Cargill Financial Services Europe Limited

Directors' report, strategic report and financial statements

31 May 2020

Registered number 6263287

Contents

Directors' report

Introduction

The directors present their annual report and the audited financial statements for the year ended 31 May 2020.

Summarised results are given below:	**2020**	2019
	$000	$000
Operating profit	**326**	132
Profit on ordinary activities after taxation for the financial period	**299**	272

Dividends

During the year the company neither declared nor paid a dividend *(2019: nil)*.

Directors

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

K Milne

R G Ward

F Urquidi Negron

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 are 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 are aware of that information.

Auditors

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

By order of the board

Velocity V1
Brooklands Drive
Weybridge
Surrey
KT13 0SL

F Urquidi Negron
Director

16 September 2020

Registered number 6263287

Strategic Report

Business review, summary results, current period performance and future developments
The company develops risk management products for a client base of mainly third party corporate and industrial organizations. CFSEL's products are over-the-counter derivatives typically designed to help clients manage commodity price risk. These products are provided on a back to back basis with other Cargill entities and CFSEL's net income relates to the recharge of the company's running costs to those other Cargill entities. These recharges are in accordance with service level agreements with those entities.

KPIs
The company derives its income from the recharge of expenses. On that basis the directors do not believe that there are any meaningful financial key performance indicators. However, the company is authorised and regulated by the UK Financial Conduct Authority and is required to publicly disclose return on assets (calculated as net profit divided by net assets):

	2020	2019
Return on assets	**1.35%**	1.25%

Covid-19
The on-going impact of Covid-19 is impossible to predict, both on society and the world economy, and therefore on the financial markets in which we operate. From mid-March, CFSEL's work force has operated in a full work from home capacity, without any significant disruption to operations or client service. This operating environment does not create any operational impediments to us and as a result, we will continue to take a conservative approach to returning to pre-COVID-19 working arrangements. The safety of our work force and service continuity for our clients is our priority. CFSEL retains a strong capital and liquidity position and continues to operate as a key component of the Cargill Group.

Brexit
The Company makes use of cross-border passporting rules to conduct business with customers based in the European Union (EU). Accordingly, the UK's exit from the EU has been a subject of much on-going discussion by the Board. Now that the UK has left the EU, the focus is on the agreements (or lack thereof) that will be in place at the end of the transition period ending 31 December 2020. We continue to monitor developments in the negotiations between the UK and EU and are taking steps to manage any scenario to ensure continuity of operations.

Risks and uncertainties
As a regulated entity, CFSEL is required to have adequate risk management policies and process in place. CFSEL has a risk management policy, which is structured so as to identify the business risks that CFSEL faces as a result of carrying on investment business. The matrix considers the probability of an event occurring, the impact to the business if that event were to occur, and the residual risk of an event occurring in light of the company's risk mitigation procedures. The matrix considers many different risks, the most significant outlined below. Details of these can be found in note 13 on pages 18 to 21.

Covid-19
The global Covid-19 pandemic has had a material impact on both markets and daily operations in across different industry segments.
In terms of our own operations, no material disruption has materialized so far in the markets we and our customers operate. The main actions taken revolve around:

- Protecting our work force and therefore we have moved to a full "work from home" model from mid-March. The changes were implemented with no disruption to our business and client activities, and
- Assessing customer's liquidity and funding position to minimize default risk. As such, ongoing credit risk monitoring continues to be a key control in our risk management process ensuring adequate credit and collateral terms are established on a timely basis.

The long-term impact of the pandemic on the markets in which we operate remains difficult to predict. As a result, we continue to take a cautious approach to risk based activity.

Regulatory risk
As a regulated entity there is a risk that the company could suffers financial, reputational or litigation damage through failure to monitor, control and eliminate or substantially reduce regulatory compliance risk. Accordingly, regulatory compliance is a key focus for the directors.

Strategic Report *(continued)*

Risks and uncertainties *(continued)*

Financial risk
The majority of CFSEL's business is conducted on a back to back basis with Cargill, Incorporated. This arrangement means that CFSEL is not exposed to market risk. In addition, CFSEL is indemnified against customer defaults. However, CFSEL would be exposed should Cargill, Incorporated default. This risk is mitigated by maintaining a balance at least equal to our regulatory capital requirement with an external bank.

The company is exposed to movements in foreign currencies as expenses are incurred in Sterling, Swiss Francs and Euros. This exposure is managed through matching foreign exchange contracts.

STATEMENT BY THE DIRECTORS IN THE PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH s172(1) COMPANIES ACT 2006

The Board of Directors of the Company, and each Director, have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the Company's various stakeholders and other matters set out in s172(1)(a-f) of the Act).
Upon appointment, each Director receives training on their duties and obligations under the Act. The following paragraphs summarise how the Directors fulfil their duties with respect to s172:

Business planning and decision making
The Company has a sufficient capital base to achieve its objectives. The Board considers any likely consequences of any decisions in the long term with consideration made with regard to the impact on the Company's regulatory compliance framework and its investment risk framework. The management reviews capital and liquidity on a regular basis.

Risk management
As an FCA regulated Company, our activities are highly regulated and as such it is important that the Company has an effective risk management framework in place.

Business Relationships
The business strategy of the Company prioritizes serving a small but stable customer base with services provided primarily through service agreements with other Cargill group entities. To enable the Company to achieve its objective, the Directors of the Company ensure that the Company's workforce develop and maintain strong relationships with its customers and its service providers.

Business Conduct
The Directors have a duty to ensure that the Company maintains the highest standards of conduct, including compliance with the FCA's market conduct rules. The Directors receive regular updates from the Company's compliance team, including key performance indicators arising from the monitoring of trading behavior.

Community and Environment

The Board of Directors considers the impact of the Company's operations on the community and the environment.

Engaging with our shareholder
As the Board of Directors, our intention is to behave responsibly towards our shareholder and treat the shareholder fairly and equally, so the shareholder may benefit from the success delivery of our business plan.

By order of the board

F Urquidi Negron
Director

16 September 2020

Velocity V1
Brooklands Drive
Weybridge
Surrey
KT13 0SL

Statement of directors' responsibilities in respect of the strategic report, the directors' 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; 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARGILL FINANCIAL SERVICES EUROPE LIMITED

Opinion

We have audited the financial statements of Cargill Financial Services Europe Limited ("the company") for the year ended 31 May 2020 which comprise the Profit and Loss Account, 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 2020 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.

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 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.

Other information

The directors are responsible for the other information, which comprises the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in [the strategic report and] the directors' report 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 5, 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.

M. McG

Michael McGarry (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square London,
E14 5GL
17 September 2020

Profit and loss account
for the year ended 31 May 2020

	Note	2020	2019
		$000	$000
Net trading income	5	**-**	-
Other operating income		**5,613**	4,336
Loss on foreign currency contracts		**(87)**	(36)
Administrative expenses		**(5,200)**	(4,168)
Operating profit		**326**	132
Interest receivable and similar income	6	**120**	201
Other interest payable and similar charges	7	**(40)**	(70)
Profit on ordinary activities before taxation		**406**	263
Tax on profit on ordinary activities	8	**(107)**	9
Profit for the financial year		**299**	272

There are no other recognised gains or losses in the year. All of the results are derived from continuing operations.

Statement of total comprehensive income
for the year ended 31 May 2020

	2020	2019
	$000	$000
Profit for the year	**299**	272
Other comprehensive income	**-**	-
Total comprehensive income for the year	**299**	272

The notes on pages 11 to 22 form part of the financial statements.

Balance sheet
at 31 May 2020

	Note	2020 $000	2020 $000	2019 $000	2019 $000
Fixed Assets					
Investments	*9*		**2,217**		2,348
Current assets					
Debtors	*10*	**82,786**		61,744	
Cash at bank		**23,939**		22,643	
		106,725		84,387	
Creditors: amounts falling due within one year	*11*	**(83,190)**		(63,407)	
Net current assets					
Due within one year	*10*	**14,437**		19,496	
Debtors due after more than one year	*10*	**9,098**		1,484	
Net current assets			**23,535**		20,980
Total assets less current liabilities			**25,752**		23,328
Creditors: amounts falling due after one year	*11*		**(3,611)**		(1,486)
Net assets			**22,141**		21,842
Capital and reserves					
Called up share capital	*12*		**20,000**		20,000
Profit and loss account			**2,141**		1,842
Shareholder's funds			**22,141**		21,842

The notes on pages 11 to 22 form part of the financial statements.

These financial statements were approved by the board of directors on 16 September 2020 and were signed on its behalf by:

F Urquidi Negron
Cargill Financial Services Europe Limited
Director

Velocity V1
Brooklands Drive
Weybridge
Surrey
KT13 0SL

Registered number 6263287

Statement of changes in equity
for the year ended 31 May 2020

	Share Capital $000	Profit and loss account $000	Total $000
At 1 June 2019	20,000	1,842	21,842
Total comprehensive income	-	299	299
At 31 May 2020	**20,000**	**2,141**	**22,141**

	Share Capital $000	Profit and loss account $000	Total $000
At 1 June 2018	20,000	1,570	21,570
Total comprehensive income	-	272	272
At 31 May 2019	**20,000**	**1,842**	**21,842**

The notes on pages 11 to 22 form part of the financial statements.

Notes *(forming part of the financial statements)*

1 Accounting policies

Statement of compliance

Cargill Financial Services Europe Limited is a private, limited liability company incorporated, domiciled and registered in England in the United Kingdom. The registered number is 6263287 and the registered office is Velocity 1, Brooklands Drive, Weybridge, Surrey KT13 0SL.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is US Dollars. All amounts in the financial statements have been rounded to the nearest $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. 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 directors acknowledge that there are uncertainties around the ending of the Brexit transition period on 31 December 2020 and the long-term outcome of the COVID-19 pandemic.
However, the directors believe that in any scenario CFSEL will continue operating as a going concern for a period greater than 12 months from the date of these financial statements.
Their assessment is based on the Company having adequate resources to continue operating for the foreseeable future and its operational structure (as explained in the strategic report section of the financial statements) whereby CFSEL products are provided on a back to back basis with other Cargill entities and CFSEL's net income relates to the recharge of the company's running costs to those other Cargill entities in accordance with service level agreements with those entities. Risk related to an intercompany default is mitigated by maintaining a balance at least equal to our regulatory capital requirement with an external bank.
Therefore, annual financial statements are prepared on a going concern basis and in accordance with applicable accounting standards and under the historical cost convention, modified for derivatives which are held at fair value.

Other operating income

Other operating income is earned from services provided to the immediate parent company and calculated in accordance with service level agreements. This is recognised on an accruals basis.

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 US Dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account. 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.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied are recognised in the profit and loss account.

Derivatives

Derivatives, including options and swaps, are entered into as part of the Company's trading activity. Trades entered into with third parties where the Company acts as a principal are matched by corresponding trades with either Cargill, Incorporated or Cargill France SA. In addition, the Company may enter into forward FX contracts in order to economically hedge monetary assets and liabilities.

Derivative contracts are recognised on the balance sheet date at fair value. Changes in fair value are recognised through profit and loss and included within the Net trading income.

Fair values are determined using model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect the Company's estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include the use of option pricing models, discounted cash flow models and similar techniques.

Taxation

Tax on the profit or loss for the year comprises current 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.

Notes *(continued)*

1 Accounting policies *(continued)*

Investments

Investments are held at cost less any accumulated impairment.

Loans

Where the Company extends commercial loans to third parties these are transferred to another party under a funded participation agreement. The associated financial asset is derecognised when the Company (a) transfers the contractual rights to receive the cash flows of the financial asset; or (b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients, the Company treats the transaction as a transfer of a financial asset if all of the following three conditions are met:

(a) The Company has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the Company with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition;

(b) The Company is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows: and

(c) The Company has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

Notes *(continued)*

2 Segmental analysis

No segmental analysis is provided as the company has only one distinguishable class of business and operates in a market that is not limited by geographical bounds.
The Capital Requirements Regulations 2013 came into effect on 1 January 2014, and have been transposed into UK law to impose certain reporting obligations on institutions, defined as credit institutions and investment firms, within the United Kingdom and within the scope of EU Capital Requirements Directive IV (CRD IV).

Disclosure requirements under article 89 in the Capital Requirements Directive comprise details on the registered office, nature of activities, turnover, profit or loss before tax, tax paid, public subsidies received and the average number of employees of the firm on a country by country basis. This is known as Country-by-Country Reporting ("CBCR"). The information contained in this disclosure is based on the scope of consolidation in the financial statements and reflects the data as at the reporting date 31 May 2020, alongside a brief explanation of the business undertaken.

Nature of activities: Cargill Financial Services Europe Limited ('CFSEL') develops risk management products for a client base of mainly third party corporate and industrial organisations.

All amounts are reported in US Dollars.

Country	Turnover $	Profit before tax $	Corporation tax expensed $	Public Subsidies Received $	Average Number of Employees
UK	5,612,788	405,654	106,987	-	-

3 Directors' remuneration and staff costs

The company has no employees. The directors are under contract of employment with fellow Cargill, Incorporated subsidiaries. Cargill PLC paid the directors' emoluments of R G Ward and F Urquidi Negron. There is no cost to the company for making the services of these individuals available as directors of the company. Cargill Services Switzerland (CSS) pays the director's emoluments of K Milne. CSS recharges the company for the provision of various services. Although, this recharge includes a proportion of K Milne's emoluments, there was no charge to the company for making his services available as a director of the company. In the prior year, remuneration was paid by the company for the services of a director who resigned during the prior year. None of the directors benefited from qualifying third party indemnity provisions during the financial year and at the date of the report.

	2020	2019
	$000	$000
Directors' emoluments	-	62
Total directors' remuneration	-	62

The aggregate of emoluments of the highest paid director was $nil *(2019: $62,279).*

The aggregate payroll costs of these persons and other group employees recharged by Cargill, Incorporated subsidiaries were as follows:

	2020	2019
	$000	$000
Wages and salaries	-	62
Social security costs	-	16
Other pension costs	-	8
	-	86

Notes *(continued)*

4 Auditor's remuneration

The following amounts were payable to the company's auditor and were charged to the profit and loss account of this company.

	2020	2019
	$000	$000
Auditor's remuneration:		
Audit of these financial statements	**30**	21
Current year services pursuant to legislation	**38**	25
	68	46

5 Net trading income

Net trading income comprises of all fair value movements of derivatives entered into with third parties and matched with trades entered into with either Cargill, Incorporated or Cargill France SA.

6 Interest receivable and similar income

	2020	2019
	$000	$000
Other interest receivable	**16**	159
Amounts owed by group companies	**104**	42
	120	201

7 Other interest payable and similar charges

	2020	2019
	$000	$000
Amounts payable to group companies	**40**	70
Other interest payable	**-**	-
	40	70

Notes *(continued)*

8 Taxation

	2020 $000	2019 $000
(a) Analysis of charge in the year		
Current tax		
UK corporation tax at 19.00% *(2019: 19.00%)*	**87**	51
Adjustment in respect of prior years	**20**	(60)
Tax on profit on ordinary activities (note 7b)	**107**	(9)
(b) Factors affecting current tax charge in the year		
Profit on ordinary activities before taxation	**406**	263
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% *(2019: 19.00%)*	**77**	50
Effects of:		
Adjustment in respect of prior years	**20**	(60)
Other tax adjustments	**10**	1
Current tax charge for the year	**107**	(9)

Factors that may affect future current and total tax charges

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19 percent, rather than the previously enacted reduction to 17 percent.

9 Investments

	2020 $000	2019 $000
SWIFT Holding	**-**	76
LME Holding	**2,217**	2,272
	2,217	2,348

During the year the company resigned from its SWIFT membership and subsequently received $104,818 as a reimbursement of the 20 shares it had purchased for this membership.

10 Debtors

	2020 $000	2019 $000
Due within one year		
Prepayments and accrued income	**379**	478
Intercompany receivables relating to derivatives carried at fair value	**-**	-
Third party receivables relating to derivatives carried at fair value	**71,366**	57,488
Amounts owed by group undertakings - other	**1,943**	2,294
	73,688	60,260
Due after one year		
Intercompany receivables relating to derivatives carried at fair value	**-**	-
Third party receivables relating to derivatives carried at fair value	**9,098**	1,484
	9,098	1,484
Total debtors	**82,786**	61,744
Amounts owed by group undertakings - other comprise:		
Trade debtors	**401**	971
Short term deposits	**1,542**	1,323
	1,943	2,294

Notes *(continued)*

11 Creditors

	2020	2019
	$000	$000
Due within one year		
Amounts owed to group undertakings - other	4,207	7,045
Other creditors - corporation taxation	85	51
Accruals and deferred income	145	3,880
Intercompany payables relating to derivatives	38,104	41,772
Third party payables relating to derivatives	40,649	10,659
	83,190	63,407
Due after one year		
Intercompany payables relating to derivatives	-	2
Third party payables relating to derivatives	3,611	1,484
	3,611	1,486
Total creditors	86,801	64,893
Amounts owed to group undertakings - other comprise:		
Trade creditors	2,039	753
Short term loans	2,168	6,292
	4,207	7,045

12 Called up share capital

	2020	2019
	$000	$000
Allotted, called up and fully paid		
20,000,000 Ordinary shares of $1 each	20,000	20,000

Notes *(continued)*

13 Financial instruments

Exposure to credit, interest rate and currency risks arise in the normal course of the company's business. Derivative financial instruments are used to hedge exposure risk.

(a) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers in order to establish credit and collateral terms by exposure and tenor. Collateral is requested where a customer's mark to market exposure exceeds their agreed credit limit. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. All credit risk relating to trading activities with external counterparties is indemnified by Cargill, Incorporated (the Company's parent) or Cargill France SA. The concentration of credit risk is substantially unchanged compared to the prior year.

The assets bearing credit risk are summarized below:

	2020	2019
	$000	$000
Derivative financial instruments	**80,463**	58,972
Loans and receivables	**2,323**	2,772
Cash at bank and in hand	**23,939**	22,643
Total assets bearing credit risk	**106,725**	84,387

Notes *(continued)*

13 Financial instruments *(continued)*

(b) Foreign currency risk

The company is exposed to foreign currency risks on expenses and borrowings that are denominated in a currency other than the US Dollar. The currencies giving rise to this risk are primarily Sterling, Euro and Swiss francs. The company hedges its estimated foreign currency exposure using forward contracts at the beginning of each financial year. As at 31 May 2020 no hedging instruments were in place to hedge projected expenses (*2019: none*).

In respect of other monetary assets and liabilities held in currencies other than the US Dollar, the company ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short term imbalances.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied are recognised in the profit and loss account. Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to monetary items are recognised as part of trading income.

Foreign currency risk exposure	**EUR**	**GBP**	**CHF**	**TOTAL**
	$000	**$000**	**$000**	**$000**
As at 31 May 2020				
Trade and other receivables	**1,483**	**(116)**	**331**	**1,698**
Trade and other payables	**(1,704)**	**(2,364)**	**(147)**	**(4,215)**
Gross balance sheet exposure	**(221)**	**(2,480)**	**184**	**(2,517)**
Net exposure	**(221)**	**(2,480)**	**184**	**(2,517)**
As at 31 May 2019				
Trade and other receivables	3,881	2,303	6	6,190
Trade and other payables	(4,727)	(5)	(78)	(4,810)
Gross balance sheet exposure	(846)	2,298	(72)	1,380
Net exposure	(846)	2,298	(72)	1,380

The following significant exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
	2020	2019	**2020**	2019
US Dollar				
1 Great British Pound	**0.7926**	0.7781	**0.8119**	0.7923
1 Euro	**0.9041**	0.8939	**0.9008**	0.8973
1 Swiss Franc	**0.9800**	1.0111	**0.9628**	1.0049

Notes *(continued)*

13 Financial instruments *(continued)*

(c) Interest rate risk

The company monitors and hedges its exposure to interest rate risk, where necessary. As at 31 May 2020 no hedging instruments were in place. The company has no sensitivity to interest rate changes.

(d) Liquidity risk

The following are the undiscounted contractual maturities of financial assets, liabilities, including interest payments:

	On demand	Up to six months	Between six and 12	After 12 months	Total
	$000	$000	$000	$000	$000
As at 31 May 2020					
Financial instruments					
Trade and other receivables	**30,163**	**30,727**	**12,798**	**9,098**	**82,786**
Trade and other payables	**(34,626)**	**(30,278)**	**(18,286)**	**(3,611)**	**(86,801)**
Total	**(4,463)**	**449**	**(5,488)**	**5,487**	**(4,015)**
As at 31 May 2019					
Financial instruments					
Trade and other receivables	(54,856)	39,791	75,325	1,484	61,744
Trade and other payables	51,376	(39,458)	(75,325)	(1,486)	(64,893)
Total	(3,480)	333	-	(2)	(3,149)

Notes *(continued)*

13 Financial instruments *(continued)*

(e) Fair values

Categories of financial assets and liabilities

The fair values together with the carrying amounts shown in the balance sheet are as follows:

	2020			2019		
	Loans & Receivables	**Fair value through P&L**	**Total**	Loans & Receivables	Fair value through P&L	Total
	$000	**$000**	**$000**	$000	$000	$000
Derivatives	**-**	**80,463**	**80,463**	-	58,972	58,972
Other assets	**2,323**	**-**	**2,323**	2,772	-	2,772
Total assets	**2,323**	**80,463**	**82,786**	2,772	58,972	61,744

	2020			2019		
	Other financial liabilities	**Fair value through P&L**	**Total**	Other financial liabilities	Fair value through P&L	Total
	$000	**$000**	**$000**	$000	$000	$000
Derivatives	**-**	**82,364**	**82,364**	-	53,926	53,926
Other liabilities	**4,437**	**-**	**4,437**	10,967	-	10,967
Total liabilities	**4,437**	**82,364**	**86,801**	10,967	53,926	64,893

Basis for determining fair values

Derivatives

Derivative instruments are carried at fair value. Fair values are determined using model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect the Company's estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include the use of option pricing models, discounted cash flow models and similar techniques. The inputs used in these valuation techniques to measure fair value are typically Level 1 inputs (quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date), or Level 2 inputs (inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly).

Other loans and receivables

The carrying value in the financial statements is the most appropriate approximate of the fair value due to the short-term nature of these assets and liabilities.

Cash at bank

The carrying value of cash approximates the fair value.

Other financial liabilities measured at amortised cost

The carrying value of other creditors is the most appropriate approximate of the fair value.

Notes *(continued)*

14 Capital management

The company's source of funding is through the issue of share capital and group short term borrowings. In the future it may fund its operations through other sources. The company is authorised and regulated by the UK Financial Conduct Authority and had capital resources of $22,141,000 at 31 May 2020 (2019: $21,842,000) after the inclusion of the current year profit.

15 Related party transactions

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

16 Ultimate holding company and parent undertaking

The immediate and ultimate parent undertaking of Cargill Financial Services Europe Limited is Cargill Incorporated, a company incorporated in the USA.

THE FOLLOWING INFORMATION DOES NOT FORM PART OF THE FINANCIAL STATEMENTS AND IS UNAUDITED

Introduction

This document has been written to comply with the disclosure requirements as set out in the Capital Requirements Regulation, which requires Cargill Financial Services Europe Limited (CFSEL or the company) to publicly disclose certain information about its capital, risk exposures and risk assessment processes. Disclosures have only been made where the requirement is applicable and material to the company.

Risk management objectives and policies

CFSEL places the highest degree of emphasis and focus on managing the risks faced by its business (business risks). CFSEL defines business risks as actions or inaction that could adversely affect the company's ability to achieve process objectives and thus hinder the implementation of business strategies. An effective system of controls and monitoring measures helps to manage business risks so that business objectives are achieved.

CFSEL maintains a Risk Matrix which identifies the inherent business risks, the probability of their occurrence, the impact if they did occur, and an assessment of the degree of residual risk in the light of the company's risk management controls. The Risk Matrix identifies the individual persons responsible for managing the company's risk controls, and the effectiveness of these controls is reviewed at regular intervals.

The Risk Matrix provides a framework for senior management to recognise risks and their consequences as they apply to the various business processes in different parts of the company.

CFSEL's approach to risk management can be summarised as:

- Recognition of risk;
- Application of controls;
- Allocation of responsibility for the management of controls;
- Reporting responsibilities; and
- Assessment of effectiveness of controls.

The result of the application of risk management procedures by way of documented processes, regular meetings of the relevant senior management and regular oversight at board level is to embed a risk management culture within the company, provide a robust reporting process and ensure that management information is provided in an accurate and timely fashion to the relevant persons within the senior management of the company. The risk management function is concentrated within the board. A review of the risk management controls is undertaken at least annually or more frequently if circumstances warrant it.

CFSEL's risk management policy considers the following risks:

- *Liquidity risk:* The risk that CRM is not able to meet its liabilities when they fall due or may only be able to do so at excessive cost.
- *Operational Risk:* The risk of loss resulting from inadequate or failed internal processes, people or systems or from external events, including Legal Risk.
- *Regulatory Risk:* The risk arising from failure to comply with relevant regulations governing the conduct of specific activities in specific countries, including those with extra-territorial scope.
- *Cyber/IT Risk:* The risk of loss or harm related to technical infrastructure or the use of technology within an organization, which may be either unintentional errors or deliberate
- *Settlement Risk:* The risk that CRM (or its counterparties) fails to satisfy obligations related to the settlement of a transaction.
- *FX Risk:* The risk of loss related to fluctuations in foreign currency values

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Risk management objectives and policies*(continued)*

- *Business Risk:* the risk that CFSEL will not be able to continue to meet its obligations to its client and counterparties due to a significant interruption in its ability to function caused by extraneous events

Risk Appetite

Risk appetite is the amount and type of risk that CFSEL regards as appropriate to accept in achieving its business objectives. CFSEL's appetite for risk forms part of the basis against which business and financial decisions are taken.

CFSEL has a limited risk appetite. This is reflected in the business structure where Cargill Incorporated assumes all credit and market risk from CFSEL. The level of the company's share capital is driven by the company's desire to meet and maintain a comfortable 'buffer' in respect of regulatory capital.

CFSEL's approach to assessing the adequacy of internal capital

CFSEL undertakes an Internal Capital Adequacy Assessment Process (ICAAP). The company's ICAAP is based on financial projections for the next four years. These projections are based on the expectations of the board of directors and other senior individuals and are stress tested to take account of extreme circumstances. The ICAAP is reviewed at least annually and more often if appropriate.

Capital Resources

The company's capital resources as reported to the FCA at 31 May 2020 are set out in the table below. Core tier one capital is made up of permanent share capital and audited reserves.

	2020 **$000**	2019 $000
Tier one capital		
Core tier one capital	**22,141**	21,842
Deductions from tier one capital	**-**	-
	22,141	21,842
Tier two capital	**-**	-
Total capital resources	**22,141**	21,842

The company's capital resources requirement is the higher of:

- €125,000 (the initial capital requirement);
- Sum of credit risk capital requirement plus market risk capital requirement; and
- Own funds based on fixed overheads.

The company is exposed to credit risk in relation to cash balances and non-trading book exposures. Accordingly, it is required to have capital of 1.6% (8% x 20%) of cash balances held and 8% of non-trading book exposures.

In addition, the company is required to have capital to cover the exposure arising from the mark to market value and potential future credit risk of trading positions.

Since the company is a limited licence firm, it can only enter trades as principal on a matched basis. Therefore, the company's exposure to market risk is limited to foreign exchange risk on currency balances held.

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Remuneration Code Disclosures

CFSEL is classified as a proportionality level three firm for the purposes of the IFPRU Remuneration Code. No external consultants were used in the process of developing our remuneration policy. Relevant stakeholders are Cargill, Incorporated, Cargill GmbH, Cargill France SA and Cargill Services Switzerland SARL (CSS). These entities input into the decision-making process since they have employees who also act as CFSEL Approved Persons.

Given the size of the Company, the Board feel that it is unnecessary to establish a separate remuneration committee. This is consistent with the FCA's IFPRU Remuneration Code.

CFSEL has no employees. There is no recharge for the services of directors as directors.

In accordance with its regulatory permissions, CFSEL operates on a riskless principle basis. This means that it is not possible for CFSEL to take market risk on trading activities. In addition, all credit risk is underwritten by Cargill, Incorporated. Consequently, CFSEL has very limited risk with respect to its trading activities. Given these restrictions, it is not possible for any individual to materially impact the risk profile of the firm.