

EWOS Limited

Directors report, strategic report and financial statements

31 May 2019

Registered number 1635854



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Directors' report

Introduction

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

Principal activities

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

Employees

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

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

Directors

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

D Morrice

E Wathne (resigned 31 January 2019)

F Urquidi Negrón (appointed 31 January 2019)

Market value of land and buildings

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

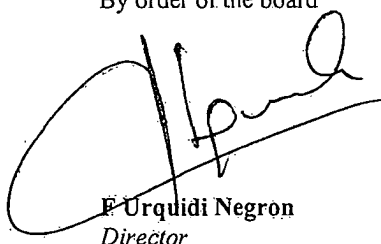
Disclosure of information to auditor

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

Auditor

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

By order of the board



F Urquidi Negrón
Director

Velocity V1
Brooklands Drive
Weybridge
Surrey
KT13 0SL

24 February 2020

Strategic report

Business review and summary results

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

Summarised results are given below:

	31 May 2019 £m	31 May 2018 £m
Turnover	172.4	128.8
Profit after taxation	7.0	7.7

The directors note an increase in turnover due to an increase in market share, although the market continues to put pressure on margins.

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

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

Principal risks and uncertainties

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

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

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

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

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

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

Strategic report (continued)

Dividends

During the year the company did not pay or declare a dividend (2018: £17,800,000 dividend paid).

Policy and practice on payment of creditors

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

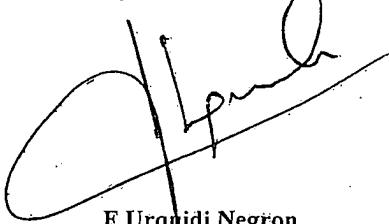
Going concern

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

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

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

By order of the board



F Urquidi Negrón
Director

24 February 2020

Velocity V1
Brooklands Drive
Weybridge
Surrey
KT13 0SL

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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



Independent auditor's report to the members of EWOS Limited

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

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

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

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

Going concern

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

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

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

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon. Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:



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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

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

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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

Gareth Woods

Gareth Woods (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham NG1 6FQ
27 February 2020

Profit and loss account
for the year ended 31 May 2019

	<i>Note</i>	31 May 2019 £000	31 May 2018 £000
Turnover	2	172,380	128,818
Cost of sales		(147,710)	(108,846)
Gross profit		24,670	19,972
Distribution expenses		(10,813)	(7,719)
Administrative expenses		(4,430)	(2,437)
Net operating expenses		(15,243)	(10,156)
Operating profit		9,427	9,816
Loss on disposal of tangible fixed assets		(226)	-
Profit before interest		9,201	9,816
Other interest receivable and similar income	5	176	137
Interest payable and similar expenses	6	(733)	(410)
Profit before taxation	7	8,644	9,543
Tax on profit	8	(1,693)	(1,845)
Profit for the financial year		6,951	7,698

All of the results are derived from continuing operations.

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

	<i>Note</i>	31 May 2019 £000	31 May 2018 £000
Profit for the financial year		6,951	7,698
Other comprehensive income			
Remeasurement of the net defined benefit liability	15	(226)	(414)
Income tax on other comprehensive income		38	70
Other comprehensive income for the year, net of income tax		(188)	(344)
Total comprehensive income		6,763	7,354

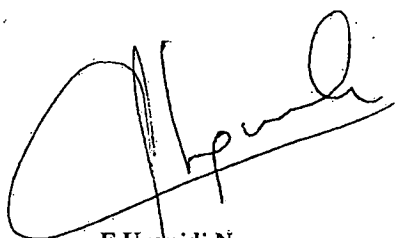
The notes on pages 10 to 24 form part of the financial statements.

Balance sheet
at 31 May 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	9	9,429	9,752
		<u>9,429</u>	<u>9,752</u>
Current assets			
Stocks	10	15,139	17,060
Debtors	11	41,808	25,508
Cash at bank			
		<u>56,947</u>	<u>42,568</u>
Creditors: amounts falling due within one year	12	(19,886)	(12,867)
Net current assets			
Due within one year		36,813	29,513
Debtors due after more than one year	13	248	188
Net current assets		<u>37,061</u>	<u>29,701</u>
Net assets excluding pension liabilities		<u>46,490</u>	<u>39,453</u>
Pension liabilities	15	(2,721)	(2,498)
Net assets including pension liabilities		<u>43,769</u>	<u>36,955</u>
Capital and reserves			
Called up share capital	14	25,018	25,018
Share premium account		4,500	4,500
Profit and loss account		14,251	7,437
Shareholders' funds		<u>43,769</u>	<u>36,955</u>

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

These financial statements were approved by the board of directors on 24 February 2020 and were signed on its behalf by:



F Urquidi Negrón
Director

Registered number 1635854

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

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total Equity £000
At 1 June 2018	25,018	4,500	7,437	36,955
<i>Total comprehensive income for the year</i>				
Profit for the financial year	-	-	6,951	6,951
Other comprehensive income	-	-	(188)	(188)
Total comprehensive income for the year	-	-	6,763	6,763
<i>Transactions with owners, recorded directly in equity</i>				
Equity settled share based payment transactions	-	-	51	51
Total contributions by and distributions to owners	-	-	51	51
At 31 May 2019	25,018	4,500	14,251	43,769

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

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total Equity £000
At 1 June 2017	25,018	4,500	17,883	47,401
<i>Total comprehensive income for the year</i>				
Profit for the financial year	-	-	7,698	7,698
Other comprehensive income	-	-	(344)	(344)
Total comprehensive income for the year	-	-	7,354	7,354
<i>Transactions with owners, recorded directly in equity</i>				
Equity settled share based payment transactions	-	-	-	-
Equity dividends paid	-	-	(17,800)	(17,800)
Total contributions by and distributions to owners	-	-	(17,800)	(17,800)
At 31 May 2018	25,018	4,500	7,437	36,955

Notes

(forming part of the financial statements)

1 Accounting policies

Statement of compliance

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

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

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

The company's ultimate parent undertaking, Cargill, Incorporated includes the company in its consolidated financial statements. The consolidated financial statements of Cargill, Incorporated are prepared in accordance with US GAAP and are available to the public and may be obtained from the address stated in note 21. In these financial statements, the company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

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

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

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

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

Notes (continued)

1 Accounting policies (continued)

Basis of preparation

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

Turnover

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

Foreign currencies

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

Derivative financial instruments

Derivative financial instruments

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

Dividends on shares presented within shareholders' funds

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

Notes (continued)

1 Accounting policies (continued)

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost represents materials and an appropriate proportion of production costs.

Taxation

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

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

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

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

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The useful economic lives of tangible fixed assets are as follows;

Freehold property	-	20 to 25 years
Plant and machinery	-	10 years
Fixtures and fittings	-	10 years

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

Leases

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

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

Notes (continued)

1 Accounting policies (continued)

Post-retirement benefits

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

The company pension scheme was merged with the Cargill Pension Plan on 31st October 2019. All assets and liabilities were transferred into the Cargill Pension Plan on this date for a consideration equal to the net liabilities.

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

Cash

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

Deferred compensation and share based payments

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

Share option scheme

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

Research and development expenditure

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

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

Notes (continued)

1 Accounting policies (continued)

Basic financial instruments

Trade and other debtors / creditors

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

Interest-bearing borrowings classified as basic financial instruments

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

Expenses

Interest receivable and Interest payable

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

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

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

Classification of financial instruments issued by the company

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

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

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

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

Notes (continued)

2 Segmental analysis

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

An analysis of turnover by geographical destination is shown below:

	31 May 2019 £000	31 May 2018 £000
UK	110,515	86,163
Rest of Europe	57,512	37,900
Rest of the World	4,353	4,755
Turnover	172,380	128,818

3 Staff numbers and costs

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

	31 May 2019	31 May 2018
	Number of employees	
Research and development	1	1
Administration	2	8
Production and sales	68	67
	71	76

The aggregate payroll costs of these persons were as follows:

	31 May 2019 £000	31 May 2018 £000
Wages and salaries	3,785	3,385
Share based payments	129	336
Social security costs	384	336
Other pension costs	441	252
Recharged salaries to other group companies	(772)	(568)
	3,967	3,741

Notes (continued)

4 Directors' remuneration

	31 May 2019 £000	31 May 2018 £000
Aggregate remuneration and benefits	<u>225</u>	<u>221</u>

The aggregate of emoluments of the highest paid director were £224,788 (2018: £220,571).

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

5 Other interest receivable and similar income

	31 May 2019 £000	31 May 2018 £000
Amounts derived from group companies	171	131
Other interest receivable	<u>5</u>	<u>6</u>
	<u>176</u>	<u>137</u>

6 Interest payable and similar expenses

	31 May 2019 £000	31 May 2018 £000
Amounts derived from group companies	62	11
Other interest charges	606	345
Net interest expense on net defined benefit liabilities (note 15)	<u>65</u>	<u>54</u>
	<u>733</u>	<u>410</u>

7 Expenses and auditor's remuneration

The following amounts in respect of auditors' remuneration were expensed to the profit and loss account of this company: audit of these financial statements £47,399 (2018: £40,916).

Notes (continued)

8 Taxation

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

	31 May 2019 £000	31 May 2018 £000
<i>Current tax</i>		
UK corporation tax at 19.00% (2018: 19.00%)	1,696	1,734
Adjustment in respect of prior years	26	36
Total current tax	1,722	1,770
<i>Deferred tax</i>		
Deferred taxation arising from the origination and reversal of timing differences	(24)	44
Deferred tax movement related to pension scheme liability - profit and loss	1	44
Deferred tax movement related to pension scheme liability - OCI	(38)	(70)
Adjustment in respect of prior years	(9)	(4)
Impact of rate change on deferred tax	3	(9)
Total deferred tax	(67)	5
Total taxation	1,655	1,775
Reconciliation of effective tax rate		
Profit for the financial year	6,951	7,698
Total tax expense	1,693	1,845
	8,644	9,543
Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	1,642	1,813
Effects of:		
Expenses not deductible for tax	31	8
Change in tax rate	3	(9)
Adjustments in respect of prior years	17	33
Total tax expense for the year	1,693	1,845

	Current tax £000	2019 Deferred tax £000	Total tax £000	Current tax £000	2018 Deferred tax £000	Total tax £000
Recognised in the profit and loss account	1,722	(29)	1,693	1,770	75	1,845
Recognised in other comprehensive income	-	(38)	(38)	-	(70)	(70)
Total tax	1,722	(67)	1,655	1,770	5	1,775

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 2018.

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

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

Notes (continued)

9 Tangible fixed assets

	Freehold properties £000	Plant, equipment fixtures & fittings £000	Total £000
<i>Cost</i>			
At 1 June 2018	4,310	19,865	24,175
Additions	-	1,338	1,338
Reclassification	262	(262)	-
Disposals	(5)	(1,371)	(1,376)
At 31 May 2019	4,567	19,570	24,137
<i>Accumulated depreciation</i>			
At 1 June 2018	2,220	12,203	14,423
Expense for the period	151	1,284	1,435
Disposals	(5)	(1,145)	(1,150)
At 31 May 2019	2,366	12,342	14,708
<i>Net book value</i>			
At 31 May 2019	2,201	7,228	9,429
At 1 June 2018	2,090	7,662	9,752

Freehold properties includes land at cost of £127,814 (2018: £127,814) which is not depreciated.

10 Stocks

	2019 £000	2018 £000
Raw materials and consumables	11,569	14,493
Work in progress and finished goods	3,570	2,567
	15,139	17,060

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £141,595,000 (2018: £102,779,000).

Notes (continued)

11 Debtors

	2019 £000	2018 £000
<i>Due within one year</i>		
Trade debtors	13,555	6,209
Amounts owed by group undertakings	26,302	18,406
Other debtors	1,040	409
Unrealised gains on derivatives	246	128
Prepayments and accrued income	417	173
	<u>41,560</u>	<u>25,325</u>
<i>Due after more than one year</i>		
Deferred tax (see note 13)	<u>248</u>	<u>183</u>
Total debtors	<u>41,808</u>	<u>25,508</u>
<i>Amounts owed by group undertakings comprise:</i>		
Trade debtors	1,709	554
Short term deposits	24,593	17,852
	<u>26,302</u>	<u>18,406</u>

12 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	15,404	10,234
Amounts owed to group undertakings	1,024	270
Other creditors including corporation taxation and social security	1,696	1,734
Accruals and deferred income	1,762	629
	<u>19,886</u>	<u>12,867</u>
<i>Amounts owed to group undertakings comprise:</i>		
Trade creditors	1,024	270
	<u>1,024</u>	<u>270</u>
<i>Other creditors including corporation taxation and social security comprise:</i>		
Corporation taxation	1,696	1,734
	<u>1,696</u>	<u>1,734</u>

Notes (continued)

13 Deferred tax assets and liabilities

	Assets		Liabilities		Total	
	2019	2018	2019	2018	2019	2018
	£000	£000	£000	£000	£000	£000
Accelerated capital allowances	-	-	(236)	(267)	(236)	(267)
Pension scheme	463	425	-	-	463	425
Other timing difference	21	25	-	-	21	25
Total tax asset	484	450	(236)	(267)	248	183
Net of tax liabilities	(236)	(267)	236	267	-	-
Net tax assets	248	183	-	-	248	183

14 Called up share capital

	2019	2018
	£	£
<i>Allotted, called up and fully paid</i>		
500,000 Ordinary shares of £1 each	500,000	500,000
24,517,728 redeemable B Ordinary shares of £1 each	24,517,728	24,517,728
	25,017,728	25,017,728

15 Employee benefits

Share Based Payments

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

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

The terms and conditions of the grants are as follows:

Grant date / employees entitled	Method of settlement accounting	Number of instruments	Vesting conditions	Contractual life of options
1 September 2018 / Senior employees	Equity	848	Remaining in employment	10 years

Notes (continued)

15 Employee benefits (continued)

Pensions

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

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

	2019 £000	2018 £000
Present value of scheme liabilities	(18,996)	(17,983)
Fair value of scheme assets	16,275	15,485
Net pension liability	<u>(2,721)</u>	<u>(2,498)</u>

The fair value of the scheme's assets which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities which are derived from cash flow projections over long periods and thus inherently uncertain were:

Movements in present value of defined benefit obligations

	2019 £000	2018 £000
As at 1 June	17,983	17,518
Movement during the year:		
Current service costs	25	25
Interest cost	353	335
Benefits paid	(1,122)	(469)
Actuarial loss	1,581	574
Losses due to benefit changes	176	-
As at 31 May	<u>18,996</u>	<u>17,983</u>

Movements in fair value of plan assets

	2019 £000	2018 £000
As at 1 June	15,485	15,204
Movement during the year:		
Expected return on assets	288	281
Contributions by employer	269	309
Benefits paid	(1,122)	(469)
Remeasurement: return on plan assets less interest income	1,355	160
As at 31 May	<u>16,275</u>	<u>15,485</u>

Notes (continued)

15 Employee benefits (continued)

Pensions (continued)

Expense recognised in the profit and loss account

	2019 £000	2018 £000
Expenses	25	25
Interest on defined benefit pension plan obligation	353	335
Interest income on pension plan assets	(288)	(281)
Loss due to benefit changes	176	-
Total	<u>266</u>	<u>79</u>

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

	2019 £000	2018 £000
Administrative expenses	201	25
Interest expense	65	54
Total	<u>266</u>	<u>79</u>

The total amount recognised in the statement of total comprehensive income in respect of actuarial gains and losses is £226,000 loss (2018: £414,000 loss).

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

	2019 £000	2018 £000
Equities	4,466	4,405
Corporate bonds	2,685	2,469
Cash	3	3
Annuity policies	4,973	3,949
Other	4,148	4,659
Total	<u>16,275</u>	<u>15,485</u>
Actual gain on plan assets	<u>619</u>	<u>441</u>

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

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

Notes (continued)

15 Employee benefits (continued)

Pensions (continued)

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

	2019 %	2018 %
Discount rate	2.43%	2.60%
Inflation	3.23%	3.15%
Future salary increases	n/a	n/a

The assumptions used are best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice. In valuing the liabilities of the pension scheme at 31 May 2019, mortality assumptions have been made as indicated below.

- Current pensioner aged 65: 21.3 years (male), 23.2 years (female)
- Future retiree upon reaching 65: 22.7 years (male), 24.7 years (female)

The company expects to contribute approximately £302,000 to its defined benefit plans in the next financial year.

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

The company pension scheme was merged with the Cargill Pension Plan on 31st October 2019. All assets and liabilities were transferred into the Cargill Pension Plan on this date for a consideration equal to the net liability £2,684,333. The company pension scheme will be wound up from 1 December 2019.

The company also operates a defined contribution scheme. The expense recognised in the profit and loss account for the year ended 31 May 2019 was £240,000 (2018: £252,000). The value of outstanding contributions at 31 May 2019 was £nil (2018: £nil).

16 Capital commitments

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

	2019 £000	2018 £000
Authorised and contracted for	-	-

Notes (continued)

17 Operating leases

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

	2019 £000	2018 £000
Within one year	162	1,230
Within two and five years inclusive	562	586
After five years	-	118
	<u>724</u>	<u>1,934</u>

Operating lease expenses for the year ended 31 May 2019 was £3,485,759 (2018: £2,568,000).

18 Related party transactions

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

19 Accounting estimates and judgements

Key sources of estimation uncertainty

Employee benefits

The company participates in a defined benefit pension scheme in the UK. The company's share of the obligation in respect of the defined benefit plan is calculated by independent, qualified actuaries and update at least annually. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price and medical costs inflation, benefit and salary increases together with the discount rate used. The size of the plan assets is also sensitive to asset return levels and the level of contribution from the company. These assumptions have been set out in note 15.

20 Post Balance Sheet Event

The company pension scheme was merged with the Cargill Pension Plan on 31st October 2019. All assets and liabilities were transferred into the Cargill Pension Plan on this date for a consideration equal to the net liability £2,684,333. The company pension scheme will be wound up from 1 December 2019.

21 Ultimate holding company and parent undertaking

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

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