Executive Management team and credit control department. During 2014, the Company entered into a securitisation agreement whereby another Group undertaking purchases the trade debt of the Company without recourse. As such, the Company has procedures in place to minimise its exposure to credit risk.

#### Liquidity risk

The Company's only funding requirement is for short-term finance for its operations and planned expansions. This is provided by another ADM Group undertaking which charges interest on a floating rate basis calculated monthly. There is no fixed repayment date.

#### Foreign currency risk

In order to reduce the risk of foreign currency exchange rate fluctuations, the Company follows a policy of entering into currency exchange forward contracts to mitigate its foreign currency risk related to transactions denominated in currency other than its functional currency.

### KEY PERFORMANCE INDICATORS

As a service provider, the Directors consider the key performance indicator for the Company is to provide services to the contractual level at minimum cost.

# ADM Trading (UK) Limited

## STRATEGIC REPORT (CONTINUED)

For the year ended 31 December 2019

---

### COVID-19

The Covid-19 outbreak has occurred after the balance sheet reporting date of 31 December 2019 and may impact the Company's results for the year ended 31 December 2020. At the present time, the Directors do not anticipate any significant change to the income or results of this entity arising from the wider economic impact of Covid-19 and do not expect any changes to the cost-plus agreements in place for at least 12 months from the date of signing of the accounts.

### FUTURE DEVELOPMENTS

For the foreseeable future, the company will continue to provide marketing services to other ADM Group Companies and joint ventures. The Directors expect the Company to continue making pre-tax profits and there are no major changes expected to happen to the business over the next 12 months. The post year end Covid -19 situation is not considered to have an impact on the activities of this entity at the date of signing of these accounts and the Directors are not aware of any reason or intention for the agreements currently in place to be ceased.

This report was approved by the board of Directors on 24 September 2020

Signed on behalf of the board:

DocuSigned by:



.....213EE4210BC4468...

L T Rogers

DIRECTOR

Dated: 24 September 2020

# ADM Trading (UK) Limited

## DIRECTOR'S REPORT

For the year ended 31 December 2019

---

The Directors present their report and financial statements of ADM Trading (UK) Limited (Company Registration No. 00818889) for the year ended 31 December 2019.

### RESULTS AND DIVIDENDS

The results for the year are set out on page 8.

The Directors do not recommend payment of an ordinary dividend (2018: £Nil).

### GOING CONCERN

The Directors have reviewed the marketing services agreements in place taking into account the effects of the unfolding Covid-19 crisis and consider that the Company can continue to operate as a going concern. The Directors anticipate that there is unlikely to be any adverse impact on revenue streams (see also Note 25 Post Balance Sheet Events) and do not foresee any changes to the marketing services agreements in place over the next 12 months from the date of signing of these financial statements following appropriate enquiries of other group companies. The Directors considered the adequacy of capital reserves, liquid resources and future prospect of the Company in accordance with its strategy and as a marketing service provider, revenue generated is expected to cover expenditure and cash flow requirements will be sufficiently covered. In addition, the amounts owed by the group undertakings will fund any shortfall of expenditure not fully covered by the cost-plus agreements in place. The Directors do not expect the Company to require any additional support and are satisfied that the Company is in a position to meet its liabilities as they fall due over the period to 30 September 2021 and on this basis, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

### POST BALANCE SHEET EVENTS

Coronavirus has not materially affected the operations of ADM Trading (UK) Limited and the Directors expect 2020 to have similar results to that of 2019.

### DIRECTORS

The following Directors have held office since 1 January 2019:

M Degen	(Resigned 11 November 2019)
M P Farrow	
P Girard	
L T Rogers	
M Kropp	(Resigned 11 November 2019)
O M Muldoon	(Resigned 30 June 2019)

### AUDITOR

The auditor, RSM UK Audit LLP, has indicated its willingness to continue in office.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors at the date of approval of this Directors' Report confirm that so far as each of them is aware, there is no relevant audit information of which the Company's auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, all the Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

The Company has granted an indemnity to one or more Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

**ADM Trading (UK) Limited**  
DIRECTOR'S REPORT (CONTINUED)  
For the year ended 31 December 2019

---

This report was approved by the board of Directors on 24 September 2020.

Signed on behalf of the board:

DocuSigned by:  
  
..... 213EE42108C4468...

L T Rogers  
DIRECTOR

Dated: 24 September 2020

# ADM Trading (UK) Limited

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

---

The Directors are responsible for preparing the Strategic Report, the Directors' 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, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 "Reduced Disclosure Framework". 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 those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS101 'Reduced disclosure framework' have been followed, subject to any material departures disclosed and explained in the financial statements: and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT To The Members of ADM Trading (UK) Limited

---

### OPINION

We have audited the financial statements of ADM Trading (UK) Limited (the 'Company') for the year ended 31 December 2019 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or



## INDEPENDENT AUDITOR'S REPORT (CONTINUED) To The Members of ADM Trading (UK) Limited

---

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION (Continued)

- 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.

### RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### USE OF OUR REPORT

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

RSM UK Audit LLP

RICHARD COATES (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street, London  
EC4A 4AB

Dated: ...30 September 2020.....

# ADM Trading (UK) Limited

## INCOME STATEMENT

For the year ended 31 December 2019

	Notes	2019 £	2018 £
TURNOVER	6	3,274,207	3,469,567
Cost of sales		-	-
GROSS PROFIT		<u>3,274,207</u>	<u>3,469,567</u>
Other operating expenses (net)	7	<u>(2,859,104)</u>	<u>(3,148,920)</u>
OPERATING PROFIT		415,103	320,647
Interest receivable and similar income	8	176,987	154,611
Interest payable and similar charges	9	<u>(285,210)</u>	<u>(282,367)</u>
PROFIT BEFORE TAX	10	306,880	192,891
Taxation	13	<u>(637,507)</u>	<u>(355,125)</u>
LOSS AFTER TAX		<u><u>(330,627)</u></u>	<u><u>(162,234)</u></u>

**ADM Trading (UK) Limited**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 December 2019

	Note	2019 £	2018 £
Loss for the financial year		(330,627)	(162,234)
Other comprehensive income:			
<i>Items that cannot be reclassified to profit or loss:</i>			
Currency translation (losses)/gains		(1,587)	27,347
OTHER COMPREHENSIVE (EXPENDITURE)/INCOME FOR THE YEAR		<u>(1,587)</u>	<u>27,347</u>
TOTAL COMPREHENSIVE EXPENDITURE FOR THE YEAR		<u><u>(332,214)</u></u>	<u><u>(134,887)</u></u>

Currency translation gains arose from the retranslation of the reported results in a division of this Company from US Dollars to British Pounds Sterling. The average exchange rate prevailing during the year was \$1.324:£1.00 (2018 - \$1.334:£1.00), and the exchange rate as at 31 December 2019 was \$1.310:£1.00 (2018 - \$1.274:£1.00).


**ADM Trading (UK) Limited**  
**STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2019

Company Registration No. 00818889

	Notes	2019 £	2018 £
<b>FIXES ASSETS</b>			
Right of use assets	14	8,729	-
<b>CURRENT ASSETS</b>			
Debtors	15	15,320,892	25,227,616
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	16	(2,359,533)	(11,872,588)
<b>NET CURRENT ASSETS</b>		<u>12,961,359</u>	<u>13,355,028</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>12,970,088</u>	<u>13,355,028</u>
<b>CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR</b>	17	(4,878)	-
<b>NET ASSETS</b>		<u><u>12,965,210</u></u>	<u><u>13,355,028</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	501	501
Additional paid in capital		1,547,588	1,547,588
Share-based payments reserve	21	273,951	252,932
Profit and loss account		11,143,170	11,554,007
<b>SHAREHOLDERS' FUNDS</b>		<u><u>12,965,210</u></u>	<u><u>13,355,028</u></u>

The financial statements on pages 8 to 28 were approved by the board of Directors and authorised for issue on 24 September 2020.

Signed on its behalf by:

DocuSigned by:  
  
213EE4210BC4468...

L T Rogers  
DIRECTOR

# ADM Trading (UK) Limited

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Called up share capital	Additional paid in capital	Share-based payments reserve	Profit and loss account	Total
	£	£	£	£	£
1 January 2018	501	1,547,588	331,590	11,586,044	13,465,723
Loss for the financial year	-	-	-	(162,234)	(162,234)
Other comprehensive income	-	-	-	27,347	27,347
Total comprehensive expenditure for the year	-	-	-	(134,887)	(134,887)
Charge for share-based payments for the year	-	-	110,297	-	110,297
Impact of ADM recharge	-	-	-	(75,073)	(75,073)
Transfer to profit and loss account	-	-	(177,923)	177,923	-
Current tax on share-based payments	-	-	(6,693)	-	(6,693)
Deferred tax on share-based payments	-	-	(4,339)	-	(4,339)
	-	-	(78,658)	102,850	24,192
31 December 2018	501	1,547,588	252,932	11,554,007	13,355,028
IFRS 16 adoption adjustment	-	-	-	44	44
Loss for the financial year	-	-	-	(330,627)	(330,627)
Other comprehensive expenditure	-	-	-	(1,587)	(1,587)
Total comprehensive expenditure for the year	-	-	-	(332,214)	(332,214)
Charge for share-based payments for the year (Note 21)	-	-	100,244	-	100,244
Impact of ADM recharge	-	-	-	(173,554)	(173,554)
Transfer to profit and loss account	-	-	(94,887)	94,887	-
Current tax on share based payments	-	-	13,929	-	13,929
Deferred tax on share based payments	-	-	1,733	-	1,733
	-	-	21,019	(78,667)	(57,648)
31 December 2019	501	1,547,588	273,951	11,143,170	12,965,210

# ADM Trading (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

---

### 1 GENERAL INFORMATION

ADM Trading (UK) Limited is a private company (the 'Company') incorporated by shares in the United Kingdom. The Company is domiciled in the United Kingdom and its registered address is Church Manorway, Erith, Kent, DA8 1DL.

The Company's principal activity was solely to provide services to other ADM Group Companies and Olenex Sarl joint venture.

### 2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE WITH FRS 101

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, on 1 January 2015, the Company changed its accounting framework to FRS 101.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 – 'Reduced Disclosure Framework' ('FRS 101') and with the Companies Act 2006. They have been prepared under the historical cost convention modified to include fair value accounting for certain financial instruments in accordance with applicable accounting standards.

In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), amended where necessary in order to comply with Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of paragraphs 45 (b) and 46-52 of *IFRS 2 Share-Based Payment*, because the share-based payment arrangement concerns the instruments of another group entity; on the grounds that equivalent disclosures are included in the consolidated financial statements of its ultimate parent undertaking, Archer Daniels Midland Company.

(b) the requirements of *IFRS 7 Financial Instruments: Disclosures* on the grounds that equivalent disclosures are included in the consolidated financial statements of its ultimate parent undertaking, Archer Daniels Midland Company.

(c) the requirements of paragraphs 91-99 of *IFRS 13 Fair Value Measurement*; on the grounds that equivalent disclosures are included in the consolidated financial statements of its ultimate parent undertaking, Archer Daniels Midland Company.

(d) the requirement in paragraph 38A-D of *IAS 1 Presentation of Financial Statements* to present comparative information in respect of: (i) paragraph 79(a)(iv) of *IAS 1* and (ii) paragraph 73(e) of *IAS 16 Property, Plant and Equipment*.

(e) the requirements of paragraphs 10(d), 16, 38, 39(c), 111 and 134-136 of *IAS 1 Presentation of Financial Statements*;

(f) the requirements of *IAS 7 Statement of Cash Flows*;

(g) the requirements of paragraphs 30 and 31 of *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*;

(h) the requirements of paragraph 17 of *IAS 24 Related Party Disclosures*; and the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transactions entered into is wholly owned by such a member;

(i) the requirements of paragraphs 130(f) (ii), 130 (f)(iii), 134(d)-134(f) and 135(c)-135(e) of *IAS 36 Impairment of Assets*, on the grounds that equivalent disclosures are included in the consolidated financial statements of its ultimate parent undertaking Archer Daniels Midlands Company; and

(j) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of *IFRS 15 Revenue from Contracts with Customers*.

# ADM Trading (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

#### *New and amended standards and interpretations*

Effective 1 January 2019, the company adopted IFRS 16 Leases which replaces IAS 17 Leases.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use assets and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets.

The company has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for 2018 reporting period, as permitted under the modified retrospective approach. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The impact of the adoption of the leasing standard and the new accounting policies are disclosed below.

The impact of IFRS 16 adoption effective on 1 January 2019 was the following:

Right-of-use asset – £12,424  
Lease liability – £12,380  
Retained earnings - £44

The company has not adopted early any other standard, interpretation or amendment that has been issued but is not yet effective.

#### *Impact on lessee accounting*

IFRS 16 changes how the company accounts for leases previously classified as operating leases under IAS 17 which were off-balance sheet.

IFRS 16 requires a lessee to present right-of-use assets separately from other assets and lease liabilities separately from other liabilities. The separate presentation is required either in the statement of financial position or as disclosure in the notes to the financial statements. In these financial statements, the 'Rights-of-use assets' are presented separately. The related lease liabilities were presented in 'Amount falling due within one year' and 'Amounts falling due in more than one year' in the statement of financial position and are disclosed separately in the notes 14 and 24.

IFRS 16 requires that the interest expense on lease liabilities and the depreciation charge for the right-of-use asset are presented separately in the statement of profit or loss. The interest expense on lease liabilities is a component of interest payable and depreciation charge for the right-of-use is a component of administrative expenses in the statement of profit or loss and are disclosed separately in the notes 10 and 24.

Lease incentives are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For a short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers or office furniture), the company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the profit or loss.

The company did not have any lease contracts in the previous year that were classified as finance lease under IAS 17.

# ADM Trading (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

---

### 4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Company are set out below and have been consistently applied to all the years presented unless otherwise stated.

#### GOING CONCERN

The Directors have reviewed the marketing services agreements in place taking into account the effects of the unfolding Covid-19 crisis and consider that the Company can continue to operate as a going concern. The Directors anticipate that there is unlikely to be any adverse impact on revenue streams (see also Note 25 Post Balance Sheet Events) and do not foresee any changes to the marketing services agreements in place over the next 12 months from the date of signing of these financial statements following appropriate enquiries of other group companies. The Directors considered the adequacy of capital reserves, liquid resources and future prospect of the Company in accordance with its strategy and as a marketing service provider, revenue generated is expected to cover expenditure and cash flow requirements will be sufficiently covered. In addition, the amounts owed by the group undertakings will fund any shortfall of expenditure not fully covered by the cost-plus agreements in place. The Directors do not expect the Company to require any additional support and are satisfied that the Company is in a position to meet its liabilities as they fall due over the period to 30 September 2021 and on this basis, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

#### FOREIGN CURRENCY TRANSLATION

The presentational currency of the Company is British Pound Sterling, which is also the Company's functional currency. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

Currency translation gains arose from the retranslation of the reported results in a division of this Company from US Dollars to British Pound Sterling. The average exchange rate prevailing during the year was \$1.324:£1.00 (2018 - \$1.334:£1.00), and the exchange rate as at 31 December 2019 was \$1.310:£1.00 (2018 - \$1.274:£1.00).

#### TURNOVER

Turnover represents amounts receivable, net of trade discounts, rebates, Value Added Tax, and other taxes or duty, for services provided to customers. Turnover represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due which is in accordance with the 'cost-plus' principle. Where payments are received from customers in advance of services provided, the amounts are recorded within creditors due within one year.

For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration; allocates the transaction price to the separate performance obligations; and recognises turnover when or as each performance obligation is satisfied.

The Company recognizes revenue at a single point in time when it satisfies its performance obligation by transferring control over a service to customer. Customer contracts contain a single performance obligation being the provision of services. Revenue is recognized as the service is provided.

Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised service to the customer and the date of payment is one year or less. The Company does not receive any long-term advances from its customers.

#### EMPLOYEE BENEFITS

The Company participates in a pension scheme known as the ADM UK Pension Plan, which require contributions to be made to separately administered funds. The plan has two distinct elements, defined contribution and defined benefit, as set out below:

##### Defined contribution

The amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.



# ADM Trading (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### EMPLOYEE BENEFITS (CONTINUED)

##### Defined benefit

The defined benefit scheme is a Group pension scheme and require contributions to be made to a separately administered fund. The contributions paid by the Company are at the percentage of member's pensionable salary as specified in the Schedule of Contributions for the Plan (being a schedule approved by the Plan trustees, actuary and principal employer, Archer Daniels Midland (UK) Limited) and are accounted for accordingly.

The Directors of the Company have taken professional actuarial advice and have concluded that the Company does not have in place a stated policy or agreement for charging net defined benefit cost to each participating employer, consequently, the net defined benefit cost is recognised in the individual financial statements of the Group entity that is legally the sponsoring employer for the scheme. Therefore, the Company has accounted for its contributions to the scheme as if it were a defined contribution scheme and the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The defined benefit scheme ceased to accrue further costs effective from the 1 January 2018.

#### DEFERRED TAXATION

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the period for which the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if a legal enforcement right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Deferred tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise deferred tax is recognised in the income statement.

#### DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments have been initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

#### SHARE-BASED PAYMENTS

The fair value of the services received in respect of equity-settled share-based payments is determined by reference to the fair value of the shares or share options on the date of grant to the employee. The cost of the share-based payment, together with a corresponding increase in equity, is recognised in the income statement over the period the service conditions of the grant are met with the amount changing according to the number of awards expected to vest.

The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not recognised for the award is recognised immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed in the income statement.

# ADM Trading (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### SHARE-BASED PAYMENTS (CONTINUED)

The Company has a recharge agreement with certain Group companies in respect of the share-based payment schemes whereby, the Company is charged for the benefit of share-based compensation. The impact of this recharge is reflected in the equity movements (Impact of ADM recharge).

Disclosure requirements under IFRS 2 Paragraph 45 c) and d) have not been met on the grounds of materiality.

#### TRADE DEBTORS AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

#### LEASES

*Policy applicable from 1 January 2019*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases for low-value assets. The Company recognises lease liabilities to make lease payments and right-of use assets representing the right to use the underlying assets.

##### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying assets is available for use). Right-of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The depreciation starts at the commencement date of the lease.

The company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired.

The right-of-use assets are presented separately in the statement of financial position and are disclosed separately in the note 14.

##### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is presented under "Amounts falling due within one year" and "Amounts falling due in more than one year" in the statement of financial position and is disclosed separately in the notes 16, 17 and 24.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the incremental borrowing rate) and by reducing the carrying amount to reflect the lease payments made.

##### Lease expenses

The company presents interest expense on the lease liability separately from the depreciation charge for the right-of-use asset. Interest expense on the lease liability is a component of finance costs, which is presented separately in the income statement.

# ADM Trading (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

---

### 5 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires Directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The items in the financial statements where these judgements and estimates have been made include:

#### TAXATION

Uncertainties exist with respect to the amounts of current tax expected to be paid or recovered due to the interpretation of tax legislation, changes in tax regulations, and the amount and timing of future taxable income, resulting in the establishment of provisions by the Company depending upon reasonable estimate of the outcome to treatment of certain transactions by the responsible tax authority. The amount of current tax provisions is based on factors, such as experience of previous tax assessments and differing interpretations of tax laws by the Company and the tax authority in the country of operation.

The Directors exercise judgement in determining the amount of deferred tax assets that can be recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

#### EMPLOYEE BENEFITS

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

The Directors of the Company have taken professional actuarial advice and have concluded that the Company does not have in place a stated policy or agreement for charging the net defined benefit cost to each participating employer, consequently, the net defined benefit cost is recognised in the individual financial statements of the entity that is legally the sponsoring employer for the scheme. Therefore, the Company has accounted for its contributions to the scheme as if it were a defined contribution scheme and the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### SHARE-BASED PAYMENTS

The cost of equity-settled transactions with employees are measured by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

#### LEASING

Application of IFRS 16 requires significant judgements and certain key estimations which, among others, include identifying whether a contract includes a lease, determining whether it is reasonably certain that an extension or termination option will be exercised, determination of the appropriate rate to discount the lease payments, assessment of whether a right-of use asset is impaired.

#### GOING CONCERN

Uncertainties exist in respect of the continuation of the current cost-plus contracts which are all either due for renewal in 2020 or are on an agreed 3 month notice period and hence could be terminated in the year. The Directors have reviewed the contracts in place and after appropriate enquiries from the relevant group companies to whom these agreements relate they do not foresee any changes to these contracts in the next 12 months. The Directors exercise judgement in determining the likelihood of these contracts being ceased and the going concern basis for the accounts is based on these judgements as well as appropriate enquiries of other group companies.

# ADM Trading (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 6 TURNOVER

The Company generates turnover from a single class of business and from the following geographical market destinations:

GEOGRAPHICAL MARKET	2019 £	2018 £
United Kingdom	-	-
Rest of Europe	3,274,207	3,469,567
Rest of the World	-	-
	<u>3,274,207</u>	<u>3,469,567</u>

### 7 OTHER OPERATING EXPENSES (NET)

	2019 £	2018 £
Distribution costs	2,590,522	1,711,444
Administrative expenses	268,582	1,437,476
	<u>2,859,104</u>	<u>3,148,920</u>

### 8 INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £	2018 £
Income from Group undertakings	<u>176,987</u>	<u>154,611</u>

### 9 INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £	2018 £
On amounts payable to Group undertakings	<u>285,210</u>	<u>282,367</u>

### 10 PROFIT BEFORE TAX

	2019 £	2018 £
This is stated after charging:		
Depreciation on right-of-use assets	3,695	-
Auditor's remuneration - for audit work	23,200	32,357
Loss on foreign exchange transactions	352	-
	<u>30,247</u>	<u>32,357</u>

# ADM Trading (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

11 DIRECTORS' EMOLUMENTS	2019	2018
	£	£
Emoluments	394,949	457,671
Company pension contributions to defined contribution schemes	17,302	23,825
	<u>412,251</u>	<u>481,496</u>
	Number	Number
The number of Directors for whom retirement benefits are accruing under defined contribution schemes was	<u>2</u>	<u>2</u>

The emoluments and pension contributions disclosed relate to three (2018: three) Directors, who also hold management positions in other Group undertakings. The amount disclosed above is proportionate to the qualifying services provided to this Company during the year.

The other Directors do not receive any remuneration for their services to this Company. Service agreements exist between UK entities and European headquarters to recharge departmental costs which includes management service costs on a 'cost plus' basis.

Emoluments paid to the highest paid Director in 2019 amounted to £236,603 (2018: £288,811) and Company pension contribution to defined contribution pension scheme for the highest paid Director amounted to £Nil (2018: £Nil). The highest paid Director exercised share options during the year and also received shares under the Group's long-term incentive scheme.

12 EMPLOYEES	2019	2018
NUMBER OF EMPLOYEES	Number	Number
The average monthly number of employees (including Directors) during the year was:		
Administration	1	2
Sales and distribution	25	25
Management	1	2
	<u>27</u>	<u>29</u>
EMPLOYMENT COSTS	2019	2018
	£	£
Wages and salaries	1,693,518	1,599,322
Social security costs	233,384	159,797
Pension costs - defined contribution scheme (Note 19)	239,599	323,397
Share-based payments expense (Note 21)	100,244	110,297
	<u>2,266,745</u>	<u>2,192,813</u>

# ADM Trading (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

13 TAXATION	2019	2018
	£	£
UK CORPORATION TAX		
Current tax on profit of the period	528,842	342,757
Adjustments in respect of prior years	109,399	72
<b>CURRENT TAX CHARGE</b>	<b>638,241</b>	<b>342,829</b>
DEFERRED TAX		
Deferred tax (credit)/charge for current year	(734)	12,296
<b>TOTAL DEFERRED TAX</b>	<b>(734)</b>	<b>12,296</b>
<b>TOTAL TAX CHARGE</b>	<b>637,507</b>	<b>355,125</b>
Tax presented in Statement of Changes in Equity (SOCE)		
Current tax on share-based payments	(13,929)	6,693
Deferred tax on share-based payments	(1,733)	4,339
<b>TOTAL TAX PRESENTED IN SOCE</b>	<b>(15,672)</b>	<b>11,032</b>
FACTORS AFFECTING THE CURRENT TAX CHARGE FOR THE YEAR		
The tax assessed for the year is higher (higher in 2018) than the effective rate of UK corporation tax 19% (2018 – 19%) as explained below:		
Profit before taxation	306,880	192,891
Profit before taxation multiplied by the effective rate of UK corporation tax of 19% (2018 – 19%)	58,307	36,649
Effects of:		
Non deductible expenses	(164)	15,851
Transfer pricing adjustments	469,879	304,000
Adjustments for prior years – current tax	109,399	72
Changes in tax rates and laws	86	(1,447)
	579,200	318,476
<b>TOTAL TAX CHARGE</b>	<b>637,507</b>	<b>355,125</b>

The enactment of Finance (No.2) Act 2016 contained legislation to reduce the main rate of corporation tax to 17% (2018:17%) with effect from 1 April 2020. As this change was substantively enacted at prior year reporting date, deferred tax is recognised at 17% in the prior and current period.

The transfer pricing adjustment is a recurring adjustment which will impact future periods.

# ADM Trading (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 14 RIGHT OF USE ASSET

	Plant and machinery £
COST	
1 January 2019 IFRS 16 adoption	<u>12,424</u>
31 December 2019	<u>12,424</u>
DEPRECIATION	
Charge in the year	<u>3,695</u>
31 December 2019	<u>3,695</u>
NET BOOK VALUE	
31 December 2018	-
1 January 2019	<u>12,424</u>
31 December 2019	<u>8,729</u>

Right-of-use refers to the lease for a vehicle – see note 24.

15	DEBTORS	2019	2018
		£	£
	Trade debtors	1,328	12,508
	Amounts owed by Group undertakings	15,222,184	25,081,820
	Other debtors	27,419	6,826
	Prepayments and accrued income	17,304	76,272
	Deferred tax asset (Note 18)	<u>52,657</u>	<u>50,190</u>
		<u>15,320,892</u>	<u>25,227,616</u>
16	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2019	2018
		£	£
	Trade creditors	10,559	31,863
	Amounts owed to Group undertakings	1,779,705	11,542,738
	Corporation tax	514,913	248,936
	Lease liability	3,807	-
	Other creditors	4,226	3,577
	Accruals and deferred income	<u>46,323</u>	<u>45,474</u>
		<u>2,359,533</u>	<u>11,872,588</u>

# ADM Trading (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 17 CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

Long-term lease liabilities amounted to £4,878 (2018: Nil) – see note 24.

### 18 DEFERRED TAX ASSET

The deferred tax asset (included in debtors, note 15) is made up as follows:

	Deferred tax asset £	
1 January 2019		50,190
Credited to Income statement (Note 13)		734
Credited to Statement of Changes in Equity (Note 13)		1,733
31 December 2019		<u>52,657</u>
	2019	2018
	£	£
Capital allowances	2,985	3,640
Other differences	49,672	46,550
	<u>52,657</u>	<u>50,190</u>



# ADM Trading (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

---

### 19 PENSION COSTS

The Company participates in a pension scheme known as the ADM UK Pension Plan. The Plan contains two distinct elements, defined contribution and defined benefit. The defined benefit scheme was frozen for future contributions and all employees moved to the defined contribution scheme as at 1 January 2018. No defined benefit pension was built up since 1 January 2018.

#### Defined contribution

The assets of the defined contribution pension scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company and amounted to £239,599 (2018: £323,397). Contributions totalling £Nil (2018: £Nil) were payable to the fund at the year end and are included in creditors.

#### Defined benefit

The defined benefit scheme is a Group pension scheme which require contributions to be made to a separately administered fund. The contributions paid by the Company are at the percentage of member's pensionable salary as specified in the Schedule of Contributions for the Plan (being a schedule approved by the Plan trustees, actuary and principal employer, Archer Daniels Midland (UK) Limited) and are accounted for accordingly with no further adjustments in respect of annual IAS 19 valuations.

The Directors of the Company have taken professional actuarial advice and have concluded that the Company does not have in place a stated policy or contractual agreement for which net defined benefit cost is charged to each participating employer, consequently, the net defined benefit cost shall be recognised in the individual financial statements of the group entity that is legally the sponsoring employer for the scheme, namely, Archer Daniels Midland (UK) Limited.

Due to the closure of further accrual to the scheme effective from 31 December 2017, no contributions were paid to the defined benefit scheme in 2018 and 2019 by participating employers and the total contributions to the defined benefit scheme for the following year are expected to be £Nil. The Plan does not offer retirement healthcare benefits.

The full disclosures required by IAS 19: Employee benefits and the details of the scheme that are shown below are for the whole of the ADM UK Pension Plan. Under IAS 19, the valuation of the Plan shows a surplus at 31 December 2019 of £14,447,000 (31 December 2018: £25,492,000). The scheme asset is limited to the present value of reductions in future contributions to the Plan.

The valuation has been based on projecting forward on an appropriate basis the preliminary statutory funding valuation for the ADM UK Pension Plan as at 1 April 2015 and has taken into account the requirements of IAS 19.

The scheme liabilities are partially funded.

# ADM Trading (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 December 2019

#### 19 PENSION COSTS (Continued)

The scheme actuary used the following assumptions to calculate the value of the assets and liabilities on an IAS 19 basis:

	2019	2018
Assumptions to determine benefit obligations:		
Discount rate	2.07%	2.97%
Salary increase rate	-	-
Rate of price inflation RPI	2.90%	3.15%
Rate of price inflation CPI	1.90%	2.05%
Rate of pension increases:		
- RPI capped at 5%	2.85%	3.05%
- CPI capped at 5%	1.90%	2.05%
- RPI capped at 2.5%	2.15%	2.20%
- CPI capped at 3%	1.75%	1.85%
CARE revaluation	-	-
Deferred revaluation	-	-
Assumptions to determine net pension cost:		
Discount rate	2.86%	2.56%
Rate of salary increase	-	-
Rate of price inflation	3.15%	3.10%
Rate of pension increases (RPI capped at 2.5%)	2.05%	2.15%
Assumed life expectations on retirement at age 65:		
Current mortality rate - male	86.6	86.0
Current mortality rate - female	88.6	89.1
Future mortality rate - male	87.7	87.5
Future mortality rate - female	89.8	90.7
Sensitivity analysis (£'000):		
Discount rate -25 basis points	239,936	209,542
Discount rate +25 basis points	217,326	190,355
Price inflation -25 basis points	219,465	194,650
Price inflation +25 basis points	236,184	204,650
Post-retirement mortality assumption -1 year age rating	238,240	206,917
Weighted average duration of defined benefit obligation (in years):	22.00	21.50
Expected total benefit payments (£'000):		
Year 1	5,822	4,902
Year 2	6,011	5,140
Year 3	6,205	5,336
Year 4	6,406	5,469
Year 5	6,614	5,564
Next 5 Years	<u>36,422</u>	<u>29,509</u>

Note:

CARE - Career Average Revalued Earnings

RPI - Retail Prices Index

CPI - Consumer Prices Index

For the year ended on 31 December 2019, it has been assumed that deferred members of the scheme who remain employed will opt for early retirement at the age of 61 on average, and that all deferred members of the scheme will retire at age 65.

# ADM Trading (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 19 PENSION COSTS (Continued)

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio allowing for the correlations of the investment returns between asset classes. Expected yields on bonds are based on gross redemption yields at the balance sheet date whilst the expected returns on equity investments reflects the long-term real rates of return experience in the respective markets.

	2019	2018
	£'000	£'000
Changes in the present value of the defined benefit obligation:		
Opening defined benefit obligation	198,253	215,651
Current service cost	-	-
Past service cost (inc. curtailments)	-	597
Interest cost	5,804	5,440
Benefits paid	(5,640)	(6,315)
Remeasurements	29,847	(17,120)
Closing defined benefit obligation	<u>228,264</u>	<u>198,253</u>
	2019	2018
	£'000	£'000
Changes in the fair value of scheme assets:		
Opening scheme assets	223,745	239,707
Interest income	6,560	6,091
Contributions by employer	1,119	2,786
Expenses paid	(1,212)	-
Benefits paid	(5,640)	(6,315)
Remeasurements	18,139	(18,524)
Closing scheme assets	<u>242,711</u>	<u>223,745</u>
	2019	2018
	£'000	£'000
Fair value of scheme assets	242,711	223,745
Present value of scheme liabilities	<u>(228,264)</u>	<u>(198,253)</u>
Surplus in the scheme	<u>14,447</u>	<u>25,492</u>

The actual return on scheme assets was a gain of £24,699,000 (2018: loss of £12,433,000).

# ADM Trading (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 19 PENSION COSTS (Continued)

	2019 £'000	2018 £'000
Equities	73,630	59,027
Corporate bonds	42,337	43,991
Fixed gilts	-	-
Cash	1,308	622
Insured contracts	-	923
Derivatives	62,843	58,153
Real estate/Property	37,176	35,208
Other	25,417	25,821
Fair value of scheme assets	<u>242,711</u>	<u>223,745</u>

In the financial statements of the parent undertaking, the following amounts would be shown in the Income Statement:

	2019 £'000	2018 £'000
Analysis of amounts charged to operating profit:		
Current service cost	-	-
Past service cost (inc. curtailments)	-	(597)
Administrative expenses	(1,212)	-
Total operating profit charge	<u>(1,212)</u>	<u>(597)</u>

	2019 £'000	2018 £'000
Analysis of amounts credited to other finance income:		
Interest on scheme assets	6,560	6,091
Interest on past service scheme liabilities	(5,804)	(5,440)
Total finance income	<u>756</u>	<u>651</u>

In the financial statements of the parent undertaking, the following amounts would be shown in the Statement of Comprehensive Income:

	2019 £'000	2018 £'000
Remeasurements:		
Return on plan assets (excluding interest income)	18,139	(18,524)
Changes in assumptions (including experience adjustments)	(29,847)	17,120
Total remeasurements included in OCI of the parent entity	<u>(11,708)</u>	<u>(1,404)</u>

# ADM Trading (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

20 SHARE CAPITAL	2019	2018
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
501 Ordinary shares of £1 each	<u>501</u>	<u>501</u>

## 21 SHARE-BASED PAYMENTS

### INCENTIVE COMPENSATION PLAN

Certain officers and key employees of the Company are entitled to participate in the Archer Daniels Midland Company 2002 Incentive Compensation Plan. Awards of options and restricted shares are made under this scheme. Options are granted at market value on the date of grant, and vest over five years in equal annual tranches and expire ten years after the date of grant. Restricted shares are granted at no cost to the employee and vest after a three year restriction period.

The vesting period for the options is 5 years with vesting occurring in equal tranches over years 1 to 5. The vesting period for the restricted shares is 3 years. Accelerated vesting terms apply to employees over the age of 53 at the date of grant.

The expense recognisable under IFRS 2 for equity share-based payments in respect of employee services received during the year to 31 December 2019 is £100,244 (2018: £110,297). At the balance sheet date, the IFRS 2 value of outstanding options amounted to £269,321 (2018: £263,964). At 31 December 2019 share-based payments reserve net of tax amounted to £273,951 (2018: £252,932).

No share options were granted to officers and key employees of the Company during the year.

## 22 CONTROL

The Company's immediate parent undertaking is Archer Daniels Midland (UK) Limited, and in the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is Archer-Daniels-Midland Company, which is incorporated in Delaware, United States of America. The consolidated financial statements of Archer-Daniels-Midland Company are both the smallest and largest consolidated financial statements drawn up for the groups of which the Company is a member. Copies of the consolidated financial statements are available upon application to the Directors at PO Box 1470, Decatur, Illinois 62525, United States of America.

## 23 RELATED PARTY TRANSACTIONS

The Company is related to Olenex Sarl by virtue of a joint venture partnership between ADM International Sarl, a member of the Archer Daniels Midland Company Group ("the ADM Group") and Wilmar Switzerland Sarl, a member of the Wilmar International Limited Group through an intermediate undertaking, Olenex C.V.

Similarly, the Company is related to Edible Oils Limited by virtue of a joint venture partnership between Pura Foods Limited, a member of ADM Group and Princes Limited.

During the year, the Company raised invoices to Olenex Sarl in respect of the provision of marketing services amounting to £179,302 (2018: £82,498). At the balance sheet date, £13,430 was due to the Company (2018: £12,226).

The Company also did not raise invoices to Edible Oils Limited throughout the year (2018: £Nil) in respect of the sale of refined edible oils due to the Business Transfer and Marketing Services Provider Agreements with Olenex Sarl. At the balance sheet date, Edible Oils Limited owed £Nil (2018: £Nil) to the Company.

No amounts have been written-off or provided against during the year in relation to any transaction with Olenex Sarl.

The Company has taken advantage of the exemptions conferred by paragraph 8(k) of FRS 101: Related Party Disclosures from the requirement to disclose transactions with fellow Group undertakings where 100% of the voting rights are controlled within the Group.

There were no other related party transactions during the year.

# ADM Trading (UK) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

### 24 LEASES

The Company has entered into a lease for a vehicle with duration of 3 years.

Right of use asset is disclosed in note 14.

Set out below are the carrying amounts of lease liabilities:

	2019
	£
Effect of IFRS 16 adoption:	12,380
As at 1 January 2019	12,380
Accretion of interest:	277
Payments:	(3,972)
As at 31 December 2019	<u>8,685</u>
Current	3,807
Non-current	4,878

The following are the amounts recognised in the income statement in 2019:

	2019
	£
Depreciation expense of right-of-use assets	3,695
Interest expense on lease liabilities	277
	<u>3,972</u>

Maturity analysis of leases is presented below:

	2019
	£
Payable on demand	-
Less than 3 months	993
Between 3 and 12 months	2,979
Between 1 and 5 years	4,965
Over 5 years	-
	<u>8,937</u>

### 25 POST BALANCE SHEET EVENTS

The Covid-19 outbreak has occurred after the balance sheet reporting date of 31 December 2019 and may impact the Company's results for the year ended 31 December 2020. At the present time, the Directors do not anticipate any significant change to the income or results of this entity arising from the wider economic impact of Covid-19 and do not expect any changes to the cost-plus agreements in place for at least 12 months from the date of signing of the accounts.