

Cargill Financial Markets Limited
Report And Financial Statements
31 May 2019



Cargill Financial Markets Limited

COMPANY INFORMATION

Directors	M J Timewell S J Hamilton
Company secretary	D M Lo'Bue
Registered number	02496185
Registered office	Velocity V1 Brooklands Drive Weybridge Surrey KT13 0SL
Independent auditors	Rees Pollock 35 New Bridge Street London EC4V 6BW

DIRECTORS' REPORT
For the Year Ended 31 May 2019

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

Results and dividends

The profit for the year, after taxation, amounted to \$39,584,000 (2018 - loss \$26,788,000).

The directors have not recommended a dividend (2018 - \$nil).

Directors

The directors who served during the year were:

P J R Bothamley (resigned 9 October 2019)

C A Bottomley (resigned 9 October 2019)

M Timewell and S Hamilton were appointed as directors on 9 October 2019.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting 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;
- 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.

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 31 May 2019

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 November 2019 and signed on its behalf.



M J Timewell
Director

STRATEGIC REPORT
For the Year Ended 31 May 2019

Business review

The principal activity of the company focuses on its ownership of the shares of Endon Europe Power 5 Limited and its subsidiaries. The assets and liabilities relate to intercompany shareholdings and intercompany loans. As detailed in the notes to the financial statements, the directors have concluded that are uncertainties which cast doubt on the group's ability to continue as a going concern. The directors are considering the future of the company.

Principal risks and uncertainties

The company operates as part of a larger group and its risk is managed in the context of this wider group. The company continues to have significant intra-group receivables and payables some of which are denominated in non-functional currency. As such, the company is exposed to foreign currency risk. Foreign currency risk is managed through a group approach whereby it is hedged using a combination of forward FX transactions and outright FX trades. Hedge accounting has not been applied.

Financial key performance indicators

Due to the company's principal activities and the nature of its operations, the directors do not separately monitor key performance indicators for the company, as there are no such appropriate key performance indicators.

This report was approved by the board on 25 November 2019 and signed on its behalf.



M J Timewell
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CARGILL FINANCIAL MARKETS LIMITED

Opinion

We have audited the financial statements of Cargill Financial Markets Limited (the 'Company') for the year ended 31 May 2019, which comprise the statement of income and retained earnings, the balance sheet and the 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 May 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which notes that the directors are assessing the future options for the company and the other entities in its group. The directors have concluded that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. 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.

Opinion 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CARGILL FINANCIAL MARKETS LIMITED (CONTINUED)

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
- 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 on page 1, 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.

Auditors' 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 auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' 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 auditors' 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.

Catherine Kimberlin (Senior Statutory Auditor)

for and on behalf of
Rees Pollock
Chartered Accountants
Statutory Auditor
35 New Bridge Street
London
EC4V 6BW

3 December 2019

Cargill Financial Markets Limited

STATEMENT OF INCOME AND RETAINED EARNINGS
For the Year Ended 31 May 2019

	Note	2019 \$000	2018 \$000
Net trading expense	2	(5,511)	(3,332)
Foreign exchange losses		(8)	(2)
Administrative expenses		(4)	(4)
Operating loss		<u>(5,523)</u>	<u>(3,338)</u>
Reversal of impairment/(impairment) of loans		27,449	(33,470)
Interest receivable and similar income	5	19,179	11,605
Profit/(loss) before tax		<u>41,105</u>	<u>(25,203)</u>
Tax on profit/(loss)	6	(1,521)	(1,585)
Profit/(loss) after tax		<u><u>39,584</u></u>	<u><u>(26,788)</u></u>
Retained earnings at the beginning of the year		462,060	488,848
Profit/(loss) for the year		39,584	(26,788)
Retained earnings at the end of the year		<u><u>501,644</u></u>	<u><u>462,060</u></u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of income and retained earnings.

The notes on pages 8 to 15 form part of these financial statements.

BALANCE SHEET
As at 31 May 2019

	Note	2019 \$000	2018 \$000
Fixed assets			
Investments	7	-	-
Current assets			
Debtors: amounts falling due within one year	8	1,121,445	1,122,459
Cash and cash equivalents		223,813	204,420
		<u>1,345,258</u>	<u>1,326,879</u>
Creditors: amounts falling due within one year	9	(736,289)	(757,494)
Net current assets		<u>608,969</u>	<u>569,385</u>
Total assets less current liabilities		<u>608,969</u>	<u>569,385</u>
Net assets		<u>608,969</u>	<u>569,385</u>
Capital and reserves			
Called up share capital	10	107,325	107,325
Profit and loss account		501,644	462,060
		<u>608,969</u>	<u>569,385</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 November 2019.

Michael Timewell

M J Timewell
Director

The notes on pages 8 to 15 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 May 2019

1. Accounting policies

1.1 Basis of preparation of financial statements

Cargill Financial Markets Limited is a private limited company incorporated in the UK.

The company's registered address is Velocity V1 Brooklands Drive, Weybridge, Surrey, England, KT13 0SL.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. Management do not consider there are any key accounting estimates or assumptions made that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Management are also required to exercise judgement in applying the company's accounting policies. Due to the straightforward nature of the business management consider that no critical judgements have been made in applying the company's accounting policies.

The following principal accounting policies have been applied:

1.2 Going concern

The financial statements have been prepared on a going concern basis. The directors have reviewed the company's position with regard to its operating and financial commitments for the foreseeable future. The directors have determined that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, however they are assessing future options for the company and the other entities in its group. The directors have therefore concluded that the use of the going concern basis is appropriate, but there are material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

1.3 Income recognition

Turnover, cost of sales and gross profit do not have any meaningful equivalent in a financial markets business and are therefore not included.

Trading income comprises the net profit arising from positions held in securities carried at fair value, net interest and net dividends earned by those securities after charging funds costs.

Interest income and expense are recognised on an accruals basis using the effective interest rate.

1.4 Fixed asset investments

Investments in subsidiary undertakings are carried at cost less impairment.

1.5 Other operating expense

Other operating expense comprises management recharges which are recognised on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 May 2019

1. Accounting policies (continued)

1.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

1.7 Financial instruments

The company only enters into basic financial instruments.

Loans to other group companies are initially recognised at the present value of the future cash flows and subsequently at amortised cost using the effective interest rate method. Balances repayable within one year are measured, initially and subsequently, at the undiscounted amount of the consideration expected to be received, net of any impairment.

Other debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter other debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired.

The company does not hold collateral against its receivable balances so its exposure to credit risk is the net balance of trade and other debtors after allowance for impairment.

The company's cash holdings comprise on demand balances. All cash is held with banks with strong external credit ratings.

Loans and other amounts owed to group undertakings raised for support of long term funding of the company's operations are recognised at fair value, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, and direct issue costs are charged to the profit and loss account on an accruals basis using the effective interest rate method and are included in creditors to the extent that they are not settled in the period in which they arose.

Trade and other creditors and accruals are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished.

Non-convertible preference shares are classified as debt instruments and are held in creditors at issue price. As the company only has short term receivables and payables, its net current asset position is a reasonable measure of its liquidity at any given time.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 May 2019

1. Accounting policies (continued)

1.8 Taxation

Tax is recognised in the statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.9 Cash flow statement

Under FRS 102 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

1.10 Related party transactions

As the company is a wholly owned subsidiary of Cargill Inc, the company has taken advantage of the exemption contained in FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Cargill Inc, within which this company is included, are available to the public.

2. Net trading expense

	2019 \$000	2018 \$000
Trading gains	-	38
Interest expense	(5,511)	(3,370)
	<u>(5,511)</u>	<u>(3,332)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 May 2019

3. Operating loss

The operating loss is stated after charging:

	2019 \$000	2018 \$000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	8	8

4. Staff costs

Directors' remuneration of \$21,000 (2018 - \$23,000) was borne by other group companies.

5. Interest receivable

	2019 \$000	2018 \$000
Interest receivable from group companies	19,179	11,605

6. Taxation

	2019 \$000	2018 \$000
Current tax		
UK corporation tax on profit / (loss) for the year	2,548	1,539
Adjustments in respect of previous periods	(1,027)	3
	<u>1,521</u>	<u>1,542</u>
Deferred tax		
Origination and reversal of timing differences	-	43
	<u>1,521</u>	<u>1,585</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 May 2019

6. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2018- 19%). The differences are explained below:

	2019 \$000	2018 \$000
Profit / (loss) on ordinary activities before tax	<u>41,105</u>	<u>(25,203)</u>
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	7,810	(4,789)
Effects of:		
Revaluation of tax liability due to foreign exchange differences	10	(2)
Deferred tax movement - withholding tax	-	38
Deferred tax write off - capital allowances	-	4
Non taxable movements on impairment	(5,215)	6,359
Adjustments to tax charge in respect of prior periods	(1,027)	3
Transfer pricing adjustments	(57)	(28)
Total tax charge for the year	<u>1,521</u>	<u>1,585</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 May 2019

7. Fixed asset investments

	Investments in subsidiary companies \$000
Cost or valuation	
At 1 June 2018	60,692
At 31 May 2019	60,692
Impairment	
At 1 June 2018	60,692
At 31 May 2019	60,692
At 31 May 2019	-
At 31 May 2018	-

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Cargill Finance Limited	Ordinary	100 %	Dormant
Endon Europe Power 5 Limited	Ordinary	100 %	Investment company
Endon Europe Power 4 Limited *	Ordinary	100 %	Investment company
Endon Europe Power 6 Limited *	Ordinary	100 %	Investment company
Endon Europe Power 3 Limited *	Ordinary	100 %	Investment company
	Preference	100 %	Investment company
Endon Europe Power 1 Limited *	Ordinary	100 %	Investment company
	Preference	100 %	Investment company
Teesside Power Holdings Limited *	Ordinary	100 %	Investment company
EEP Seven Limited *	Ordinary	100 %	Investment company

*Held by subsidiary undertaking.

The registered office address of all subsidiaries is Velocity V1 Brooklands Drive, Weybridge, Surrey, England, KT13 0SL.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 May 2019

8. Debtors

	2019	2018
	\$000	\$000
Amounts owed by group undertakings	496,445	497,458
Other debtors	625,000	625,000
Tax recoverable	-	1
	<u>1,121,445</u>	<u>1,122,459</u>

Included within other debtors is a deposit of \$625m held by and due from another company within the Cargill group.

9. Creditors: Amounts falling due within one year

	2019	2018
	\$000	\$000
Amounts owed to group undertakings	733,814	755,966
Corporation tax	2,475	1,528
	<u>736,289</u>	<u>757,494</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 May 2019

10. Share capital

	2019	2018
	\$000	\$000
Allotted, called up and fully paid		
107,305,000 Ordinary \$ shares of \$1 each	<u>107,305</u>	<u>107,305</u>
 Allotted, called up and partly paid		
50,000 Ordinary £ shares of £1 each, 25 pence paid	<u>20</u>	<u>20</u>

11. Other financial commitments

The company has, in the normal course of business, granted guarantees and warranties to certain subsidiary undertakings in respect of tax and other indemnities granted by those subsidiaries under third party sales agreements.

12. Ultimate parents undertaking and controlling party

The company's immediate parent undertaking is Cargill Holdings, a company incorporated in the United Kingdom and registered in England & Wales.

The company's ultimate parent undertaking is Cargill, Inc., a company incorporated in the USA and is regarded by the directors as being the company's ultimate controlling party. Cargill, Inc., heads the smallest and largest group of companies for which consolidated accounts including the company's position and results are available. Copies of the consolidated accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.